NEW ISSUE – BOOK-ENTRY ONLY

RATING: Standard & Poor's: BBB-
Outlook: Stable
See "RATING" herein.

In the opinion of Chiesa Shahinian & Giantomasi PC, West Orange, New Jersey, Bond Counsel, assuming continuing compliance by the Authority, the Borrower and the School with certain tax covenants described herein, under existing law, interest on the Bonds (i) is not includable in gross income for Federal income tax purposes under current law, (ii) is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, for Bonds held by corporate taxpayers interest on the Bonds is included in "adjusted current earnings", which is used as an adjustment in determining the Federal alternative minimum tax for certain corporations. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds Interest on the Bonds and any gain from the sale thereof are not includable in the gross income of owners thereof under the New Jersey Gross Income Tax Act.. For a more complete discussion see "TAX MATTERS" herein.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
$24,575,000
CHARTER SCHOOL REVENUE BONDS
(NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK, INC. - 2017 PROJECT)

Dated: Date of Issuance | Due: July 15, as shown on inside cover

The Bonds described above (the "Bonds") are special, limited obligations of the New Jersey Economic Development Authority (the "Authority") and will be issued under and will be payable solely from and secured by (i) a pledge of certain funds held under the Trust Indenture, dated as of October 1, 2017 (the "Indenture"), between the Authority and ZB, National Association dba Zions Bank, as trustee (the "Trustee") and certain payments to be made by NSA 18th Avenue, LLC, a New Jersey limited liability company (the "Borrower"), under a Loan Agreement dated as of October 1, 2017 (the "Loan Agreement") between the Authority and the Borrower. The Borrower's obligations under the Loan Agreement will be secured by a mortgage and Security Agreement dated as of October 1, 2017 in favor of the Trustee. The Borrower will lease the facilities financed from the proceeds of the Bonds (the "Project Facilities") to North Star Academy Charter School of Newark, Inc., a public charter school authorized by the State of New Jersey (the "School") for lease payments sufficient to pay the principal of, premium, if any, and interest on the Bonds. See "SECURITY FOR THE BONDS – The Lease Agreement" herein.

THE BORROWER, NSA 18TH AVENUE, LLC, IS A SINGLE PURPOSE ENTITY, IS NOT A SCHOOL AND WILL HAVE NO OPERATIONS AND NO ASSETS EXCEPT FOR THE PROJECT FACILITIES.

The Bonds will mature on the dates and in the amounts, and bear interest at the rates, set forth on the inside front cover hereof. Interest on the Bonds is payable semiannually on each January 15 and July 15, commencing on January 15, 2018. The Bonds will be issued as fully registered bonds, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC" or the "Securities Depository"), an automated depository for securities and a clearinghouse for securities transactions. Purchases of beneficial interests in the Bonds will be made in book-entry form (without certificates). The Bonds will be issued in minimum denominations of $25,000 or any integral multiple of $5,000 in excess thereof. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest on the Bonds will be made directly by the Trustee to Cede & Co., which will remit such payments to the beneficial owners of the Bonds. See "THE BONDS -- Book-Entry System" herein.

THE BONDS ARE SUBJECT TO REDEMPTION PRIOR TO MATURITY, AS DESCRIBED HEREIN.

Proceeds of the Bonds will be used by the Borrower to finance a project consisting of (i) renovating an existing facility of approximately 30,800 sq. ft. located at 563-569 and 571-585 18th Avenue, in the City of Newark, County of Essex and State of New Jersey, (ii) constructing an addition to such facility of approximately 47,160 sq. ft., (iii) funding capitalized interest, (iv) funding a debt service reserve fund, and (v) paying costs of issuance of the Bonds.

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE BONDS ARE A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED THEREUNDER, AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Investment in the Bonds involves a significant degree of risk and is speculative in nature as described under "RISK FACTORS" herein and under other sections of this Official Statement.

This cover page contains certain information for quick reference only. It is <u>not</u> a summary of the Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the Authority, subject to the approval of the legality of the Bonds by Chiesa Shahinian & Giantomasi PC, West Orange, New Jersey, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Borrower by Drinker Biddle & Reath LLP, Florham Park, New Jersey; for the School by Saiber LLC, Florham Park, New Jersey; and for the Underwriter by Ballard Spahr LLP, Philadelphia, Pennsylvania. It is expected that the Bonds in definitive form will be available for delivery to The Depository Trust Company in New York, New York on or about October 25, 2017.

GEORGE K. BAUM & COMPANY

Dated: October 12, 2017

$24,575,000
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK, INC. - 2017 PROJECT)

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIP NOS.

$4,190,000 Serial Bonds

Due July 15	Amount	Interest Rate	Price	Yield	CUSIP Number
2019	$380,000	5.000%	105.277%	1.870%	64577B L77
2020	400,000	5.000	107.934	1.990	64577B L85
2021	420,000	5.000	110.139	2.150	64577B L93
2022	440,000	5.000	111.396	2.430	64577B M27
2023	460,000	5.000	112.284	2.670	64577B M35
2024	485,000	5.000	113.064	2.850	64577B M43
2025	510,000	5.000	113.321	3.050	64577B M50
2026	535,000	5.000	113.437	3.220	64577B M68
2027	560,000	5.000	113.679	3.340	64577B M76

$3,255,000 5.000% Term Bond due July 15, 2032 Price 111.393** Yield 3.600% CUSIP* 64577B M84
$4,065,000 4.000% Term Bond due July 15, 2037 Price 98.518 Yield 4.110% CUSIP* 64577B M92
$13,065,000 5.000% Term Bond due July 15, 2047 Price 107.732** Yield 4.030% CUSIP* 64577B N26

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* CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP data herein are provided by CUSIP Global Services, operated on behalf of the ABA by S&P Capital IQ, a division of McGraw-Hill Financial, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and none of the Authority, the Borrower nor the Underwriter makes any representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

** Priced to first optional redemption date of July 15, 2027.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman or other person has been authorized by the Authority, the Borrower, the School or the Underwriter to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. All summaries of statutes and documents are qualified in their entirety by reference to such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The information set forth herein has been provided by the Authority, the Borrower, the School or the Underwriter and by other sources which such parties believe are reliable, but it is not guaranteed as to its accuracy or completeness, and it is not to be construed as a representation by the Underwriter.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER, THE SCHOOL AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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INTRODUCTORY STATEMENT

This Official Statement is furnished in connection with the offering of $24,575,000 aggregate principal amount of Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc. – 2017 Project) (the "Bonds") of the New Jersey Economic Development Authority (the "Authority"). The Bonds will be special, limited obligations of the Authority and will be issued under a Trust Indenture, dated as of October 1, 2017 (the "Indenture"), between the Authority and ZB, National Association dba Zions Bank, as trustee (the "Trustee").

The Authority is a public body corporate and politic constituting an instrumentality of the State of New Jersey. The Authority is authorized by Chapter 80 of the Laws of 1974 of New Jersey, as amended, codified at N.J.S.A. 34:1B-l, et seq. (the "Act") to borrow money by issuing its revenue bonds for the purposes provided in the Act to, including but not limited to, extend credit or make loans for the planning, designing, acquiring, constructing, reconstructing, and equipping of projects, which includes a project such as the Project as hereinafter described, which loans may be secured upon such terms and conditions as the Authority shall deem reasonable.

The proceeds of the Bonds will be loaned to NSA 18th Avenue, LLC, a New Jersey limited liability company (the "Borrower"), pursuant to a Loan Agreement dated as of October 1, 2017 (the "Loan Agreement") between the Authority and the Borrower for the purpose of financing a project (the "Project") consisting of (i) renovating an existing facility of approximately 30,800 sq. ft. located at 563-569 and 571-585 18th Avenue, in the City of Newark, County of Essex and State of New Jersey, (ii) constructing an addition to such facility of approximately 47,160 sq. ft. (collectively, the "Project Facilities"), (iii) funding capitalized interest, (iv) funding a debt service reserve fund, and (v) paying costs of issuance of the Bonds.

The Borrower is a single purpose entity and is not a school. The Borrower is exempt from federal taxation as a disregarded entity of a corporation recognized as a 501(c)(3) organization under Section 501(c)(3) of the Code. The Project Facilities will be leased by the Borrower to North Star Academy Charter School of Newark, Inc., a public New Jersey charter school (the "School"), which currently operates 13 schools serving nearly 5,000 students in grades K-12 in Newark, New Jersey. North Star Academy Foundation, Inc. ("NSA Foundation") is the sole member of the Borrower and NSA Foundation is a controlled affiliate of Uncommon Schools, Inc. ("Uncommon Schools"). For more information on the Borrower, the School, Uncommon Schools and the Project Facilities, see APPENDIX A hereto.

The Borrower is required, pursuant to the provisions of the Loan Agreement and a Series 2017 Note from the Borrower to the Authority (the "Note"), to make payments sufficient to pay the principal and premium, if any, of and interest on the Bonds when due. The Borrower's obligations under the Loan Agreement and the Note will be secured by a mortgage and security agreement in favor of the Trustee (the "Mortgage") granting a first mortgage lien in and to the Project Facilities and the land on which they are located (the "Mortgaged Property") to the Trustee and the Assignment of Leases (as defined herein).

The Mortgaged Property will be leased to the School pursuant to a lease agreement between the Borrower as lessor and the School as lessee (the "Lease Agreement") dated as of October 1, 2017. Under the Lease Agreement, the School will agree to make lease payments to the Borrower in amounts which in total will be at least sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. The obligations of the School under the Lease Agreement will be an unsecured general obligation of the School. See "SECURITY FOR THE BONDS – The Lease Agreement" herein. The Form of Lease Agreement is attached hereto as APPENDIX E.

The Bonds will be secured by an assignment by the Authority to the Trustee of the Authority's right, title and interest in the Loan Agreement (except for certain reserved rights, including but not limited to the right to enforce certain covenants to collect certain fees and expenses and indemnification of the Authority), the Note and the Mortgage and by an Absolute Assignment of Leases and Rents by the Borrower to the Authority (the "Assignment of Leases"). The Bonds are limited obligations of the Authority and will be payable solely from the payments made by the Borrower pursuant to the Loan Agreement and the Note (except to the extent payable, under certain circumstances, from proceeds of insurance, sale or condemnation awards) and by payments by the School pursuant to the Lease Agreement. See "SECURITY FOR THE BONDS" herein.

THE BORROWER IS A SINGLE PURPOSE ENTITY AND IS NOT EXPECTED TO HAVE ANY OPERATIONS OR ASSETS OTHER THAN THE PROJECT FACILITIES. EXCEPT WITH RESPECT TO PAYMENTS BY THE SCHOOL UNDER THE LEASE, NEITHER UNCOMMON SCHOOLS NOR ANY OF ITS AFFILIATES NOR THE SCHOOL IS OBLIGATED TO MAKE PAYMENTS WITH RESPECT TO THE PRINCIPAL AND PREMIUM, IF ANY, OF OR INTEREST ON THE BONDS.

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE, AND FROM ANY AMOUNTS OTHERWISE AVAILABLE THEREUNDER FOR THE PAYMENT OF THE BONDS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

If and when included in this Official Statement, the words "expects", "forecasts", "projects", "intends", "anticipates", "estimates", "assumes", and analogous expressions are intended to identify forward-looking statements and such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the Borrower, the School or the Authority. Such forward-looking statements speak of events, conditions and circumstances only as of the date of this Official Statement. The Borrower, the School and the Authority disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in their expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

This Official Statement contains descriptions, summaries or forms of, as may be appropriate, among other matters, the Authority, the Borrower, the School, the Bonds, the Project, the Indenture, the Loan Agreement, the Note, the Mortgage, the Lease Agreement and the Assignment of Leases. Such descriptions and information do not purport to be comprehensive or definitive. Definitions of certain words and terms used in this Official Statement have the meaning ascribed to such terms in the Loan Agreement or the Indenture. All references herein to the Indenture, the Loan Agreement, the Note, the Mortgage, the Lease Agreement and the Assignment of Leases are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of such documents will be available for inspection at the corporate trust office of the Trustee in Boise, Idaho, after delivery of the Bonds. The forms of the Loan Agreement, the Indenture and the Lease Agreement are attached to this Official Statement as Appendices C, D and E, respectively.

THE AUTHORITY

The Authority was created in 1974 as a public body corporate and politic and an instrumentality of the State. The Authority was created and operates pursuant to the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of the State, as amended and supplemented (the "Act").

The Act provides that neither the members of the Authority nor any person executing bonds or notes issued pursuant to the Act shall be liable personally on such bonds or notes by reason of the issuance thereof, and that bonds or other obligations issued by the Authority pursuant to the Act shall not be in any way a debt or liability of the State or of any political subdivision thereof and shall not create or constitute any indebtedness, liability or obligation of the State or any political subdivision thereof (other than a special, limited obligation of the Authority), either legal, moral or otherwise. The Act further provides that nothing contained therein shall be construed to authorize the Authority to incur any indebtedness on behalf of or in any way obligate the State or any political subdivision thereof. The Bonds will be special, limited obligations of the Authority as described under the caption "SECURITY FOR THE BONDS" herein.

The Authority consists of thirteen members and three alternate members. Of the thirteen members, an officer of the Executive Branch of the State appointed by the Governor, the Commissioner of Labor and Workforce Development, the Commissioner of Banking and Insurance, the Commissioner of Department of Environmental Protection, and the State Treasurer are ex-officio members and the remaining eight are public members, appointed by the Governor, all for terms of three years. In addition, a public member of the State Economic Recovery Board established pursuant to section 36 of P.L.2002,c.43 (C.52:27BBB-36) appointed by the board, shall serve as a non-voting, ex-officio member of the Authority. Thomas P. Scrivo, Esquire is a public member and Chairman of the Authority. The Act, as amended, provides that the appointment of new public members shall be as follows: there shall be eight public members, two public members (who shall not be legislators) are appointed by the Governor upon recommendation of the Senate President, and two public members (who shall not be legislators) are appointed by the Governor upon recommendation of the Speaker of the General Assembly, and four public members shall be appointed by the Governor. The appointments of the eight public members shall be as follows: the two members appointed upon the recommendation of the Senate President and the two members appointed upon the recommendation of the Speaker of the General Assembly shall serve terms of three years; two members shall serve terms of two years and two members shall serve terms of one year. There shall be three alternate members. Of the three alternate members, one alternate member (who shall not be a legislator) is appointed by the Governor upon recommendation of the Senate President, one alternate member (who shall not be a legislator) is appointed by the Governor upon recommendation of the Speaker of the General Assembly, and one alternate member shall be appointed by the Governor. The appointments of the alternate members shall be as follows: the alternate member appointed upon the recommendation of the Senate President shall serve a term of three years; the alternate member appointed upon the recommendation of the Speaker of the General Assembly shall serve a term of two years; and one alternate member shall serve a term of one year.

The executive staff of the Authority includes professionals in the fields of industrial and commercial development and management, finance and mortgage lending. Melissa Orsen is the Chief Executive Officer. The Authority maintains offices at 36 West State Street, Trenton, New Jersey 08625-0990 (P.O. Box 990).

The Authority does not represent or warrant in any way as to the accuracy or completeness of any information in this Official Statement, including the Appendices hereto, other than the information concerning the Authority under the caption "THE AUTHORITY" and under the caption "NO LITIGATION" herein.

THE SCHOOL AND THE PROJECT FACILITIES

The School currently operates 13 schools across nine permanent facilities and two temporary facilities serving nearly 5,000 students in grades K-12, all located in Newark, New Jersey. Upon completion of the Project being financed with proceeds of the Bonds and proceeds of an additional loan, the Project Facilities will consist of four floors containing approximately 77,960 square feet of space housing 34 classrooms, a 4,420 square-foot gymnasium including a stage for performances and ceremonies, a 4,829 square-foot cafeteria and three dedicated performing arts spaces. The Project Facilities will provide sufficient space for the entire K-8 student body (795 students) that will occupy the space on completion.

The Project Facilities will be leased by the Borrower to the School pursuant to the Lease Agreement. No other currently leased or to be leased facility of the School is subject to the Lease Agreement or the Mortgage. For more information on the School and the Project Facilities, see APPENDIX A hereto.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of funds in connection with the Project:

SOURCES	
Par amount of Bonds	$24,575,000.00
Net Original Issue Premium	1,801,593.70
Loan from Uncommon Schools Affiliate (1)	2,800,000.00
Tenant Improvement Contribution from the School (2)	8,700,000.00
Total	$37,876,593.70
USES	
Costs of the Project	$33,637,683.98
Capitalized Interest	1,269,097.22
Debt Service Reserve Fund	1,569,500.00
Costs of Issuance (3)	1,400,312.50
Total	$37,876,593.70

(1) An affiliate of Uncommon Schools (the "Project Lender") will make a loan to the Borrower in the amount of $2,800,000 (the "Parity Project Loan"), which loan will be secured by a mortgage with *pari passu* priority to the Mortgage (the "Parity Mortgage").

(2) Pursuant to the Lease, the School will contribute approximately $8,700,000 towards the costs of the Project.

(3) Includes Authority Application Fee, Bond Counsel fees, Underwriter's Discount, Underwriter's Counsel fees, Trustee and Trustee's Counsel fees, Borrower's and School's Counsel fees, fees of the Borrower's financial consultant, title insurance premium, printing costs and other miscellaneous costs associated with the issuance of the Bonds.

DEBT SERVICE SCHEDULE

The following table sets forth the amounts required to make debt service payments with respect to the Bonds, including principal due at maturity, and interest.

Period Ending (July 15)	Principal	Interest	Total Debt Service
2018	-	$ 858,072.22	$ 858,072.22
2019	$380,000.00	1,188,100.00	1,568,100.00
2020	400,000.00	1,169,100.00	1,569,100.00
2021	420,000.00	1,149,100.00	1,569,100.00
2022	440,000.00	1,128,100.00	1,568,100.00
2023	460,000.00	1,106,100.00	1,566,100.00
2024	485,000.00	1,083,100.00	1,568,100.00
2025	510,000.00	1,058,850.00	1,568,850.00
2026	535,000.00	1,033,350.00	1,568,350.00
2027	560,000.00	1,006,600.00	1,566,600.00
2028	590,000.00	978,600.00	1,568,600.00
2029	620,000.00	949,100.00	1,569,100.00
2030	650,000.00	918,100.00	1,568,100.00
2031	680,000.00	885,600.00	1,565,600.00
2032	715,000.00	851,600.00	1,566,600.00
2033	750,000.00	815,850.00	1,565,850.00
2034	780,000.00	785,850.00	1,565,850.00
2035	810,000.00	754,650.00	1,564,650.00
2036	845,000.00	722,250.00	1,567,250.00
2037	880,000.00	688,450.00	1,568,450.00
2038	915,000.00	653,250.00	1,568,250.00
2039	960,000.00	607,500.00	1,567,500.00
2040	1,010,000.00	559,500.00	1,569,500.00
2041	1,060,000.00	509,000.00	1,569,000.00
2042	1,110,000.00	456,000.00	1,566,000.00
2043	1,165,000.00	400,500.00	1,565,500.00
2044	1,225,000.00	342,250.00	1,567,250.00
2045	1,285,000.00	281,000.00	1,566,000.00
2046	1,350,000.00	216,750.00	1,566,750.00
2047	2,985,000.00	149,250.00	3,134,250.00
Total	$24,575,000.00	$23,305,522.22	$47,880,522.22

THE BONDS

General Description

The Bonds will be dated the date of issuance of the Bonds and will bear interest from that date at the rates and mature on the dates set forth on the inside front cover page of this Official Statement.

The Bonds are issued pursuant to a Resolution adopted by the Authority on April 13, 2017, as may be amended by the Authority prior to issuance of the Bonds, and the terms of the Indenture. The Bonds are payable (except to the extent payable from the proceeds of the Bonds and the investment earnings thereon and under certain circumstances, the net proceeds of insurance or condemnation awards) as to principal, premium, if any, and interest, solely from the payments to be made to the Authority under the Loan Agreement and the Note. Pursuant to the Loan Agreement, the proceeds from the sale of the Bonds will be loaned by the Authority to the Borrower for the purpose of providing funds for the financing of the Project. The Bonds are all issued under and are equally and ratably secured by, and entitled to the protection of, the Indenture. The obligations created under the Loan Agreement and the Note are limited obligations of the Borrower secured solely by the Mortgage and the Assignment of Leases. See "SECURITY FOR THE BONDS" herein.

The Bonds are issuable as book entry only bonds registered in the name of Cede & Co. in minimum denominations of $25,000 or any integral multiple of $5,000 in excess thereof. Interest will be payable semi-annually on the 15th day of each January and July (each an "Interest Payment Date"), beginning on January 15, 2018 until the final maturity of the Bonds. Interest on the Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months.

Interest payments (other than the final payment of interest due at the maturity or redemption of the Bonds) will be mailed by the Trustee, as Paying Agent (the "Paying Agent"), on the payment date to each registered Holder of the Bonds as it appears on the registration books of the Authority maintained by the Trustee on the January 1 or July 1 immediately preceding an Interest Payment Date (the "Record Date"), at the address listed for such Holders on such registration books. Upon written request received not later than the applicable Record Date, any holder of Bonds aggregating $1,000,000 or more shall be entitled to receive interest payments from the Trustee by wire transfer. The final payment of principal or Redemption Premium, if any, will be payable at the corporate trust office of the Trustee or such other place as the Trustee and the registered Holder of the Bond may agree, upon surrender of the Bond for cancellation. The Trustee is the registrar and Paying Agent for the Bonds.

Payments of principal will be made at the corporate trust office of the Paying Agent in Boise, Idaho, or at the office designated for such payment by the Paying Agent or any successor Paying Agent, upon proper presentation of the Bonds.

A change in the registered owner of the Bonds can only be effected by presenting the Bonds, in accordance with the provisions of the Indenture, to the Trustee at its office in Boise, Idaho (or such other office of which the Trustee or any successor registrar shall notify the Holders), together with the name, address and tax identification number of the new registered Holder.

Sinking Fund Redemption

The Bonds are subject to mandatory sinking fund redemption prior to maturity, in part by lot, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date on July 15 in the following years and in the amounts set forth below:

Bonds Maturing on July 15, 2032	
Year	Amount
2028	$590,000
2029	620,000
2030	650,000
2031	680,000
2032*	715,000

Bonds Maturing on July 15, 2037	
Year	Amount
2033	$750,000
2034	780,000
2035	810,000
2036	845,000
2037*	880,000

* Maturity

Bonds Maturing on July 15, 2047	
Year	Amount
2038	$ 915,000
2039	960,000
2040	1,010,000
2041	1,060,000
3042	1,110,000
2043	1,165,000
2044	1,225,000
2045	1,285,000
2046	1,350,000
2047*	2,985,000

* Maturity

In lieu of the mandatory sinking fund redemption of the Bonds in any year, the Borrower may deliver to the Trustee for cancellation, or, under certain conditions set forth in the Indenture, request the Trustee to purchase, the Bonds of the applicable maturity in an amount up to but not exceeding the principal amount of such maturity scheduled for sinking fund redemption in such year. The Trustee shall reduce the principal amount of such Bonds subject to mandatory sinking fund redemption on the next succeeding redemption date by the principal amount of the Bonds so presented for cancellation or so purchased.

Optional Redemption

The Bonds maturing on and after July 15, 2032 are subject to redemption prior to maturity at the option of the Authority, at the direction of the Borrower, in whole or in part, at any time on or after July 15, 2027 at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

Extraordinary Redemption

The Bonds are subject to redemption prior to maturity, in whole or in part, at any time (i) from surplus money in the Project Fund which is transferred to the Redemption Fund, at a Redemption Price equal to the "amortized value" (as defined below), plus accrued interest to the redemption date, and (ii) from insurance proceeds, condemnation awards, proceeds of conveyances in lieu of condemnation or proceeds from the sale of the Project Facilities deposited in the Redemption Fund and available for such purpose, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date. For purposes of clause (i) of the preceding sentence, amortized value means the principal amount of the Bonds to be redeemed multiplied by the price of such Bonds expressed as a percentage, calculated based on industry standard methods of calculating bond prices using (a) a delivery date equal to the redemption date, (b) the earlier of the maturity date of such Bonds or the first date such Bonds are subject to optional redemption, and (c) a yield equal to such Bond's original offering yield.

Extraordinary Mandatory Redemption

The Bonds are subject to extraordinary mandatory redemption in whole at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the Redemption Date, when, at the option of the Authority, the Authority provides written notice to the Trustee that either of the following events has occurred:

(1) the Borrower ceases to operate the Project Facilities, or ceases to cause the Project Facilities to be operated, as an authorized "project" under the Act for twelve (12) consecutive months, without first obtaining the prior written consent of the Authority; or

(2) any representation or warranty made by the Borrower in the Loan Agreement or in any report, certificate, financial statement or other instrument furnished by the Borrower in connection with the Loan Agreement shall prove to be false or misleading in any material respect when made.

Extraordinary Mandatory Redemption Upon Determination of Taxability

The Bonds are subject to extraordinary mandatory redemption in whole at a Redemption Price of 100% of the principal amount thereof, plus interest accrued to the Redemption Date, after receipt by the Trustee of a notice of the occurrence of a Determination of Taxability (as defined in the Indenture).

Notice of Redemption

The Trustee shall cause notice of any redemption of Bonds to be mailed by first class mail to the Holders of all Bonds to be redeemed at the registered addresses appearing in the registration books. Each such notice shall (i) be mailed not more than 45 nor less than 30 days prior to the redemption date, (ii) identify the Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the Bonds) (iii) specify the redemption date, the Redemption Price and, if less than all of any particular Bond is to be redeemed, the principal amount so to be redeemed, (iv) state that on the Redemption Date the Bonds called for redemption will be payable at the corporate trust office of the Trustee, that from that date interest will cease to accrue, that no representation is made as to the accuracy or correctness of the CUSIP numbers (if any) printed therein or on the Bonds, and (v) provide any other descriptive information which may be necessary in order to identify the Bonds to be redeemed, including without limitation the original issuance date, maturity date and interest rate applicable to such Bonds. No defect affecting any Bond, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds.

If, at the time of mailing of notice of any optional redemption, or any redemption described under "Extraordinary Mandatory Redemption" above, the Borrower shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, the redemption notice shall state that it is conditional on the deposit of the redemption moneys with the Trustee not later than the Redemption Date, and such notice shall be of no effect unless such moneys are so deposited.

If there shall be so called for redemption less than all of a Bond, the Authority shall execute and the Trustee shall authenticate and cause to be delivered, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like series, designation, interest rates and maturities in any of the authorized denominations.

On or before the redemption date specified in the notice above provided for, there shall be deposited with the Trustee an amount of cash sufficient to effect the redemption of the Bonds specified in such notice, except that such amount may be reduced to the extent that moneys then held by the Trustee under any of the provisions of the Indenture are available for such redemption. All moneys deposited with the Trustee, or set apart by the Trustee under the provisions of the Indenture, for the redemption of Bonds shall be held in trust for the account of the respective registered owners of the Bonds to be redeemed and applied in accordance with the provisions of the Indenture.

On the redemption date designated in such notice, the principal amount of each Bond so to be redeemed, together with the accrued interest thereon to such date, and such premium, if any, as is due and payable on such Bond upon such redemption, shall become due and payable; and from and after such date (such notice having been given in accordance with the provisions of the Indenture and such deposit having been made or moneys set apart as aforesaid), then, notwithstanding that any Bonds so called for redemption shall not have been surrendered, no further interest shall accrue on any such Bond (or on the portion thereof so to be redeemed). From and after such date of redemption (such notice having been given in accordance with the provisions of the Indenture and such deposit having been made or moneys set apart as aforesaid), or from and after the date upon which such notice is mailed, if such notice shall state that moneys to effect such redemption have been deposited with or set apart by the Trustee, all such Bonds or such portions thereof, as the case may be, insofar as such deposit shall have been made or moneys set apart as aforesaid, shall be deemed to have been paid in full as between the Authority and the respective Bondholders and shall no longer be deemed to be Outstanding thereunder, and the Authority shall be under no further liability in respect thereof.

If notice of redemption has been duly mailed or duly waived by the Holders of all Bonds called for redemption and the redemption moneys have been duly deposited with the Trustee, then in either such case the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price. Payment of the Redemption Price together with accrued interest shall be made by the Trustee, out of Revenues or other funds deposited for the purpose, to or upon the order of the Holders of the Bonds called for redemption upon surrender of such Bonds if redeemed in full.

Upon the payment of the Redemption Price of Bonds being redeemed, each check or other transfer of funds issued by the Trustee for such purpose shall bear a description of the issue and maturity of the Bonds being redeemed with the proceeds of such check or other transfer.

The DTC Book-Entry-Only System

The following information concerning DTC and DTC's book-entry only system has been obtained from DTC. The Authority, the Borrower, the School and the Trustee make no representation as to the accuracy of such information.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the Beneficial Owners of the Bonds will not receive or have the right to receive physical delivery of the Bonds, and references herein to the Bondowners or registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners (as defined below) of the Bonds.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York

Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of a Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, are however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Trustee, the Borrower or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, the Borrower or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

NONE OF THE AUTHORITY, THE BORROWER, THE SCHOOL OR THE TRUSTEE SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDHOLDER WITH RESPECT TO EITHER: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY OR THE TIMELINESS OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO THE OWNER OF THE BONDS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC. THE AUTHORITY, THE BORROWER, THE SCHOOL AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS THEREOF.

Transfer fees. For every transfer and exchange of Bonds, owners of such Bonds requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Trustee, DTC or the DTC Participant in connection with such transfers or exchanges.

SECURITY FOR THE BONDS

General

The Bonds are special, limited obligations of the Authority. There is no source of funds for payment of the Bonds except from revenues received under the Loan Agreement, the Lease Agreement, the Mortgage and the Assignment of Leases and certain funds held under the Indenture. **The Borrower has no operations and no assets other than the Project Facilities. The Borrower's sole source of revenue to pay obligations under the Loan Agreement will be payments from the School under the Lease Agreement.**

The Lease Agreement

Pursuant to the Lease Agreement, the Borrower will lease the Mortgaged Property to the School and the School will make quarterly payments of base rent in amounts equal to 115% of the debt service on the Bonds and the Parity Project Loan. The initial term of the Lease Agreement will end June 30, 2021, provided that the lease term will automatically renew for a total of five (5) renewal periods of five (5) years each and one (1) renewal period of two (2) years as long as the School's charter is in effect (and/or is in the process of being renewed or extended), provided that the lease term shall, in all circumstances, expire no later than June 30, 2048.

The base rent payments due under the Lease Agreement which are allocable to the debt service payments on the Bonds will be made directly to the Trustee for the account of the Borrower and will be deposited to the Revenue Fund established under the Indenture. Provided that no event of default has occurred and is continuing under the Indenture or the Loan Agreement, the Trustee will return to the Borrower on July 15 of each year any surplus funds in the Revenue Fund not needed to pay debt service on the Bonds. The School's primary source of revenue is from payments made to the School by Newark Public Schools equal to the applicable per pupil payment, as described in Appendix A hereto. See also "RISK FACTORS – Funding of Charter Schools" herein. See Appendix E hereto for the Form of the Lease Agreement.

Pursuant to the Assignment of Leases, as security for the Borrower's obligations under the Loan Agreement and the Note, the Borrower will irrevocably, absolutely and unconditionally assign to the Authority, as security for the Bonds, all of its rights, title, estates and interest in and to (i) the Lease Agreement; (ii) all proceeds from the cancellation, surrender, sale or other disposition of the Lease Agreement; (iii) the right to collect and receive rental payments paid by the School under the Lease Agreement; and (iv) the right to enforce and exercise all terms and conditions of the Lease Agreement; in each case, to the extent such rights and proceeds are allocable to the Bonds. The Assignment of Leases also secures the Project Lender on a *pari passu* basis.

The Mortgage

Pursuant to the Mortgage, the Borrower will grant to the Authority a first mortgage lien on the Mortgaged Property as security for the Borrower's obligations to make payments under the Loan Agreement and the Note. The Mortgage will be assigned by the Authority to the Trustee to secure the Bonds. Simultaneously with the issuance and delivery of the Bonds, the Borrower will deliver a mortgagee title insurance policy covering all of the Mortgaged Property under the Mortgage and insuring title to the Mortgaged Property and the lien of the Mortgage in an amount not less than the principal amount of the Bonds. The lien granted under the Mortgage is *pari passu* with the lien granted to the Project Lender pursuant to the Parity Mortgage.

Debt Service Reserve Fund

The Trustee shall establish under the Indenture a Debt Service Reserve Fund into which the Trustee shall initially deposit an amount equal to the initial "Reserve Fund Requirement" for the Bonds. Amounts on deposit in the Debt Service Reserve Fund shall be invested pursuant to the Indenture. If any withdrawal is made under the Indenture, the amount of the withdrawal shall be restored by the Borrower on or prior to the next Interest Payment Date following the Interest Payment Date on which the withdrawal is made. If the value of the assets in the Debt Service Reserve Fund, determined in accordance with the Indenture, is less than 95% of the Reserve Fund Requirement (except to the extent that such deficiency relates to any withdrawal), the difference between such Reserve Fund Requirement and the value of the Debt Service Reserve Fund shall be restored by deductions from the Revenue Fund in approximate equal quarterly amounts so as to restore the Debt Service Reserve Fund to its proper value on or prior to the next succeeding Interest Payment Date following the date of such valuation.

Additional Bonds

Under the Loan Agreement and the Indenture, Additional Bonds may be issued by the Authority upon compliance with specified requirements and limitations, for the purpose of providing funds for the costs of undertaking or completing the Project or the cost of refunding or refinancing all or a portion of the Outstanding Bonds of any one or more series. Such Additional Bonds, if issued, will be equally and ratably secured with the Bonds (excluding, however, the Debt Service Reserve Fund) with respect to the Mortgage, without preference, priority or distinction of any bonds or indebtedness over any other thereof.

Intercreditor Agreement

The Trustee, the Project Lender and an assignee of the Parity Project Loan will enter into an Intercreditor and Loan Administration Agreement (the "Intercreditor Agreement") to memorialize the co-equal first lien *pari passu* priority between the Mortgage and the Parity Mortgage and providing for the *pari passu* distribution to the Trustee and the holder of the Parity Project Loan of all proceeds from any foreclosure, sale or other disposition of, or realization upon, the Collateral (as defined in the Loan Agreement).

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OF OR INTEREST ON THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE THEREUNDER FOR THE PAYMENT OF THE BONDS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Pursuant to the Indenture and to secure the performance of its obligations thereunder, the Authority has pledged and assigned to the Trustee substantially all of its rights under the Loan Agreement, including the present and continuing right to make claim for, collect and receive the revenues and other amounts payable thereunder. The Authority has, however, retained certain of its rights under the Loan Agreement including, but not limited to, the right to enforce all public purpose covenants thereunder and to cause the Bonds to be redeemed for any breach of such public purpose covenants.

RISK FACTORS

The following discussion of some of the risk factors associated with the Bonds is not, and is not intended to be, exhaustive, and such risks are not necessarily presented in the order of their magnitude.

Sufficiency of School Revenues

The Bonds, together with any Additional Bonds, are secured by and payable solely from a pledge of certain funds held under the Indenture and certain payments to be made by the Borrower under the Loan Agreement. The Borrower is a single purpose entity and is entirely dependent on payments from the School under the Lease Agreement to make payments under the Loan Agreement. Based on present circumstances (i.e., its charter and operating history), the School believes it will generate sufficient revenues to meet its obligations under the Lease Agreement. However, the School's charter may be terminated or not renewed, or the basis of the assumptions utilized by the School to formulate this belief may otherwise change and no representation or assurance can be made that the School will continue to generate sufficient revenues to meet its obligations under the Lease Agreement.

Economic and Other Factors

Future economic and other factors may adversely affect the School's revenues and expenses and, consequently, the School's ability to make payments under the Lease Agreement. Factors that could have such adverse effects include, but are not limited to: decreases in the number of students seeking to attend the School at optimum levels for each grade level; demographic changes or economic developments in the affected service area, including inflation and interest rates; diminution of the School's reputation; competition from other educational institutions, including other charter schools, private schools and public schools; lessened ability of the School to attract and retain qualified teachers and staff at forecasted salaries; increased costs associated with technological advances; changes in government regulation of the education industry or in the New Jersey charter school statutes; decrease in per-student funding amounts by the State; future claims and torts (for accidents or any other reason) at the School and the extent of insurance coverage for such claims; and the occurrence of natural disasters, such as floods.

Funding of Charter Schools

Funding for charter school students comes from the various school districts where the charter school students reside. School districts receive their funding from the State. If funds are not allocated by the State, or are reduced for any reason or delayed, either at the State or school district level, it could have a material adverse affect on the operations of the School. See APPENDIX A – "NORTH STAR FINANCIAL SUMMARY – Primary Source of Revenues: 'Per-Pupil Funding Rate'" for information regarding historic levels of funding.

Other Sources of Revenues

The School, through reduced lease payments on other facilities that it occupies as well as a few grants, is the beneficiary of federal subsidies from programs such as Qualified School Construction Bonds, Qualified Zone Academy Bonds and New Markets Tax Credit financing, and also may benefit in the future from additional Qualified School Construction Bonds, Qualified Zone Academy Bonds or other federal subsidies such as New Markets Tax Credit financing. These programs may be impacted by sequestration and any shutdown of the federal government.

Revocation or Non-Renewal of Charter

Unless renewed, the School's charter will expire on June 30, 2021. The School's charter may be terminated at any time if the School is not in substantial compliance with the charter or any relevant provision of New Jersey law. In the event that the School's charter is revoked or not renewed, the School would be forced to cease operations and the Lease Agreement would terminate. Each renewal term of the Lease Agreement is tied to a renewal of the School's charter.

Competition for Students

The School competes for students with other public schools, charter schools and private schools. There can be no assurance that the School will attract and retain the number of students that are needed to produce the revenues that are necessary to make sufficient Lease payments to pay the debt service on the Bonds. Several public and charter schools are located in close proximity to the School. See APPENDIX A – "Competition in Newark" for information regarding other schools in the School's service area.

Reliance on Projections

The projections of revenues and expenses set forth in APPENDIX A were prepared by the School and have not been independently reviewed or verified by any other party. Such projections are derived from the actual operation of the School, to the extent possible, and from the School's assumptions about the student enrollment, funding and expenses. There can be no assurance that the actual enrollment revenues, funding and expenses for the School will be consistent with the projections contained herein.

Factors Associated with Education

There are a number of factors affecting schools in general, including the School, which could have an adverse effect on the School's financial position and ability to make the payments required under the Lease Agreement. These factors include, but are not limited to, increasing costs of compliance with Federal or state regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodation of persons with disabilities; any unionization of the School's workforce with consequent impact on wage scales and operating costs of the School; changes in existing statutes pertaining to the powers of the School; decline of the School's reputation, the faculty or student body, either generally or with respect to certain academic or extracurricular areas; and the disruption of the School's operations by real or perceived threats against the School, the employees or the students. The School cannot assess or predict the ultimate effect of these factors on its operations or its ability to make the required rental payments under the Lease Agreement.

Key Management

The creation of, and the philosophy of teaching in, charter schools generally initially may reflect the vision and commitment of a few key persons on the board of trustees and/or the upper management of the school (the "Key Trustees/Managers"). Loss of such Key Trustees/Managers, and the inability of the School to find comparable qualified replacements, could adversely affect any of the School's operations or financial results.

Value of Project Facilities May Fluctuate

The value of the Project Facilities at any given time will be directly affected by market and financial conditions which are not in the control of the parties involved in the transaction. Real property values can fluctuate substantially depending in large part on the state of the economy. There is nothing associated with the Project Facilities which would suggest that its value would remain stable or would increase if the general values of property in the community were to decline. Upon a default under the Mortgage, no assurances can be given that the Trustee would be able to lease the Mortgaged Property, or the rental amount that would be payable thereunder, or that the amount that the Trustee would otherwise receive in connection with a foreclosure of the Mortgaged Property would be sufficient to pay the principal of, premium, if any, or interest on the Bonds.

Inability to Liquidate or Delay in Liquidating the Mortgaged Property.

Upon the occurrence and continuance of an event of default, the Trustee shall be entitled to exercise certain rights, including the right to possession of, and the right to sell the Mortgaged Property pursuant to a foreclosure sale under the Mortgage. The Mortgaged Property is intended to be used solely for educational purposes of the School. The location of the Mortgaged Property might also limit the number of potential purchasers. Consequently, a potential purchaser of the Bonds should not anticipate that a transfer of the Mortgaged Property could be accomplished rapidly, or at all. Any sale of the Mortgaged Property would require compliance with the laws of the State of New Jersey applicable thereto. Such compliance might be difficult, time-consuming and expensive. Any delays in the ability of the Trustee to foreclose on the Mortgage would likely result in delays in the payment of the Bonds. In addition, in the event the Trustee took possession of the Mortgaged Property, the Mortgaged Property might be subject to real property taxation.

Risks of Real Estate Investment

General. Development, ownership and operation of real estate, such as the Project Facilities, involves certain risks, including the risk of adverse changes in general economic and local conditions, including population decreases; uninsured losses; operating deficits and mortgage foreclosure; lack of attractiveness of the property to students/parents; cyclical nature of the real estate market; adverse changes in neighborhood values; and adverse changes in zoning laws, other laws and regulations and real property tax rates (to the extent such taxes are applicable to the Project Facilities). Such losses also include the possibility of fire or other casualty or condemnation. If the Project Facilities, or any portion thereof, were not available during the period of restoration, such unavailability could adversely affect the School's ability to make payments under the Lease Agreement. Changes in general or local economic conditions and changes in interest rates and the availability of mortgage or other funding may render the sale or refinancing of the Project Facilities difficult or unattractive.

Limitations of Appraisals. Appraisals are estimates of value and not an assurance of what any particular property would bring in sale. Appraisals also are subject to numerous other limitations set forth therein. Potential investors should not assume that the values represent reliable estimates of what the Project Facilities would bring in liquidation following an event of default.

Damage, Destruction or Condemnation. Although the Borrower will be required to obtain certain insurance against damage or destruction and business interruption insurance as set forth in the Loan Agreement and the Mortgage, as applicable, there can be no assurance that any portion of the Project Facilities will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss, or the period during which the Borrower or the School, as a result of damage or destruction to the Project Facilities, cannot generate revenues, will not exceed the coverage of such insurance policies.

If the Project Facilities, or any portion thereof, are damaged or destroyed, or are taken in a condemnation proceeding, the proceeds of insurance or any such condemnation award for the Project Facilities, or any portion thereof, it is the Borrower's right to either restore or rebuild the Project Facilities or to redeem the Bonds in accordance with the terms of the Loan Agreement. There can be no assurance that the amount of revenues available to restore or rebuild the Project Facilities, or any portion thereof, or to redeem the Bonds will be sufficient for that purpose, or that any remaining portion of the Project Facilities will generate revenues sufficient to pay the expenses of the Borrower and the debt service on the Bonds remaining outstanding.

Environmental Regulation and Remediation

The Project Facilities are and will be subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability for remediating adverse environmental conditions on or relating to the Project Facilities, or otherwise for complying with environmental requirements, whether arising from pre-existing conditions or conditions arising as a result of activities conducted in connection with the ownership of and operations at the Project Facilities. Costs incurred with respect to environmental compliance, remediation or liability could adversely affect the Borrower's financial condition and its ability to generate pledged revenues sufficient to pay debt service on the Bonds. Any such environmental compliance measures, remediation or any such potential liability to third parties could also make it difficult to successfully re-sell or re-let the Project Facilities.

Environmental remediation activities have been conducted and continue at the Project Facilities, both as part of and separate from construction or renovation activities, to address identified environmental impacts attributable to historical on-site activities. In connection with the historic operations of Del Laboratories, Inc. ("Del") and the earlier sale of the Project Facilities from Del to 17th St. Fidelco LLC ("Fidelco"), as of May 17, 2006, those parties and the New Jersey Department of Environmental Protection ("NJDEP") entered into a Remediation Agreement Amendment ("RA Amendment"). Under that RA Amendment, Fidelco agreed to become the Person Responsible for Conducting Remediation (PCRC) for completing all administrative and remediation obligations under New Jersey Industrial Sites Recovery Act ("ISRA") for the Project Facilities.

The Borrower acquired the Project facilities from Fidelco pursuant to a December 18, 2015 Agreement of Sale. That Amendment of Sale did nothing to change Fidelco's responsibility under ISRA and under the RA Agreement with NJDEP to complete remediation of the Project Facilities. Nevertheless, Borrower has retained the Whitman environmental consulting firm ("Whitman) to serve as Borrower's Licensed Site Remediation Professional ("LSRP") as provided under applicable New Jersey law and regulations. In that role, Whitman is charged with conducting remediation through a Remediation Action Outcome ("RAO") so that the Project Facilities are eligible to be used as a school pursuant to the School's plans. Fidelco remains responsible to complete any additional remediation that may be required under ISRA and the RA Amendment.

In its role as LSRP, Whitman has conducted assessments of environmental conditions associated with the Project Facilities, and in March 2017 produced a Remedial Investigation Report/Remedial Action Workplan ("RIR/RAWP") which identified the measures deemed necessary to achieve the desired RAO so that the Project Facilities would be eligible to be used as planned by the School. To this end, the RIR/RAWP called for the following measures:

(A) Excavation of impacted soils in three areas of contamination ("AOCs") and removal/closure of a potential 1,000-gallon underground storage tank ("UST"), with areas of excavated soils to be backfilled with clean fill in conjunction with site redevelopment; and

(B) Addressing the presence of historic fill material as an AOC through

i. the use of capping as an engineering control incorporated into the site's construction plan to prevent users of the Project Facilities from being exposed to contaminated fill, and to preclude migration of contaminants (the capping components to include building foundation, paving and landscaping using a minimum of 12 inches of clean fill); and

ii. the use of a deed notice as an institutional control which is expected to include a prohibition on use of groundwater, requirements to inspect and maintain the cap, and a prohibition against disturbance of the engineering controls without development and implementation of a restoration plan.

The RIR/RAWP evaluated the possibility of vapor intrusion into buildings at the Project Facilities. The sampling performed by Whitman identified isolated instances in which a measured level of vinyl chloride in ground water exceeded a New Jersey vapor intrusion groundwater screening level ("VIGWSL"). VIGWSLs are set to identify instances in which contamination of volatile contaminants in groundwater warrant further investigation because they are deemed high enough to present a possibility of migration to the surface and collection in buildings at unacceptable levels. In this case, however, the calculated extent of these measured concentrations were far enough away (greater than 100 feet) from any buildings so as to be deemed under New Jersey guidelines not to present a problematic possibility. As a result, the RIR/RAWP did not include any plans for vapor mitigation.

The Borrower and the School can make no guarantee as to the timing or success of Whitman's implementation efforts on behalf of the Borrower, or on Whitman's complete compliance with New Jersey legal and/or regulatory requirements applicable to an LSRP.

Potential investors should note that any environmental assessments and the accompanying reports are subject to the limitations specified in such reports and, more generally, and to the basic limitation that no environmental assessment can completely eliminate uncertainty regarding the potential for recognized environmental conditions in connection with a subject property. Further, the reports and records prepared in connection with such assessments and investigations speak only as of their dates, and no additional assessments have been requested or performed. Potential investors must refer to the complete reports and other documents for a full understanding of such limitations, and for additional information pertinent to those items. The complete documents will be provided upon written request to the Trustee.

Potential Effects of Bankruptcy

If the Borrower were to file a petition for relief (or if a petition were filed against either such entity as debtor) under the United States Bankruptcy Code, 11 U.S.C. §§ 101 et. seq., as amended, or other similar laws that protect creditors, the filing could operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the property of the debtor. If the bankruptcy court so ordered, the Borrower's property and revenues could be used for the benefit of the Borrower despite the claims of its creditors (including the owners of the Bonds).

In a bankruptcy proceeding, the Borrower could file a reorganization plan for the adjustment of its debts which modifies the rights of creditors generally or the rights of any class of creditors, secured or unsecured (including the owners of the Bonds). The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the Borrower, as the case may be, provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interest of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half the number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly. The Borrower is prohibited from creating secured creditors except as provided in the Loan Agreement.

Tax-Exempt Status

Under present Federal and State law, regulations and rulings, the income of 501(c)(3) organizations, such as the Borrower and the School, is exempt from Federal and New Jersey income tax, except for any unrelated business income. Failure of the Borrower or the School to maintain its status as a 501(c)(3) organization or changes in such current laws, or the regulations, rulings or interpretations thereof could adversely affect the Borrower or the School, as applicable. Such failure would adversely affect the exclusion of interest on the Bonds from income for federal income taxation purposes.

Moreover, the ongoing tax-exempt status of interest on the Bonds is conditioned, under relevant provisions of the Code, on compliance by the Borrower and the School with various requirements set forth, *inter alia*, in Sections 145 and 148 of the Code, requiring, among other things, that the Project Facilities be owned throughout the term of the Bonds by a governmental unit or an organization described in Section 501(c)(3) of the Code, that not more than five percent of the proceeds of the Bonds (inclusive of proceeds applied to defray issuance costs) be applied to any "private business use," any use giving rise to "unrelated business income," or other uses inconsistent with the charitable purposes of the Borrower or the School, as a 501(c)(3) organization, and that certain investment earnings in respect of the Bonds be subject to non-arbitrage requirements imposed under Section 148 of the Code, including requirements to perform certain "rebate" computations and to make certain "rebate" payments of "arbitrage" earnings all as further provided in applicable statues, regulations, rulings and decisions. Failure to comply with such requirements could result in the loss of the tax-exempt status of interest on the Bonds to the owners thereof, and such interest could become taxable to such owners retroactive to the date of issuance of the Bonds.

Other Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the Federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed.

Lack of Secondary Market

Although the Underwriter intends to engage in secondary market trading of the Bonds (subject to applicable state securities laws), the Underwriter is not obligated to repurchase any of the Bonds at the request of the owners thereof and cannot assure that there will be a continuing secondary market in the Bonds. In the secondary market for securities similar to the Bonds, the difference between the bid and asked price may be greater than the bid and asked spread for more traditional types of municipal securities. It is not expected that an active trading market for the Bonds will ever develop.

TAX MATTERS

In the opinion of Chiesa Shahinian & Giantomasi PC, West Orange, New Jersey, Bond Counsel, assuming continuing compliance by the Authority, the Borrower and the School with certain tax covenants described herein, under existing law, interest on the Bonds (i) is not includable in gross income for Federal income tax purposes under current law, (ii) is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, for Bonds held by corporate taxpayers interest on the Bonds is included in "adjusted current earnings", which is used as an adjustment in determining the Federal alternative minimum tax for certain corporations. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds.

In addition, interest on the Bonds received or accrued in any taxable year by certain foreign corporations may be included in computing the "dividend equivalent amount" of such corporations subject to the branch profits tax imposed on such corporations under Section 884 of the Code. Further, interest on the Bonds may be subject to federal income taxation under Section 1375 of the Code for S corporations which have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross revenues of such S corporations is passive investment income.

Bond Counsel is further of the opinion that the difference between the principal amount of the Bonds maturing on July 15, 2037 (the "Discount Bonds") and their initial offering prices to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold, constitutes original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Discount Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond, and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount.

Under Section 171(a)(2) of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on tax-exempt bonds, including the Bonds maturing on July 15, 2019 through July 15, 2032 and on July 15, 2047. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the owner's basis in such bond to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Bond Counsel expresses no opinion as to any such consequences and prospective purchasers of the Bonds who may be subject to such collateral consequences should consult their tax advisors.

In rendering its opinion, Bond Counsel has relied on the Authority's, the School's and the Borrower's covenants, contained in the Indenture, the Loan Agreement, the Lease Agreement and in the arbitrage certificates, that they will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any. Failure of the Authority, the School or the Borrower to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Bonds that may affect the tax-exempt status of the interest thereon.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, life insurance companies, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and individuals who otherwise qualify for the earned income credit. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010 the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds will be included in determining the modified adjusted gross income of the taxpayer.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Bonds do not constitute "qualified tax-exempt obligations".

Owners of the Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

Bond Counsel is also of the opinion that interest on the Bonds and any gain from the sale thereof are not includable in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

NO ASSURANCE CAN BE GIVEN THAT PENDING OR FUTURE LEGISLATION OR AMENDMENTS TO THE CODE IF ENACTED INTO LAW, OR ANY PROPOSED LEGISLATION OR AMENDMENTS TO THE CODE, WILL NOT ADVERSELY AFFECT THE VALUE OF, OR THE TAX STATUS OF INTEREST ON, THE BONDS. ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the Borrower and the School will enter into a Continuing Disclosure Agreement. The proposed form of the Continuing Disclosure Agreement is attached to this Official Statement as APPENDIX G.

A failure by the Borrower or the School to provide any information required under the Continuing Disclosure Agreement thereunder shall not constitute an Event of Default under the Indenture, the Loan Agreement, the Lease Agreement or any other document related to the issuance of the Bonds. The sole and exclusive remedy for such failure shall be an action by or on behalf of the Holders of the Bonds to compel specific performance of the obligations under the Continuing Disclosure Agreement.

LITIGATION

The Authority

There is no action, suit or proceeding at law or in equity pending or, to the Authority's knowledge, threatened against the Authority to restrain or enjoin the issuance or sale of the Bonds or in any way contesting the validity or affecting the power of the Authority with respect to the issuance and sale of the Bonds or the documents or instruments executed by the Authority in connection therewith or the existence of the Authority or the right of the Authority to finance the Project.

The Borrower and the School

There is no litigation of any nature pending or threatened against the Borrower or the School to restrain or enjoin completion of the Project or which would materially adversely affect the Borrower's or the School's financial condition or ability to perform their respective obligations under the documents described herein to which they are a party.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale by the Authority of the Bonds will be passed upon by Chiesa Shahinian & Giantomasi PC, West Orange, New Jersey, Bond Counsel. Copies of Bond Counsel's approving opinion, a form of which is attached hereto as APPENDIX F, will be available at the time of delivery of the Bonds. Certain legal matters will be passed upon for the Borrower by Drinker Biddle & Reath LLP, Florham Park, New Jersey; for the School by Saiber LLC, Florham Park, New Jersey; and for the Underwriter by Ballard Spahr LLP, Philadelphia, Pennsylvania.

FINANCIAL STATEMENTS

The financial statements of the School included in APPENDIX B-1 of this Official Statement have been audited by Scott J. Loeffler, CPA and the consolidated financial statements of Uncommon Schools, Inc. and Affiliates included in APPENDIX B-2 of this Official Statement have been audited by Alexander Aronson Finning CPAs, in each case to the extent and for the periods indicated in the reports which appear in APPENDIX B.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned the Bonds a rating of "BBB-" with a stable outlook. Such rating reflects only the views of S&P and any explanation of the significance of the rating may only be obtained from S&P.

A rating is not a recommendation to buy, sell or hold securities. There is no assurance that any rating or outlook will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if in its judgment circumstances so warrant. None of the Underwriter, the Authority, the School or the Borrower has undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of a rating of the Bonds or to oppose any such proposed change or withdrawal. A downward revision or withdrawal of such rating may have a substantial adverse effect on the market price of the Bonds. Actual changes in ratings on the Bonds will be disclosed by the Borrower as described in the proposed form of the Continuing Disclosure Agreement attached to this Official Statement as APPENDIX G.

UNDERWRITING

The Bonds will be purchased by the Underwriter at a purchase price of $26,007,968.70, which represents the par amount of the Bonds, plus net original premium of $1,801,593.70, less an underwriter's discount of $368,625.00. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in the purchase contract. The purchase contract provides that the Underwriter will purchase all of the Bonds if any are purchased. The Bonds may be offered and sold to certain dealers, banks and others at prices lower that the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriter.

CERTAIN RELATIONSHIPS

Ballard Spahr LLP, which is representing the Underwriter in connection with the Bonds, has represented and continues to represent Uncommon Schools in connection with obtaining tax-exempt status for certain of its affiliates and other tax matters.

MISCELLANEOUS

The references herein to the Bonds, the Indenture, the Loan Agreement, the Note, the Lease Agreement, the Mortgage and the Assignment of Leases are brief outlines of certain provisions thereof.

Such outlines do not purport to be complete. For full and complete statements of such provisions, reference is made to the Bonds, the Indenture, the Loan Agreement, the Note, the Lease Agreement, the Mortgage and the Assignment of Leases, copies of which are available for inspection at the corporate trust office of the Trustee in Boise, Idaho. The forms of the Loan Agreement, the Indenture and the Lease Agreement are attached to this Official Statement as Appendices C, D and E, respectively.

The agreement of the Authority with the owners of the Bonds is fully set forth in the Indenture, and neither advertisements of the Bonds nor this Official Statement are to be construed as constituting an agreement with the owners of the Bonds. Statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The attached appendices are integral parts of this Official Statement and must be read together with all of the preceding information.

The delivery of this Official Statement has been duly approved by the Authority and the Borrower.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

By: /s/ Arlene M. Clark
Director of Closing Services

Approved by:

NSA 18TH AVENUE, LLC

By: North Star Academy Foundation, Inc., its sole member

By: /s/ Diane Flynn
Authorized Signatory

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK, INC.

By: /s/ Ravi Bellur
Trustee

APPENDIX A

Uncommon Schools, Inc., NSA 18th Avenue, LLC and North Star Academy Charter School of Newark, Inc.

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APPENDIX A

UNCOMMON SCHOOLS, INC.

AND NORTH STAR ACADEMY CHARTER SCHOOL, INC.

Contents

A. GENERAL OVERVIEW

Uncommon Schools, Inc. ("Uncommon") was founded in 1996 to launch North Star Academy Charter School of Newark, Inc. ("North Star"). North Star opened in 1997 and now operates a 13-school charter network in Newark, New Jersey serving grades K-12. In 2005, Uncommon expanded to support other regions and entered into a formal management agreement with North Star. (Detailed information about the management agreement can be found in Section F). Today, Uncommon manages 52 schools in six cities and three states, serving approximately 18,000 students. In total, Uncommon is comprised of 100 school leaders and over 2,100 staff members. (Detailed information about Uncommon is found in Section L). Uncommon is the 2013 winner of the Broad Prize for Public Charter Schools. The Center for Research on Education Outcomes at Stanford University recently cited Uncommon as one of the nation's most effective charter networks.

Uncommon has not guaranteed and is not otherwise liable for the payment of the principal or redemption price of, or interest, on the Bonds.

Since the opening of North Star, Uncommon has demonstrated that the most revolutionary teaching practices are not happening in the suburbs or elite private schools. Instead, they are happening in urban districts like those in which Uncommon operates. In all regions (Boston, Camden, Newark, New York City, Rochester, and Troy), Uncommon's schools are out-performing their district counterparts. Uncommon holds its schools to a more stringent standard – benchmarking against the results of their non-economically disadvantaged peers. In each region they operate, Uncommon is viewed and relied upon as a partner, not an adversary, to districts, with specific professional development partnerships operating in three districts and in discussion or development in the other three. See Section L for detailed information on the overall academic success of Uncommon's schools. See Section E for detailed information on the academic success of North Star, specifically*.

Under management agreements with each region, Uncommon provides an extensive list of services, including, but not limited to, program and curriculum design, development and implementation; assistance with student assessment and evaluation; teacher and leader recruitment; teacher and leader professional development; charter renewal and application support; facilities assistance; budgeting, financial management, bookkeeping and payroll; fundraising; insurance procurement; reporting and compliance; technology; marketing; and advocacy.

As part of its management work for its regions, Uncommon develops or secures facilities for schools not located in local district buildings. In 2016, Uncommon worked with North Star to form North Star Academy Foundation, Inc. (the "Foundation") and transferred to the Foundation ownership of all facilities owned by Uncommon and leased to North Star. The Foundation was formed to develop, renovate and lease educational facilities to North Star, and to support North Star, education, and students in Newark by sponsoring educational programs, partnering with other education organizations in the area, and making grants to local programs that offer quality educational programs. Today, the Foundation is the sole member of nine disregarded special purpose entities which either own or long-term lease facilities that are subleased to North Star.

* Academic information included herein is for the 2015-2016 academic year because full academic results for the 2016-2017 school year are not yet publicly available.

NSA 18th Avenue LLC, the obligor on the Bonds, is one such disregarded special purpose entity. Please see Section J.

More information on Uncommon and its schools, including North Star, can be found at http://www.uncommonschools.org/.

B. CHARTER SCHOOL ENVIRONMENT

New Jersey Charter Schools

Charter schools in New Jersey are governed by the State of New Jersey Charter School Program Act of 1995 (the "Act"), which became effective on January 11, 1996.

A New Jersey charter school is a public school that operates as its own Local Education Agency under a charter granted by the Commissioner of Education of the State of New Jersey on behalf of the New Jersey Department of Education ("NJDOE"). According to the NJDOE website (http://www.nj.gov/education/chartsch/), in Fall 2016 there were 88 charter schools with approximately 46,000 students enrolled in public charter schools across the State of New Jersey.

NJDOE is responsible for setting the standards and holding current and future public charter schools accountable for providing New Jersey students with a high-quality public education. In July 2012, the NJDOE Office of Charter and Renaissance Schools released the Performance Framework that outlines academic, organizational and fiscal standards by which all New Jersey public charter schools are evaluated for renewal. The Performance Framework focuses on outcome measures that align with the NJDOE's goal of providing a high-quality education for all students regardless of zip code. According to the NJDOE website, the decision to renew a charter for each subsequent five-year period is based upon a review guided by the following three questions:

1. Is the school's academic program a success?

2. Is the school financially viable?

3. Is the school equitable and organizationally sound?

As stated on the NJDOE website, "academic program success" is the most important criteria for replication, expansion, renewal and revocation. The academic performance of North Star, including test scores and comparison to Newark Public Schools ("NPS"), is discussed below. More information about the accountability processes is available at http://www.nj.gov/education/chartsch/accountability/.

Newark Charter Schools

In Newark, New Jersey, half of the charter schools in the city are 10 or more years old. Currently approved expansions and enrollment plans will add more than 6,000 new seats to those existing schools. Demand for charter school seats in Newark remains high, as academic performance among charters is generally stronger than the local district schools.

In Newark, the majority of charter schools participate with the district schools in a single application and enrollment system ("Newark Enrolls"). All Newark families submit a single application and rank their school preferences. These rankings are the primary criteria used to place students in Newark's schools. Figure 1 below sets forth all of the current and approved charter schools in Newark and their participation in Newark Enrolls.

Figure 1: Charter Schools in Newark as of the 2016-2017 School Year

School Name	Opened	Current	Enrollment
North Star Academy Charter School	1997	K-12	4,520
Robert Treat Academy Charter School*	1997	K-8	625
Marion P. Thomas	1999	K-12	1,420
New Horizons Community Charter School	1999	K-6	510
Discovery Charter School*	1999	5-8	74
Maria L. Varisco-Rogers Charter School*	1999	K-8	520
Lady Liberty Academy Charter School	2000	K-8	450
The Gray Charter School*	2000	K-8	365
Team Charter Schools	2002	K-12	3,700
University Heights Charter School (1)	2005	9-12	710
Newark Educators' Community Charter School	2008	PK-4	300
Great Oaks Legacy Charter School (2)	2010	PK-12	1,340
Roseville Community Charter School	2011	K-4	330
METS Charter School	2011	9-12	680
People's Prep	2011	9-12	400
Eagle Academy for Young Men	2012	5-11	160
Philip's Academy Charter School (3)	2013	K-8	380
Link Community Charter School*	2015	5-8	288
Achieve Community Charter School	2016	K-2	732

**does not participate in Newark Enrolls*

(1) approved expansion to 1,125

(2) approved expansion to 2,517

(3) approved expansion to 816 in K-12

C. NORTH STAR ACADEMY FOUNDATION, INC.

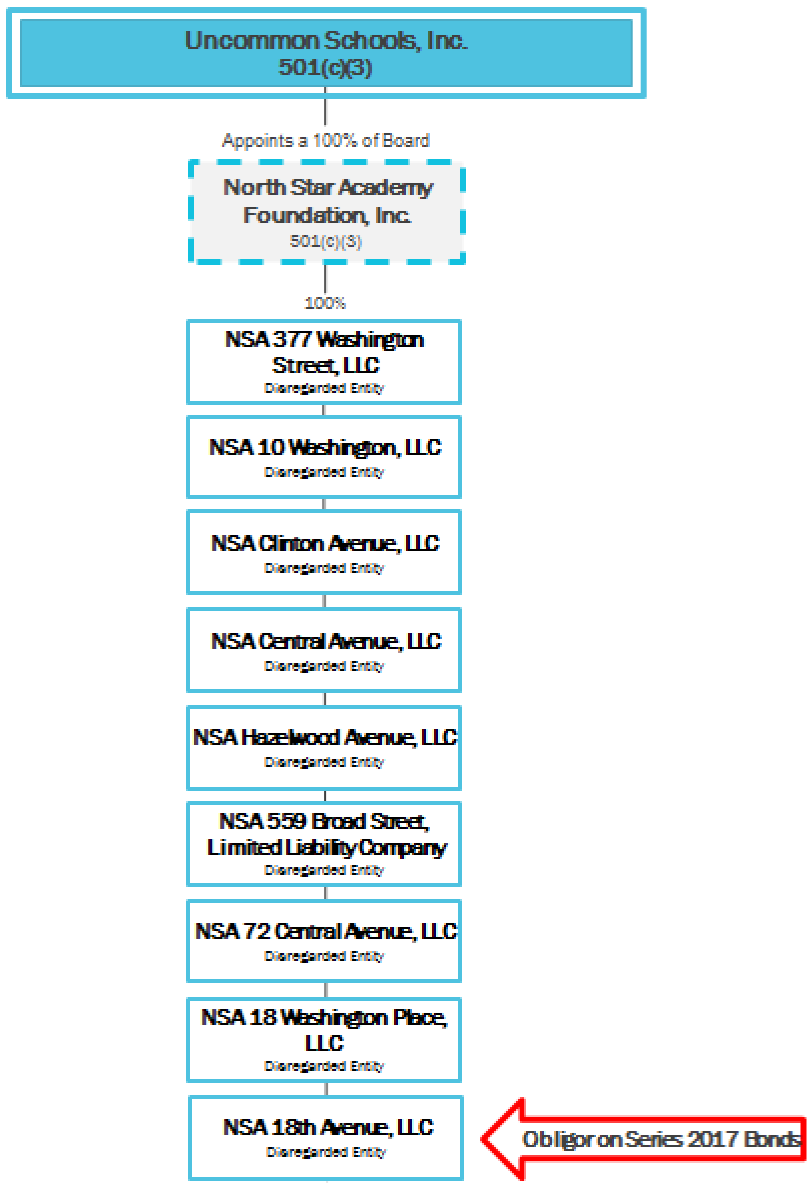
As described in Section A, the Foundation (founded in 2016), through special purpose limited liability companies, owns or long-term leases all of the private facilities leased to North Star. The Foundation does not have employees, its activities are conducted by its board of directors with support from Uncommon.

The board of the Foundation (which is appointed by the board of Uncommon) is as follows:

Name	Company Name	Company Title
Brett Peiser, President & Trustee	Uncommon Schools	Chief Executive Officer
Brook Reid, Trustee	BEAMR Group Inc.	President
Ravi Bellur, Trustee	Pointstate Capital	Former Vice President

Figure 2 below shows all of the subsidiaries of the Foundation with leases to North Star. This project is the 5th major construction or renovation project (more than $10 million) undertaken by Uncommon on behalf of North Star, on top of more than 20 smaller projects, with a range of $500,000 to $70 million. All projects were completed on-time and on-budget.

Figure 2: Foundation Subsidiary Structure



D. NORTH STAR ACADEMY CHARTER SCHOOL

Overview

North Star is one of the highest performing charter schools in New Jersey and the country. In 2017, North Star was ranked the number one high school in Newark and the 24th best high school in New Jersey by *U.S. News & World Report*. Also in 2017, the *Washington Post* ranked North Star Washington Park high school as the fourth best high school in New Jersey and the 221st best high school in the nation.

North Star operates an extended day model, as well as a data driven approach and rigorous curriculum aligned with Common Core State Standards. North Star has 13 schools serving almost 5,000 students in grades K-12, more than 98% of students are students of color and more than 87% of students qualify for free or reduced price lunch. North Star will have 14 schools in 2018 and will serve more than 6,000 students by 2021.

The Charter

North Star operates all of its schools under a single charter. North Star's original charter ran from July 1997 to June 2001. North Star's current charter was renewed in February 2016 and expires on June 30, 2021. In accordance with the Act, charters granted to New Jersey public charter schools are initially granted for four years with renewals in five-year increments. To date, North Star has received four 5-year renewals. Please refer to **Exhibit A** to this Appendix for the current charter agreement, as well as the initial charter approval and the most recent renewal letter.

Because all North Star schools are under the same charter, all students from North Star elementary schools go on to North Star middle schools and North Star high schools. North Star also backfills seats that open throughout the year and from year-to-year, at all schools in grades K-9.

Educational Philosophy

Program & Curriculum: North Star operates an extended day and extended school year model. North Star students have a nine-hour school day beginning at 7:30 a.m. and ending at 4:30 p.m., two hours longer than the traditional public school day. The school year runs at least 185 days instead of the regular 180 days. This model allows extra time for math and reading. Math and reading are taught every day in classes that are double the standard class length. North Star follows a tight classroom management system, which maximizes the time teachers have for instruction. North Star's curriculum is fully aligned with the Common Core State Standards.

Data Driven Approach / Assessment: Student performance data, measured regularly, drives current and future curriculum, professional development for teachers, and teaching methods. Every aspect of every lesson by every teacher is analyzed to support the singular mission of moving students to the highest academic achievements possible. Uncommon and North Star use data to drive the behavior of adults, so that adults can support children in their learning in the way that works for those children. In 2014, North Star agreed, for the first time, to take-over a failing and scheduled to be closed school in Newark, called Alexander Street. Alexander was closed by the district because it was the lowest performing school in Newark. On doors opening, North Star opened enrollment to a full K-4 grade-span, and discovered students who were reading three full grades below their allotted grade. Uncommon and North Star leaders developed new and more frequent assessments, revamped curricula at each grade, trained an entire teaching staff on the new curriculum, and in the first year of operations (which means 7-8 months of school) fourth graders taking the PARCC exam (described below) boasted proficiency rates of 60% in English and 77% in math, beating the state averages of 51% and 40%, respectively. (Scores continue to increase. 2017 data shows 70% of Alexander third and fourth graders proficient in English and 75% in math.) The vast majority of the district's Alexander students enrolled in the North Star operated version – these were the same students; who were now not just beating district averages but beating state averages. More detailed information on North Star's and Uncommon's use of data and assessment is found in Section F.

Professional Development: Professional development is the cornerstone of North Star's and Uncommon's success. North Star leaders designed a highly effective teacher observation and feedback model that drives instructional development throughout the schools. Teachers are observed daily by a variety of instructional leaders – and receive immediate coaching during class. Classes are also regularly videotaped to allow a deeper dive between coach and teacher during weekly one-on-one coaching sessions with principals and instructional leaders. This allows teachers to see themselves in action, to watch more experienced teachers, and to absorb new approaches more quickly and easily. Section F below includes more detailed information on North Star's and Uncommon's approach to developing academic leaders.

Student Enrichment Programs: North Star students participate in a wide variety of enrichment activities that serve to help students become well-rounded individuals and to better prepare them for college life. After-school programs vary by location and include step, dance, art, capoeira, choir, double-dutch, and karate. North Star middle and high schools also offer basketball, soccer, field hockey, flag football, cross country, volleyball, and rugby in addition to non-athletic programs such as yearbook, debate, gardening, entrepreneurship, performing arts, and mock trial. For middle and high school students, North Star strongly encourages participation in summer programs to gain comfort in new, diverse communities and to build additional skills outside the classroom.

Consistent Operational Performance. North Star operational leaders tightly manage their 13 school budgets to consolidate into a single budget for the charter. North Star operates on public revenue and generates a surplus each year. When the Washington Park High School Principal noticed how long teachers were spending collecting homework during the beginning of class, the North Star operations team, led by the high school director of operations and supported by the Chief Operating Officer, revamped the entire school schedule and homework collection process to recoup eight minutes of daily instructional time. This level of attention, to eight minutes of each instructional day, is truly uncommon in any educational institution. A more detailed overview of the Uncommon and North Star operational model is found in Section F.

Family Involvement: Uncommon believes that a clear line of communication with caregivers is critical to student success and families are encouraged to reach out to staff with questions and concerns. To foster a culture of joy that extends to families while also expanding students' experiences, each school has multiple performances and celebrations each year, which are open to families and community members and are typically well attended.

Each school has its own Parent Council, typically comprised of four-five members, which raises funds to support school specific activities and events (i.e., special field trips, pizza parties, and student appreciation week).

Outside of the Parent Councils and school events, there is a separate Parent Advocacy group of nearly 50 parents and guardians from across all North Star schools. The Parent Advocacy group meets monthly and organizes smaller groups of parents to provide support at one-two advocacy events each month ranging from appearing at public hearings to helping with school tours and information sessions.

There are two board seats on the North Star board for parent / guardian representatives.

Growth Plan

After opening Middle School 6 in Fall 2018, North Star will operate 14 schools and does not plan to open additional schools. North Star student enrollment will continue to grow organically with schools adding grades necessary to reach their planned grade span. The high schools will also continue to add seats for several years after reaching full grade configuration.

Figure 3 sets forth the grade configuration and anticipated enrollment at full capacity. The last column references the fiscal year in which each school reached (or is expected to reach) its full grade configuration.

Figure 3: Planned Grade Expansion and Enrollment Growth by Grade

Grade	K	1	2	3	4	5	6	7	8	9	10	11	12	Total	Year at Capacity*
Vailsburg Elementary School	89	90	90	90	90									449	2011
Fairmount Elementary School	89	90	90	90	89									448	2016
Liberty Elementary School	89	90	90	90	90									449	2017
West Side Park Elementary School	89	89	90	90	89									447	2015
Alexander Elementary School	89	89	90	90	90									448	2019
Elementary School 6	89	90	90	90	90									449	2021
Downtown Middle School						89	89	89	89					356	2008
Clinton Hill Middle School						89	89	89	89					356	2010
Vailsburg Middle School						90	90	89	89					357	2014
West Side Park Middle School						90	90	89	89					358	2016
Central Avenue Middle School						89	89	89	89					356	2019
Middle School 6						89	89	89	89					356	2021
Washington Park High School										237	209	203	201	850	2006
Lincoln Park High School										237	209	203	201	850	2020
	534	**538**	**540**	**540**	**538**	**536**	**535**	**534**	**534**	**474**	**418**	**406**	**402**	**6,529**	

Note: the shaded figures represent grades that are not yet open as of Fall 2017.
** Year at Capacity reflects grades served. The two high schools will continue to increase student enrollment over several additional years.*

Student Attendance & Retention

Figure 4 below shows North Star's student attendance and retention rates for the past five years.

Figure 4: Attendance & Retention Rates

School Year	Attendance	Retention
2016 -17	96.6%	92%
2015 -16	95.5%	92%
2014 -15	95.5%	90%
2013 -14	95.0%	89%
2012 -13	95.6%	91%

Market Share

Figure 5 below shows current and historical market share data.

Figure 5: Market Share

School Year	North Star Students	Charter Enrollment in Newark (including North Star)	Non-Charter Enrollment	Total District Enrollment	North Star Students % of Charter Students	North Star Students % of District Students
2016 -17	4,501	16,215	35,836	52,051	28%	9%
2015 -16	3,991	15,655	36,035	51,690	25%	8%
2014 -15	3,435	13,810	32,098	45,908	25%	7%
2013 -14	2,711	11,571	34,981	46,552	23%	6%
2012 -13	2,198	9,738	36,427	46,165	23%	5%

Demographics

Figure 6 below shows certain demographic data for North Star and NPS for the 2016-17 school year.

Figure 6: Demographic Data 2016 -17

Demographic	North Star	NPS
Free/Reduced Lunch	87%	75%
Special Education	8%	7%
African-American	82%	46%
Caucasian	1%	8%
Hispanic	15%	45%
Other	2%	1%

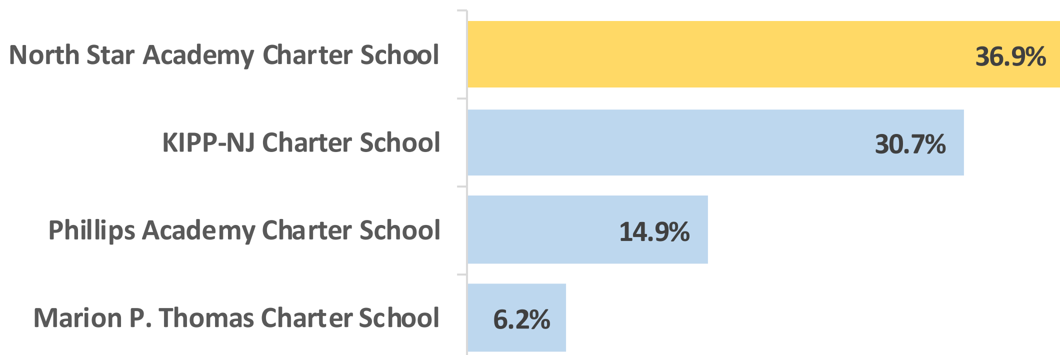
Competition in Newark

North Star just completed its 20th year of operations and is one of the oldest, largest and highest performing charters in the State of New Jersey. As described in Section B above, there are 19 charter schools in Newark. Figures 24 through Figure 27 in Section H provide enrollment, grade span and other information on North Star.

Since the launch of Newark Enrolls, North Star has been the most selected choice for elementary school (the primary entry point into North Star) by Newark families. As shown in Figure 7 below, when parents of K-8 students wish to change their child's school, more choose North Star as one of their top three choices.

For North Star, taking part in Newark Enrolls has not changed demand for seats.

Figure 7: Newark Enrolls K-8 Students Choosing North Star



Relationship with the Authorizer and NPS

North Star enjoys a strong relationship with the New Jersey Commissioner of Education and the NJDOE (collectively, the "Authorizer"), as evidenced by North Star's four five-year renewals and positive comments in the renewal letters. North Star is a "Tier 1 school", the strongest tier in New Jersey's ranking system. As a Tier 1 School, North Star's renewal process is less time consuming and burdensome compared to other charter schools in the state.

Similarly, North Star has a strong working relationship with NPS. As described in more detail in Section L below, Uncommon, with North Star, forged a partnership with NPS to train district teachers in the Great Habits Great Readers™ reading program. This program was developed by Uncommon Chief Schools Officer for High Schools, Paul Bambrick-Santoyo, who is also the leader of professional development for all teachers and academic leaders at Uncommon, and the former North Star Managing Director. During the summer of 2017, these NPS teachers are employing their training to run a special rehabilitative summer reading program for 750 struggling district students. This partnership is expected to continue beyond 2017. More detail on Uncommon partnerships with districts is set forth in Section L, and on Mr. Bambrick-Santoyo in Section F.

Uncommon and North Star are aware of the planned transfer of control of the remaining responsibilities of NPS held by the NJDOE to the Newark Public Schools Advisory Board. Based on conversations with NPS and NJDOE officials, Uncommon and North Star believe that the upcoming transfer (expected in late 2018 / early 2019) will be orderly with minimal to no disruption to Newark public schools or the Newark charter school community (charters will remain under state authorization pursuant to the Act).

E. NORTH STAR STUDENT OUTCOMES

Academic Results

At every grade level, and by every measure, North Star students are surpassing their local district schools many fold and are meeting or surpassing their internal standard of matching or exceeding the results of their non-economically disadvantaged peers.

Figures 8 through 17 below show snapshots of academic results at every grade level of North Star for the 2016-17school year, the most recent year for which such results are available.

Elementary and Middle School Performance

North Star (and all other New Jersey public schools) utilize a student assessment standard developed by the Partnership for Assessment of Readiness for College and Careers ("PARCC"). PARCC represents a group of states working together to develop a modern assessment that replaces previous state standardized tests. More information on PARCC can be found at http://www.parcconline.org.

North Star elementary schools outperformed all demographic groups in 2017 PARCC proficiency and reversed the economic achievement gap, as shown below.

Figure 8 below, shows a graph of North Star grades 3-8 students scoring at the advanced or proficient level for the PARCC Exams for the 2016-17 school year compared to other Newark charter schools. Figures 9 and 10 compare North Star 3-8 students results on PARCC compared to other NPS, the New Jersey state averages, the New Jersey white student averages, and the New Jersey non-economically disadvantaged student averages.

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Figure 8: Newark Grades 3-8 PARCC Exams

PARCC Exams, Grades 3-8, 2017 - Newark Charter Schools

% of Students Scoring "Advanced or Proficient"

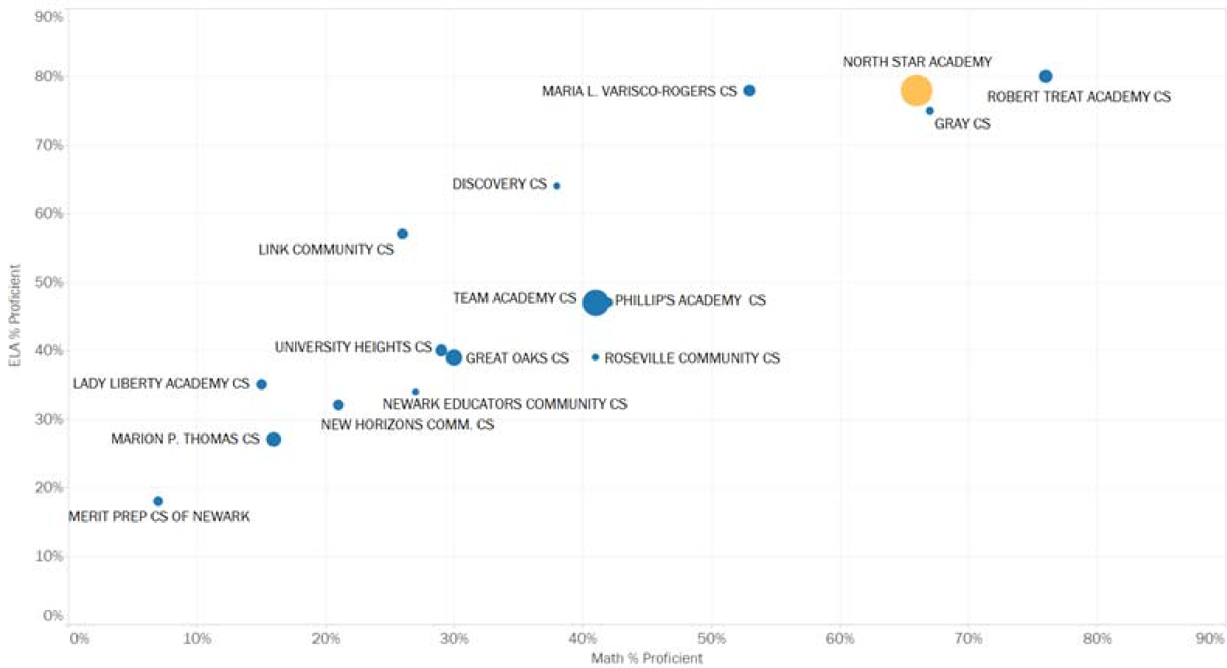

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Figure 9: PARCC ELA Assessment Results

SCHOOL YEAR 2016 - 17					
ELA Grade Level	**North Star**	**Newark Public Schools**	**NJ State - All**	**NJ State - White**	**NJ State Non-Economically Disadvantaged**
Grade 3	77%	27%	50%	61%	63%
Grade 4	83%	30%	56%	67%	69%
Grade 5	76%	36%	59%	69%	71%
Grade 6	70%	31%	53%	63%	65%
Grade 7	78%	36%	59%	69%	70%
Grade 8	86%	37%	59%	68%	69%

SCHOOL YEAR 2015 - 16					
ELA Grade Level	**North Star**	**Newark Public Schools**	**NJ State - All**	**NJ State - White**	**NJ State Non-Economically Disadvantaged**
Grade 3	68%	24%	48%	58%	61%
Grade 4	86%	27%	54%	64%	67%
Grade 5	63%	27%	53%	63%	66%
Grade 6	77%	30%	52%	61%	64%
Grade 7	80%	32%	56%	65%	67%
Grade 8	86%	34%	55%	63%	65%

SCHOOL YEAR 2014 - 15					
ELA Grade Level	**North Star**	**Newark Public Schools**	**NJ State - All**	**NJ State - White**	**NJ State Non-Economically Disadvantaged**
Grade 3	68%	17%	44%	54%	58%
Grade 4	82%	21%	51%	62%	65%
Grade 5	59%	23%	52%	62%	65%
Grade 6	67%	23%	49%	58%	61%
Grade 7	76%	28%	52%	61%	63%
Grade 8	75%	24%	52%	60%	62%

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Figure 10: PARCC Math Assessment Results

SCHOOL YEAR 2016 - 17					
Math Grade Level	**North Star**	**Newark Public Schools**	**NJ State - All**	**NJ State - White**	**NJ State Non-Economically Disadvantaged**
Grade 3	81%	35%	52%	63%	65%
Grade 4	73%	26%	47%	59%	61%
Grade 5	57%	24%	46%	57%	59%
Grade 6	53%	26%	44%	54%	56%
Grade 7	64%	20%	40%	49%	50%
Grade 8	74%	21%	41%	52%	52%
SCHOOL YEAR 2015 - 16					
Math Grade Level	**North Star**	**Newark Public Schools**	**NJ State - All**	**NJ State - White**	**NJ State Non-Economically Disadvantaged**
Grade 3	75%	28%	52%	63%	66%
Grade 4	76%	23%	47%	57%	60%
Grade 5	54%	22%	47%	57%	60%
Grade 6	54%	19%	43%	53%	55%
Grade 7	67%	17%	39%	47%	50%
Grade 8	77%	25%	41%	51%	52%

SCHOOL YEAR 2014 - 15					
Math Grade Level	**North Star**	**Newark Public Schools**	**NJ State - All**	**NJ State - White**	**NJ State Non-Economically Disadvantaged**
Grade 3	83%	22%	45%	55%	59%
Grade 4	85%	17%	40%	49%	53%
Grade 5	59%	19%	41%	49%	53%
Grade 6	58%	17%	41%	50%	53%
Grade 7	60%	17%	37%	45%	47%
Grade 8	65%	18%	36%	43%	45%

Elementary School Performance

North Star 4th graders take the NJASK Science Exam, and outperformed students in benchmark groups, as shown in Figure 11 below. North Star elementary schools outperformed all New Jersey demographic groups in 2017 PARCC proficiency and reversed the economic achievement gap, as shown below in Figures 12 and 13.

Middle School Performance

North Star 8th graders take the NJASK Science Exam, and outperformed students in benchmark groups, as shown in Figure 11 below. North Star middle schools outperformed the consolidated state results of all states participating in PARCC. North Star also outperformed all New Jersey demographic groups in 2017 PARCC math exams and nearly reversed the economic achievement gap, as shown below in Figures 12, 13 and 14.

Figure 11: NJASK Science Exam Results

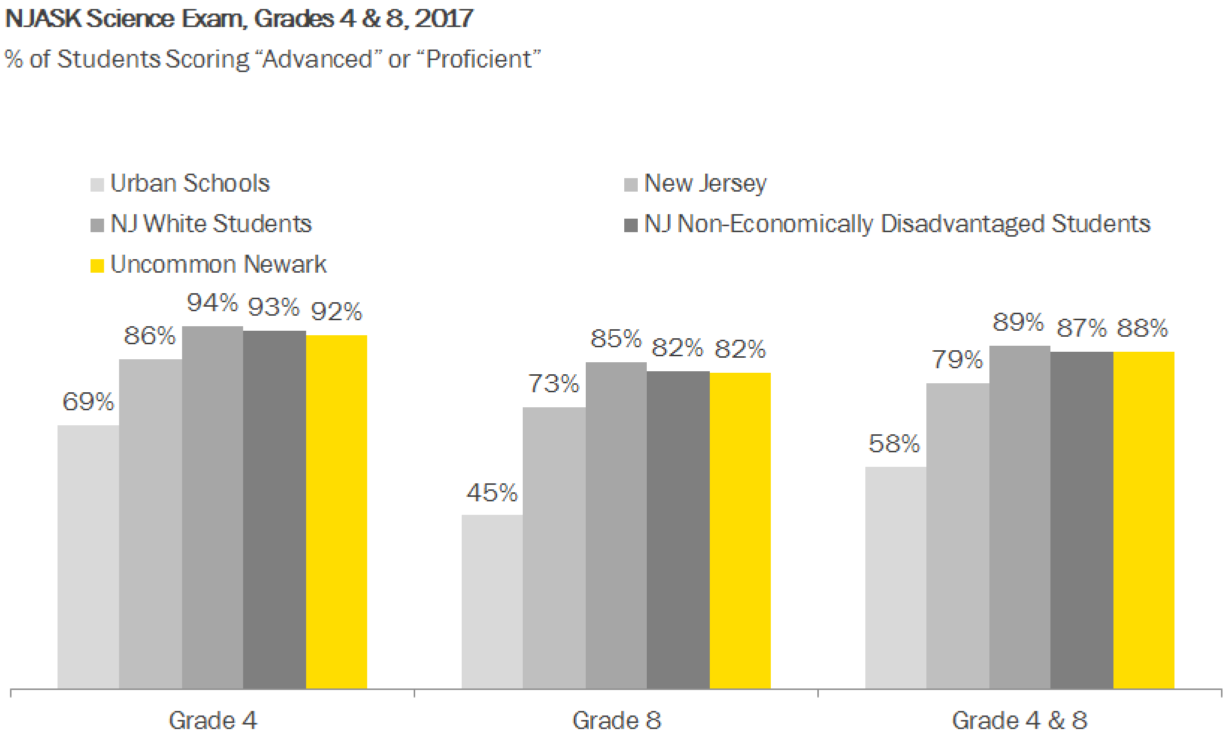


Figure 12: ELA PARCC Results

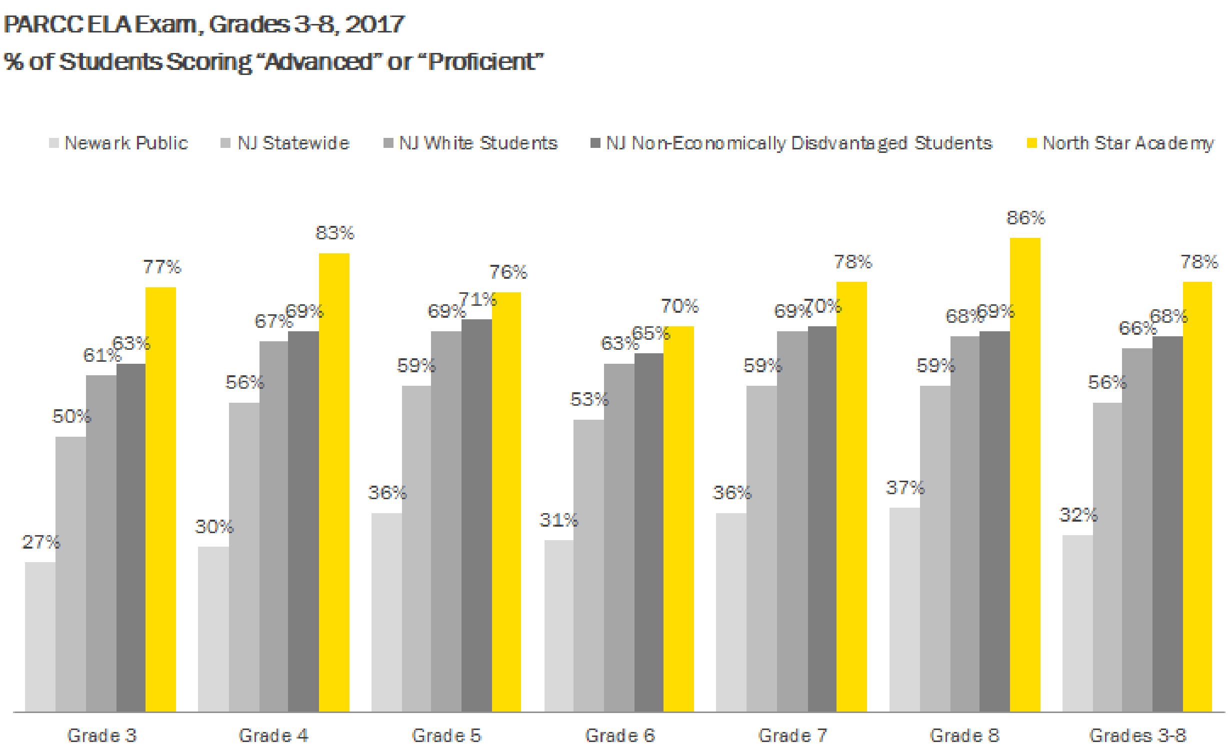


Figure 13: Math PARCC Results

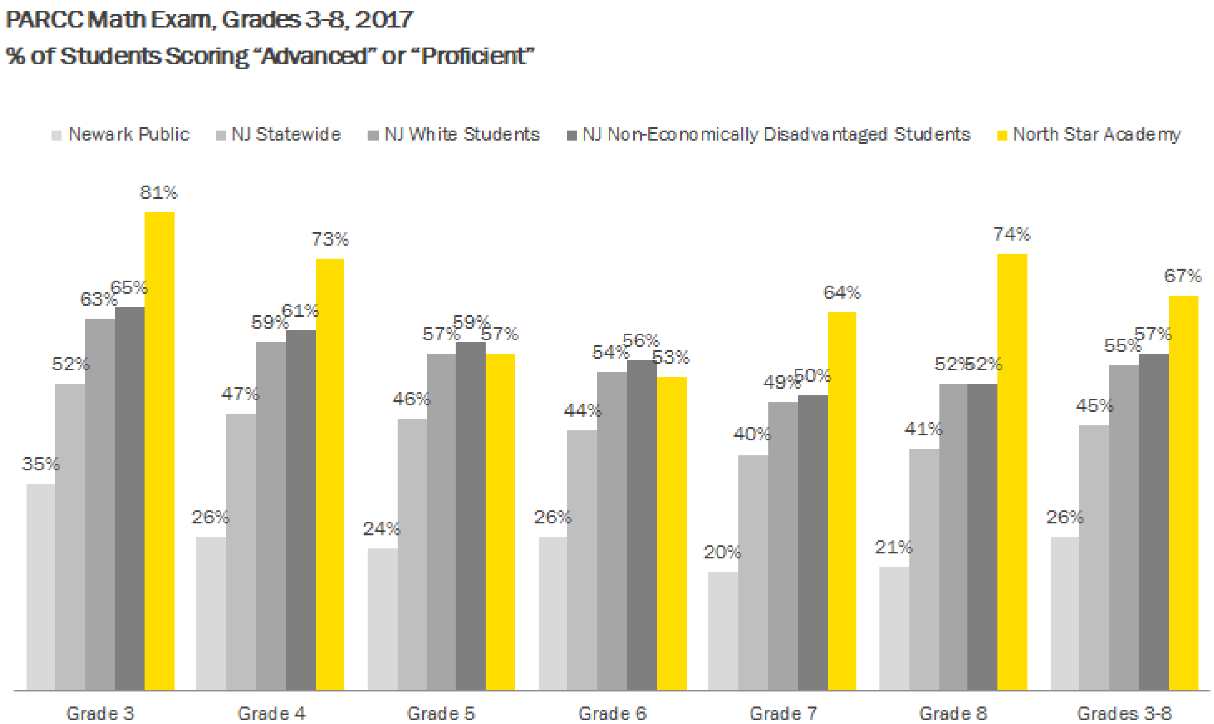
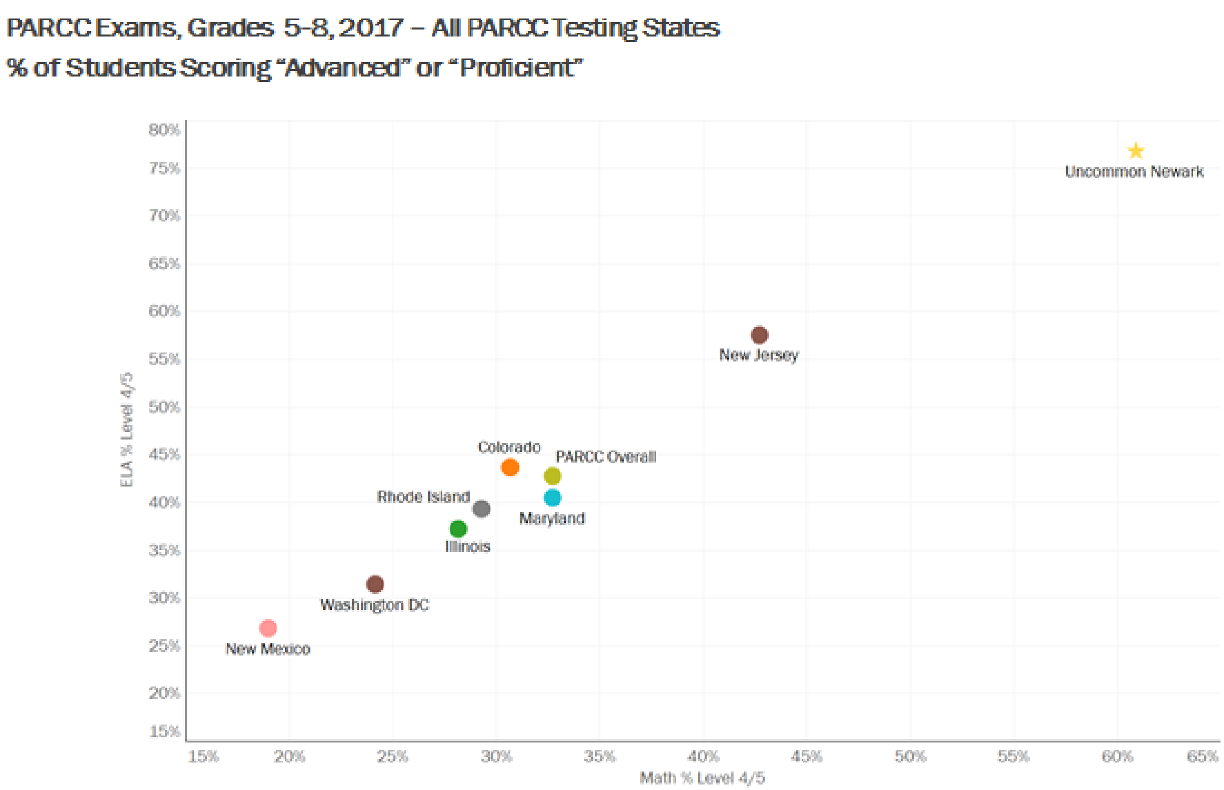


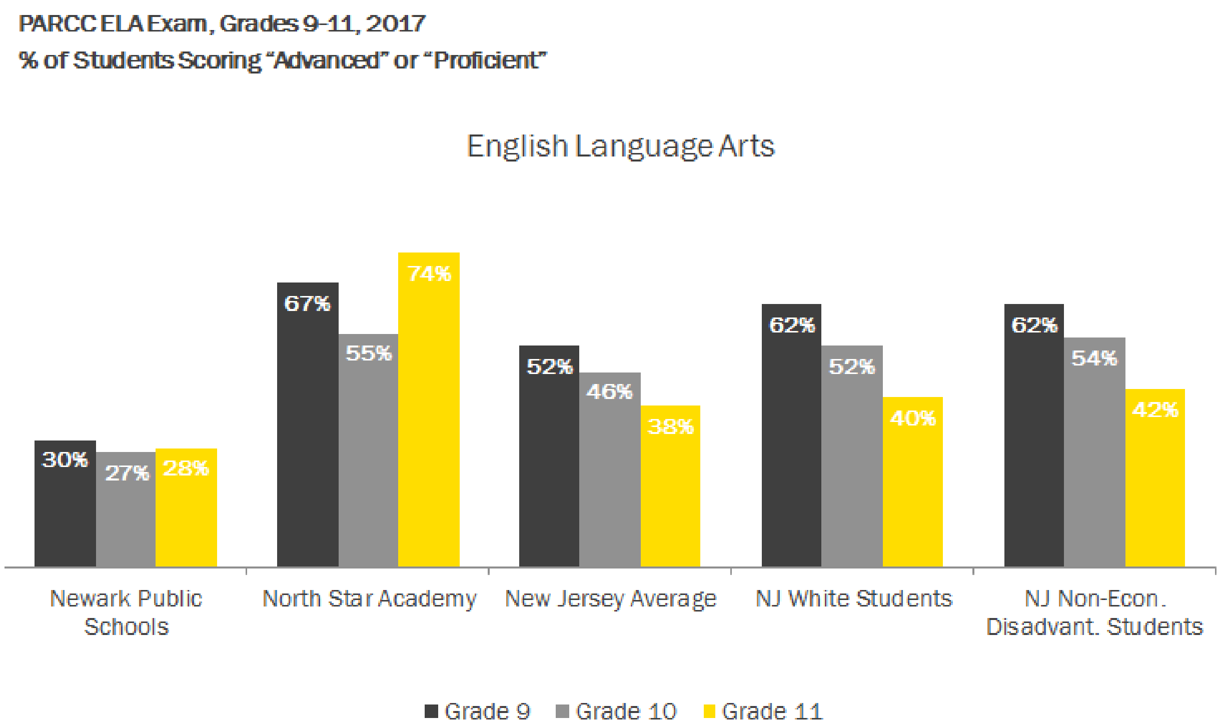
Figure 14: Middle School PARCC Testing States Results



High School Performance

North Star high school students in every grade closed the economic achievement gap in ELA on the 2017 PARCC exams, as shown below in Figure 15.

Figure 15: High School ELA PARCC Results



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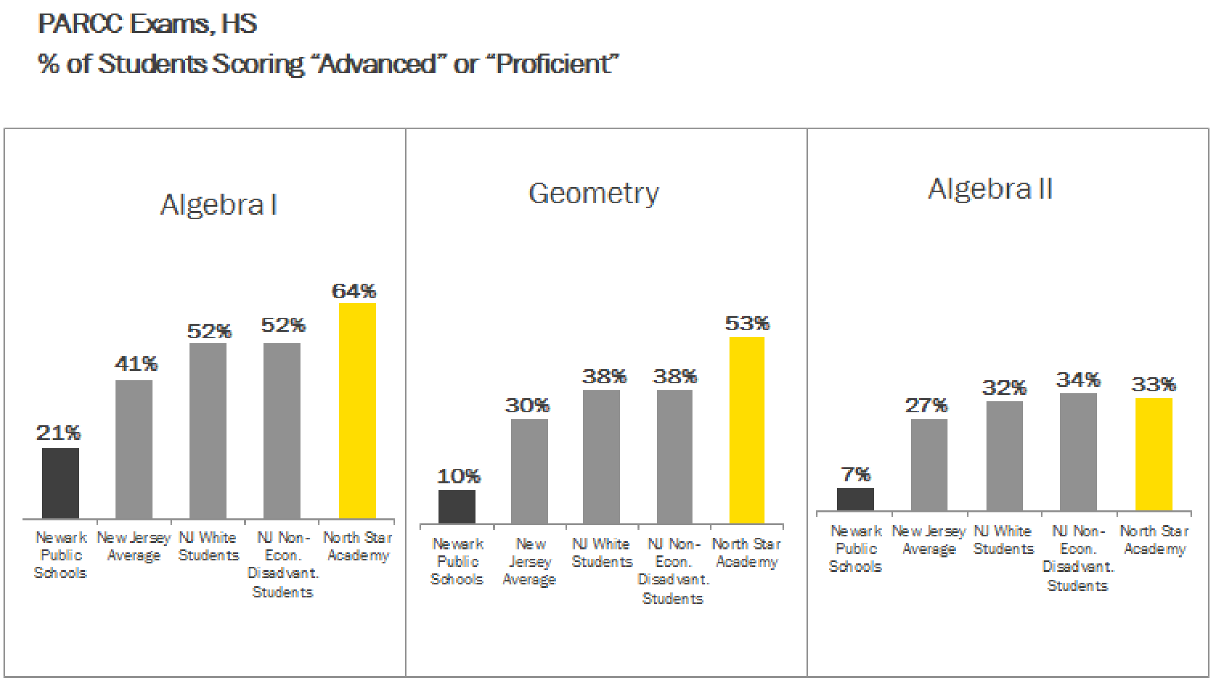
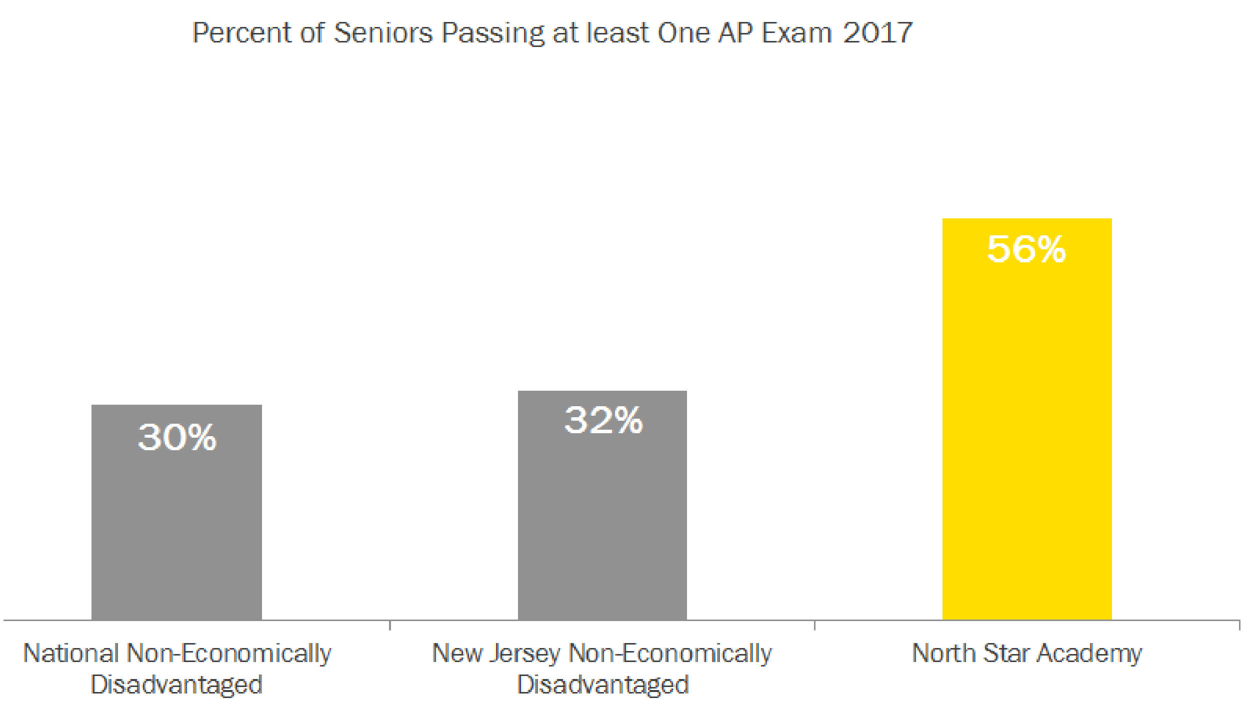
North Star high school students outperformed the state average in Algebra I and outperformed the New Jersey non-economically disadvantaged students in Geometry, as shown below in Figure 16.

Figure 16: High School Algebra and Geometry PARCC Results



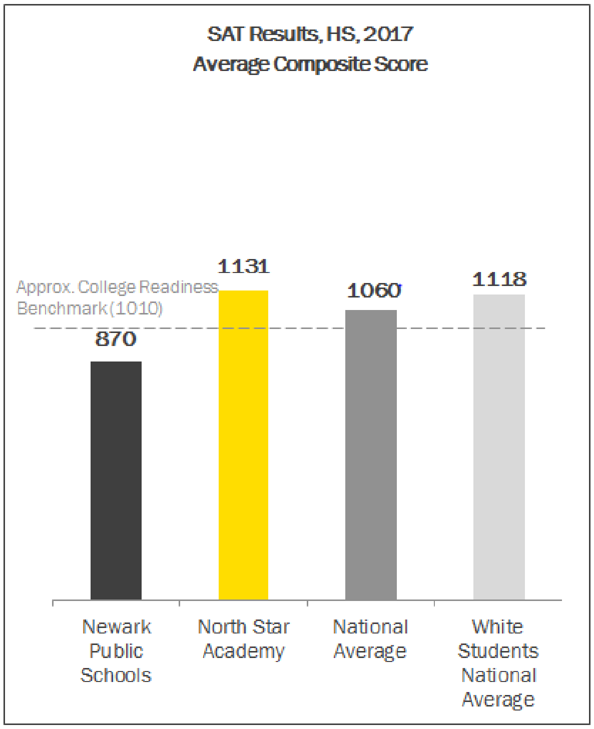
Fifty-seven percent of the North Star Academy Class of 2017 passed an AP exam with scores eligible for college credit prior to high school graduation, as shown below in Figure 17.

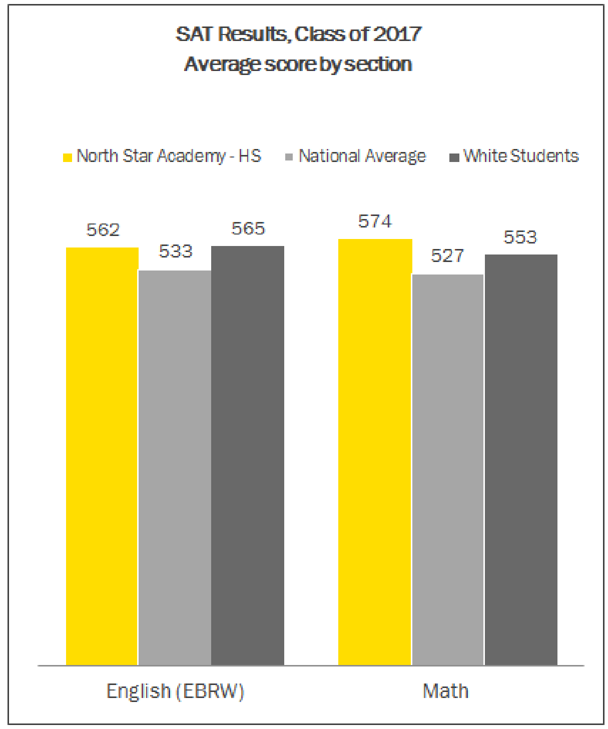
Figure 17: AP Exam Results



In 2017, North Star high school students outperformed district and national averages on the SAT and closed the racial achievement gap, as shown in Figure 18 below.

Figure 18: SAT Results





High School and College Graduation

North Star has a robust college counseling office at the high school level and begins to foster a college-bound culture with students starting in Kindergarten. One-hundred percent of North Star students graduate high school, with more than 95% of those students matriculating to college. One-hundred percent of North Star's high school graduates were accepted into at least one college, with an average of four acceptances per student. Approximately 90% of graduates enroll in four-year colleges or universities after graduation. Over the past five years, North Star's four-year college placement rate ranks highest among all high schools in the state of New Jersey.

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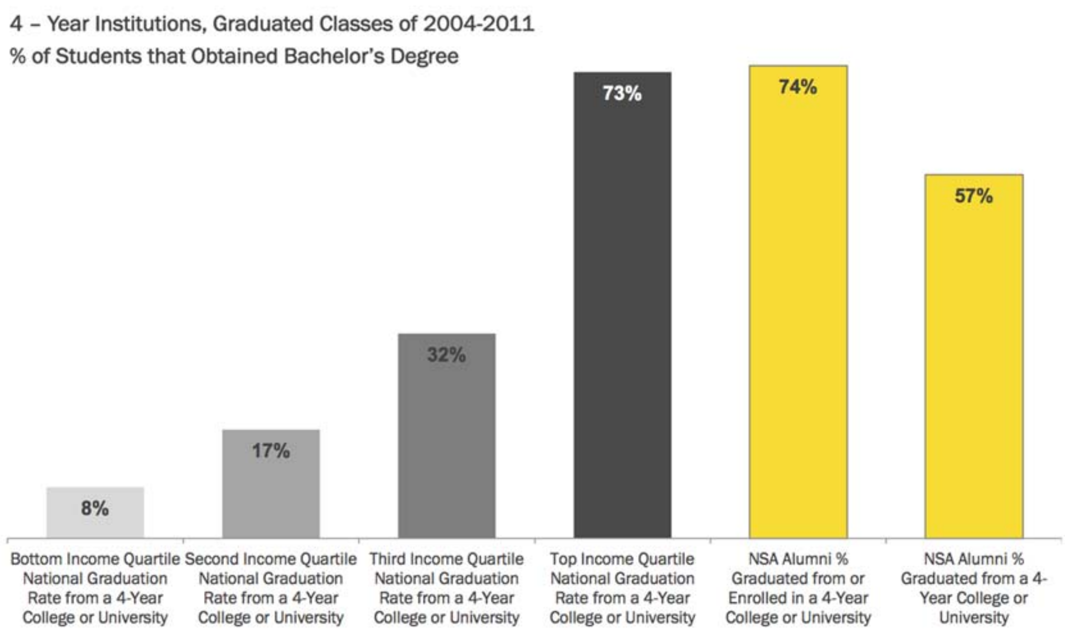
North Star and Uncommon continue to support North Star alumni while in college. Each North Star alumnus receives from Uncommon a $250.00 textbook scholarship for each semester of school. North Star college counselors visit alumni in college twice per year to provide assistance on accessing school support services and to offer guidance and advice. Figure 19, shows college matriculation rates for the past five-years.

Figure 19: College Matriculation Rates

High School Class Year	Matriculation to 2-or 4-year Colleges
2015 - 16	97%
2014 - 15	96%
2013 - 14	95%
2012 - 13	95%
2011 - 12	100%

North Star's high school students are graduating college at seven times their socioeconomic peers. Figure 20 shows the graduation rates by income level.

Figure 20: College Graduation Rates by Income Level



Additional Notable Academic Highlights

In 2011, North Star Academy Downtown Middle School (Newark, New Jersey) won the National Blue Ribbon award.

To-date, twelve North Star high school seniors were selected as Posse scholars (attending Franklin & Marshall, Brandeis, DePauw, Lafayette, Middlebury) and five students received QuestBridge scholarships (attending University of Pennsylvania, Tufts, Princeton, Yale and Bowdoin). Posse and QuestBridge scholarships are two of the most highly competitive national college scholarship programs in the country. Posse offers full-tuition four-year scholarships to a small 'posse' of students each year and provides them with on-campus support throughout their four years. In the New York area, over 3,000 students were nominated for the Posse scholarship for Fall 2017 and only 130 were selected, representing a 4% acceptance rate.

Additionally, in 2015, 100% of students in North Star's computer science class passed the AP exam, compared to the national passing average of 64%. Ten of the 39 black students in New Jersey who passed this AP exam were North Star students. The teacher who drove this work and inspired students, Allison Cuttler, received the prestigious Milken Educator Award along with $25,000. The Milken Educator Awards program is described as "the Oscars of teaching" by *Teacher* magazine. Recipients are selected in early to mid-career for what they have achieved and for the promise of what they will accomplish.

F. NORTH STAR MANAGEMENT AND LEADERSHIP

Management Agreement

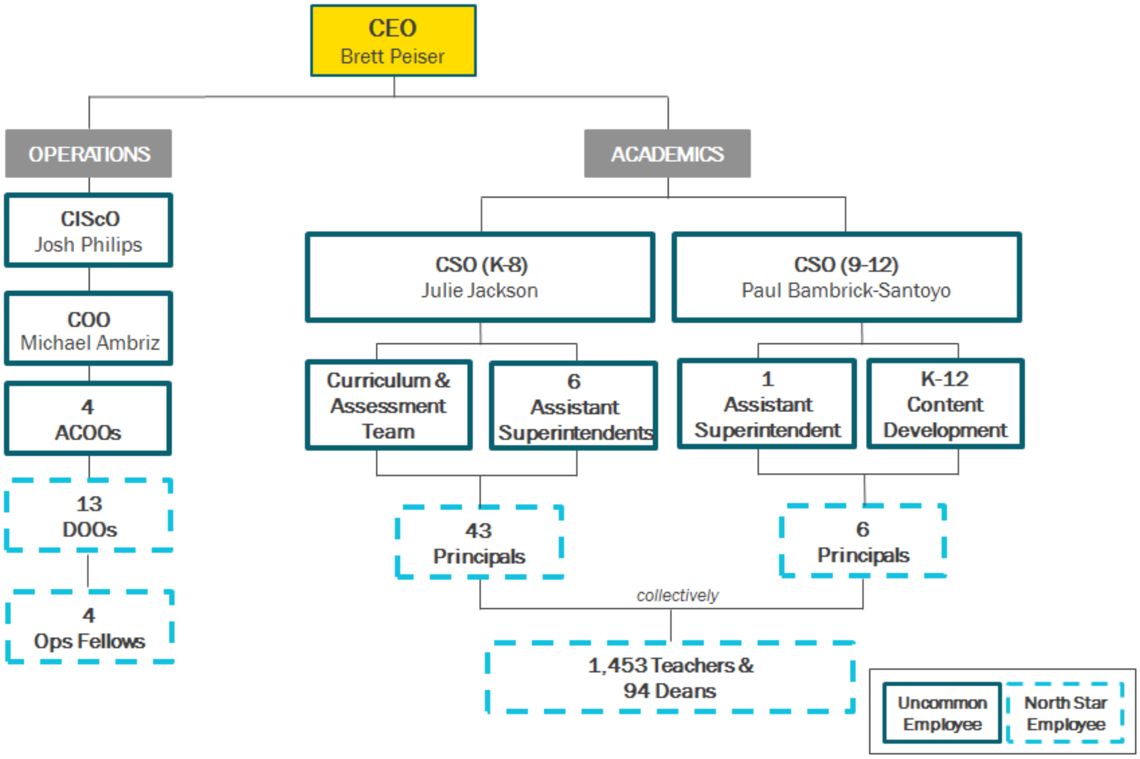
As briefly described above, Uncommon provides various services to North Star under a management agreement, which became formal in 2005. Under the management agreement, Uncommon provides an extensive list of services, some of which are often described as back-office (bookkeeping, payroll, compliance, reporting, human resources, recruiting, etc.), and some of which are more front-line (curriculum, leadership training and development, and management services).

North Star pays a fee to Uncommon based on a fixed percentage of its core public funding. Management fees are paid quarterly in arrears. The management agreement renews automatically each fiscal year, unless terminated by either party prior to December 31st of each year. **Exhibit C** includes a copy of the current management agreement.

Management and Leadership Development Model

Uncommon has a unique management model, which is applied to all networks, including North Star. School management follows a two-pronged multi-layer approach. First, school management is divided into academic and operational divisions. Next, school management is separated into layers, on the academic side to develop the strongest most effective teachers and academic model, to drive students to their highest potential, and on the operational side to assess risk, diagnose operational weaknesses, then systematize solutions through all operational layers, to ensure consistent, streamlined, sustainable operations. Management of academic and operational functions are further subdivided between Uncommon and North Star as shown in Figure 21 below. As part of its services to North Star, Uncommon employees function as the senior most leaders of North Star – on both the academic and operations sides. Figure 21 below shows the management structure of North Star (and all Uncommon schools).

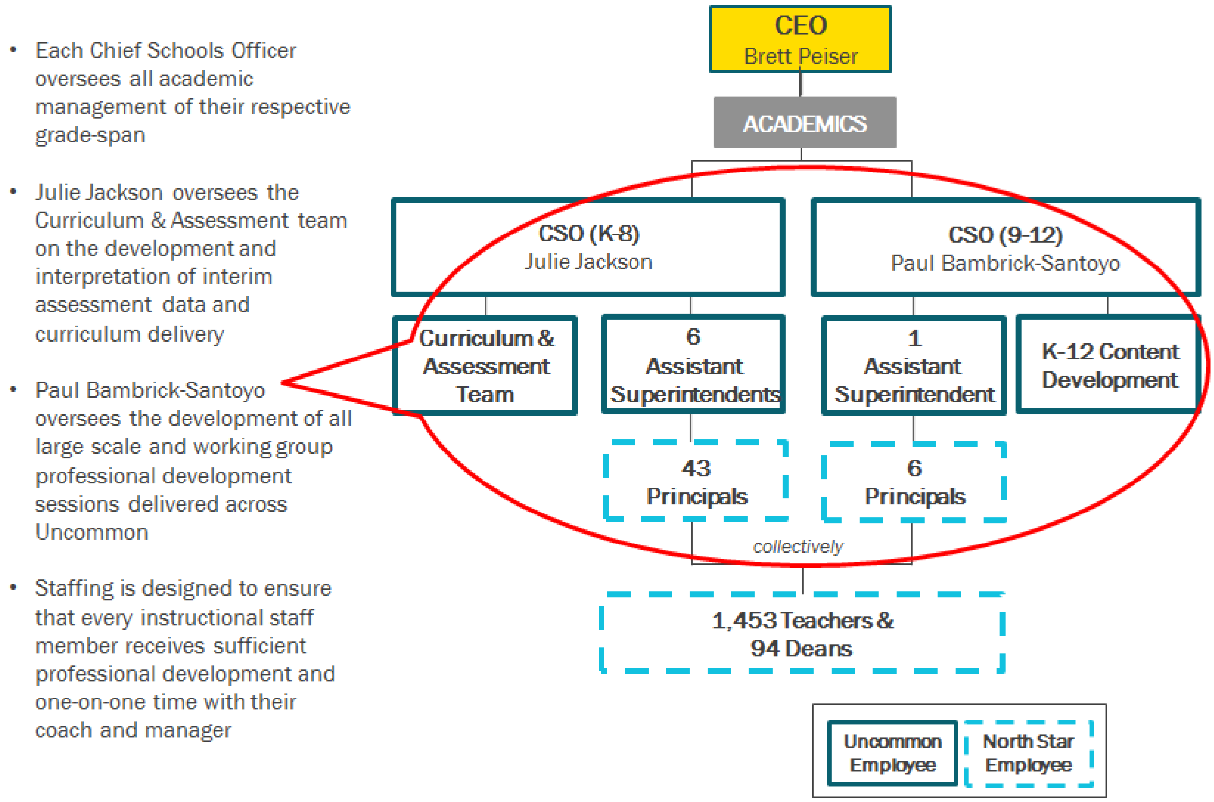
Figure 21: North Star Leadership Structure



Academic Management. North Star employs layers of academic oversight to ensure the strongest curriculum and the best supports for teachers. Teachers receive one-on-one coaching from Instructional Leaders and Principals. Instructional Leaders are strong teachers who drive high student achievement and are being trained to become principals. Principals coach Teachers and Instructional Leaders through weekly real-time observation and one-on-one meetings to review video and strategy. Principals are coached by Assistant Superintendents, with some receiving additional coaching from Senior Principals. Assistant Superintendents are coached and managed by the Chief Schools Officer of their grade-span. As shown in Figure 22, Assistant Superintendents and Chief Schools Officers are Uncommon employees. Principals, Instructional Leaders and Deans of Curriculum Instruction ("DCIs") (described below) are North Star employees.

Curriculum Development. Curriculum is developed by Lead Lesson Planners, DCIs, and the Curriculum and Assessment team of Uncommon. The Uncommon Curriculum and Assessment team is an 11-person team of content experts who develop and analyze interim assessments to drive curriculum adjustments and development. The DCI is the school level leader of all curriculum and content knowledge. DCIs lead weekly data meetings for school leadership, to help direct what content should be taught and re-taught. As shown in Figure 21 above, all academic and curriculum topics and leaders roll-up to the Chief Schools Officers of Uncommon.

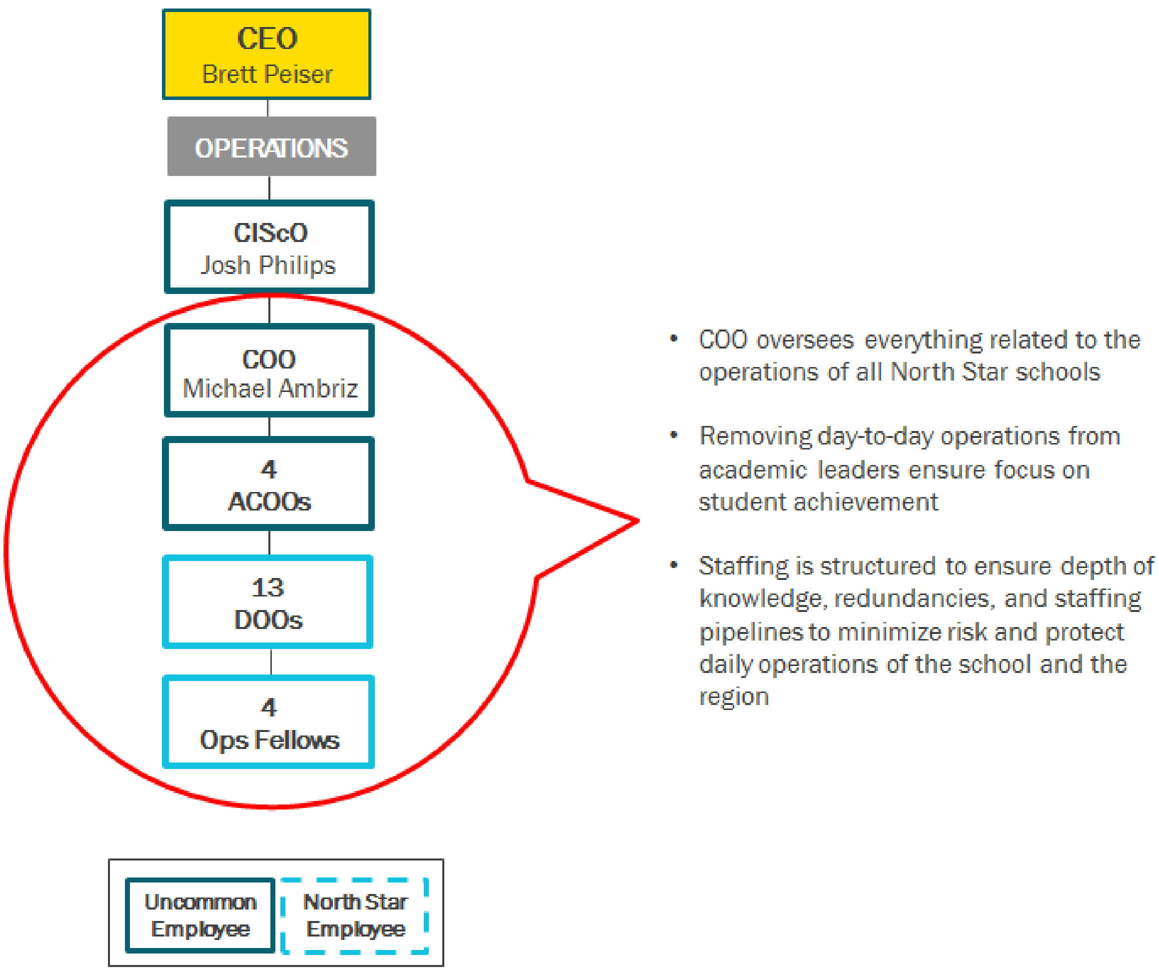
Figure 22: Academic Leadership Structure



Academic Leadership Development: In general, the model used at North Star and all Uncommon schools is the same: coach teachers with real-time feedback and continuous and targeted professional development so that they have the best classroom management skills and the best ability to deliver the strongest instructional content. Find the teachers delivering the best content at the highest levels and train them to train others. Assess and identify the content that is achieving the best results, codify it, disseminate it and train everyone on it. It is very common for an Assistant Superintendent or Chief Schools Officer to visit a school, walking in and out of classrooms, to give real-time actionable feedback to teachers, DCIs, and Principals at the same time. Real-time feedback delivered in the correct way, treats teachers and all leaders like elite athletes – give one correction in real-time and then watch for ownership, understanding and implementation, not unlike a coach shifting the height of a tennis racket to address a particular type of serve. Professional development for all school leaders (Teachers, Instructional Leaders, DCIs, and Principals) happens consistently. There are daily corrective actions, specific school level weekly trainings, weekly one-on-one coaching sessions for each role with their coach and manager, monthly working group sessions across regions to collaborate and create professional development, and formal large group sessions that happen annually for each segment (i.e., teachers start each year with three full days of formal targeted training, principals meet annually at a three-day leadership development retreat, and DCIs and Instructional Leaders meet annually at a separate two-day professional development targeted to their needs). This focus on training leaders of all levels, and giving feedback in real-time in a manner that is immediately implementable is what separates Uncommon's schools, including North Star, from other schools.

Operational Management. As with academics, North Star employs layers of operational management. Figure 23 below shows the management structure of North Star's operations. Directors of Operations ("DOOs") are the front-line operations managers of each school. Each school DOO manages day-to-day operations, parent or guardian communication, the school budget, supplies, custodians, logistics, scheduling, day-to-day minor facilities issues, among a litany of other things. In the example referenced in Section D above, it was the Washington Park HS DOO who worked with the Principal to squeeze 8 more minutes of instructional time out of each day, by rearranging homework collection and distribution logistics. Associate Chief Operating Officers ("ACOOs") train and manage DOOs – managing a group of DOOs by grade-span, and the Chief Operating Officer ("COO") manages the entire region. Regional COOs are managed by Uncommon's Chief of Innovation and School Operations. As shown in Figure 23, DOOs are employees of North Star, and the ACOOs and COO are Uncommon employees.

Figure 23: Operational Leadership Structure



Operational Leadership Development: North Star's operations team starts with the training of Operational Fellows. Each fellowship runs from one to two years. In their fellowship years, fellows rotate among schools, learning the differences in operations of elementary, middle and high schools. Only after demonstrating mastery of school operations in their fellowship period is an operations fellow given a position as a DOO. This fellowship training model ensures that North Star has a pipeline of candidates for both the DOO role and the ACOO role. All current North Star ACOOs were DOOs for several years before being promoted to the role of ACOO.

Leadership Selection

The vast majority of North Star's school leaders and Uncommon's management team come up through a formal leadership pipeline. On the academic side, both Chief Schools Officers worked in various roles at North Star. Julie Jackson, CSO K-8 started as a teacher and moved up various layers to leading all of Uncommon's K-8 academics. Paul Bambrick-Santoyo was a leader at North Star for many years before becoming the head of high school academics across the entire Uncommon network. Additionally, all Assistant Superintendents were previously teachers and principals within the Uncommon network. Three of the eight were North Star teachers. Teachers who show leadership skills and have a proven record of outstanding student achievement are groomed for leadership on several pathways, including a principal pathway. High performing principals are then supported to become Senior Principals and ultimately Assistant Superintendents. The operational side of the leadership pair operates in a similar fashion. Operational fellows are trained for between one and two years before becoming Directors of Operations at a school. A Director of Operations spends several years with targeted training and professional development to move to an Associate Chief Operating Officer role. At all levels, academic and operational, staff receive intensive coaching, professional development, and on-the-job training. When considering where to place a school leader, Uncommon matches the leader's ability with the school's needs. The success of a school depends on strong school leadership. For that reason, new schools are only opened if there are leaders who meet the rigorous bar for school leadership. The leaders of North Star's final to-be-opened school, Middle School 6, are both identified and ready for school launch in Fall 2018. Of the 13 Principals at North Star, most of them have been working at North Star for more than 5 years – with almost all of them starting as North Star teachers.

Current Leadership

The following individuals constitute senior management of North Star.

Paul Bambrick-Santoyo, *Chief Schools Officer, HS and K-12 Content Development*

Paul Bambrick-Santoyo is the Chief Schools Officer for High Schools of Uncommon and head of the K-12 Content Development team. Prior to taking this role in 2015, Mr. Bambrick-Santoyo spent 11 years leading North Star. During his tenure at North Star, North Star grew from serving less than 300 students to more than 3,000, while making dramatic gains in student achievement. Mr. Bambrick-Santoyo is the author of *Driven by Data, Leverage Leadership*, and *Great Habits, Great Readers*, which have collectively sold more than 400,000 copies worldwide. He has trained over 15,000 school leaders worldwide in instructional leadership, including multiple schools that have gone on to become the highest-gaining or highest achieving schools in their districts, states and/or countries. Mr. Bambrick-Santoyo is a co-founder of the Relay National Principals Academy Fellowship and is the founder and Dean of the Leverage Leadership Institute. He has a B.A. in Social Justice from Duke University and a M.Ed. in School Administration via New Leaders from the City University of New York - Baruch College.

Julie Jackson, *Chief Schools Officer, K-8 and Curriculum and Assessment*

Julie Jackson, is the Chief School Officer for Elementary and Middle Schools, of Uncommon and head of Currciculum and Assessment team. Ms. Jackson began her career as a Teach for America corp member, teaching mathematics to urban New Jersey students for 10 years, including several years at North Star. Ms. Jackson served in various leadership roles at North Star, including Dean of Students, High School Principal, and founding Elementary School Principal. She earned her B.A. in Communications from Shippensburg University in 1992, a M.Ed. in Educational Administration from William Paterson University in 2002 and did graduate work in African-American Studies at the University of Wisconsin. Her strong leadership and commitment to improving public education has earned her several honors. These honors include a Teacher of the Year award in 1998, the Dodge Leadership Award in 2002, Teach For America's Peter Jennings Award for Civic Leadership in 2013, Board of Trustee member for both the Oprah Winfrey Leadership Academy for Girls. Ms. Jackson also conducted numerous national and international presentations on student culture, staff culture and leadership in China, South Africa, Chicago, Detroit, Texas, New York, and New Jersey.

Juliana Worrell, *Assistant Superintendent, Elementary Schools*

Juliana Worrell is the Assistant Superintendent of the North Star elementary schools. Ms. Worrell joined North Star in 2007 as a founding lead teacher at Vailsburg Elementary School. She later went on to found North Star's third elementary school, Fairmount Elementary, and served as principal of both West Side Park Elementary and Alexander Street Elementary Schools. Ms. Worrell is co-author, with Paul Bambrick-Santoyo, of the book *Great Habits, Great Readers*. She serves as an adjunct professor for the Relay Graduate School of Education and the Summer Principals Academy program at Teachers College, Columbia University. Ms. Worrell holds a B.A. in Political Science from Rutgers University, and a M.A. in Education Leadership from Teachers College, Columbia University.

Serena Savarirayan, *Assistant Superintendent, Middle Schools*

Serena Savarirayan is the Assistant Superintendent of the North Star middle schools. Prior to her current role, Ms. Savarirayan was the founding principal of North Star Academy Vailsburg Middle School. Before founding Vailsburg middle school, she taught 5th grade language arts, 8th grade English, and served as Instructional Leader and Grade Level Leader at North Star's Clinton Hill Middle School. In addition to her work at North Star, Ms. Savarirayan works with the National Principals' Academy Fellowship at the Relay Graduate School of Education to lead professional development for school leaders across the country. Ms. Savarirayan began her teaching career in 2002 as a Teach for America corps member in Paterson, New Jersey, where she taught 5th grade for four years. She is a graduate of Northwestern University.

Michael Ambriz, *Chief Operating Officer, Uncommon Camden/Newark*

Michael Ambriz serves as the Chief Operating Officer for North Star. Prior to joining Uncommon Schools in 2008, Mr. Ambriz served as the Managing Director, National Institute Operations for Teach for America, where he was responsible for overseeing all marketing, admissions, technology, human resources and finance projects related to corps member training. Prior to joining Teach for America, he worked at the LAUSD Academic Mentor Program, where he helped to recruit community volunteers to tutor students in 16 schools across the Los Angeles area, and to create systems to reduce the transition time between recruitment and placement. Mr. Ambriz also managed the Cesar Chavez Service and Learning Grant for the California Governor's Office of Service and Volunteerism. He holds a B.S. in Electrical Engineering from the University of California, Los Angeles.

Cynthia Leger, *Associate Chief Operating Officer, Elementary Schools*

Cynthia Leger is the Associate Chief Operating Officer for North Star’s elementary schools. Ms. Leger joined North Star Academy in 2010 as an Operational Fellow and went on to serve as the founding Director of Operations of North Star’s Fairmount Park elementary school. Prior to joining North Star, she worked as a Research Associate for ReLearning Curve, where she designed and managed studies related to the integration of technology into instruction. Ms. Leger’s prior work experience includes researching education programs for Scholastic Inc. and UNICEF-India, and five years writing and editing educational materials in Philadelphia, PA and Hong Kong, China. She received her B.A. from Swarthmore College and her M.P.A from NYU’s Robert F. Wagner Graduate School of Public Service.

Jason Russell, *Associate Chief Operating Officer, Middle Schools*

Jason Russell is the Associate Chief Operating Officer of North Star’s middle schools. Mr. Russell joined North Star in 2011 as the Director of Operations of Clinton Hill middle school. Prior to joining North Star, he was a Regional Sales Manager for Warner Bros., Brazil and a project manager in International Business Development at MeadWestvaco, Brazil. He holds a B.S. in Business Administration from the University of Richmond.

G. NORTH STAR BOARD

North Star is governed by a ten-member Board of Trustees (the “Board”), in accordance with its charter. Eight trustees are appointed for two-year terms and two trustees are selected from Parent Councils, who serve 1-year terms. Board members serve for an indefinite term and may be removed for cause upon a vote of the full membership of the Board. The current composition of the board is set on the following page. Biographical information for voting board members follows the list. As a public school, North Star adheres to the conflict of interest policy published by the NJDOE: http://www.state.nj.us/education/ethics/coi.htm.

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Name	Company Name	Title	Years of Membership
Rick Rieder (Chairman)	BlackRock	Managing Director, Global Chief Investment Officer of Fixed Income	Less than 10
Nicole Bearce Albano	Unilever	Associate General Counsel, Litigation	Less than 10
Paul Bambrick-Santoyo	Uncommon Schools	Chief Schools Officer	Less than 5
Ravi Bellur	Pointstate Capital	Former Vice President	More than 5
Lawrence Evans	Citigroup	Managing Director	More than 5
Bob Howitt	WKBJ Foundation	Executive Director	More than 10
Scott Sleyster	Prudential Financial, Inc.	Chief Investment Officer	Less than 5
Jamey Verrilli	Relay Graduate School of Education	Dean	More than 10
Ezdehar Abuhatab	N/A	Parent Council	1 year term
Nkiyah Taylor	N/A	Parent Council	1 year term

Paul Bambrick-Santoyo, *Chief Schools Officer, HS and K-12 Content Development*

See Section F above for biographical information.

Nicole Bearce Albano, *Associate General Counsel Litigation, Unilever*

Nicole Bearce Albano is Associate General Counsel Litigation to Unilever. Prior to joining Unilever, she served as Counsel to Lowenstein Sandler's Bankruptcy, Financial Reorganization & Creditors' Rights Department. Prior to joining Lowenstein Sandler, Nicole served as Judicial Clerk to The Hon. Kevin Gross, United States Bankruptcy Court for the District of Delaware, Wilmington, Delaware (2007 to 2008).

Ravi Bellur, *Former VP at PointState Capital*

Ravi Bellur is a private investor with 12 years of investing experience. He has invested across multiple asset classes, including equities, credit, currencies, and commodities. Most recently, he worked as a Managing Director at PointState Capital L.P. until early 2017. Prior to joining PointState, Mr. Bellur was a Vice President at BlackRock Advisors and R3Capital Partners from 2008 through 2012. Mr Bellur began his career at Goldman Sachs, where he worked in the Principal Investment Area's private credit business and the Bank Debt Portfolio Group during his tenure. He holds a B.S. in Economics from the Wharton School at the University of Pennsylvania, where he received the Spade Award.

Lawrence Evans, *Managing Director, Foreign Exchange, Citigroup*

Lawrence M. Evans is a financial advisor employed by Citigroup Global Markets in New York, New York.

Bob Howitt, *Executive Director, WKBJ Foundation*

Mr. Howitt has had a varied career: partner of a Wall Street research and money management firm, leadership of a well-known New York City youth agency, and Executive-Director of the WKBJ Foundation--which provided the initial funding for North Star, and which has had multiple internal education programs that have assisted over 250 financially-challenged young people to attend college. He is also a trustee of the Charles Hayden Foundation, which makes grants in NYC/Newark and Boston. Mr. Howitt has published various writings relevant to education, culture, and politics: GUIDE ("Thoughts from Twenty Years in the Educational Trenches: A Unique College Guide for Latino Students and their Supporters"), Cogent Comments (a compilation of over 80 essays).

Rick Rieder, Chairman, *Managing Director, Global Chief Investment Officer of Fixed Income, BlackRock*

Rick Rieder, is BlackRock's Managing Director, Global Chief Investment Officer of Fixed Income, a member of BlackRock's Executive Committee, a member of BlackRock's Leadership Committee, and serves as the Chairman of BlackRock's firm-wide Investment Council. Before joining BlackRock in 2009, Mr. Rieder was President and Chief Executive Officer of R3 Capital Partners. He served as Vice Chairman and member of the Borrowing Committee for the U.S. Treasury. Mr. Rieder is currently a member of the Federal Reserve Bank of New York's Investment Advisory Committee on Financial Markets. From 1987 to 2008, Mr. Rieder was with Lehman Brothers.

Scott Sleyster, *Chief Investment Officer, Prudential Financial, Inc.*

Scott Sleyster is Senior Vice President and Chief Investment Officer for Prudential Financial, Inc., responsible for asset/liability management, portfolio construction and investment strategy for Prudential's international and domestic business operations. He also oversees Prudential's alternative asset investing and the hedging of variable annuity guarantees. Mr Sleyster is a member of Prudential's Senior Management Council and chairs the Senior Asset Liability Committee. He has held roles in Prudential's Treasury, Derivatives, and Investment Management units. Mr. Sleyster was appointed by President Bush and Congress as a delegate to the National Summit on Retirement Savings in 2002 and 2006. He currently serves as Prudential's representative to the Institute for International Finance's (IIF) Committee on Asset and Investment Management.

James Verrilli, *Dean, Relay Graduate School of Education*

James Verrilli is Dean of Relay Graduate School of Education, overseeing all teacher-training programs in Newark. He began his educational work in 1984, as a Jesuit Volunteer Corps community organizer in the Bronx. Mr. Verrilli then joined Link Community School, first as a teacher and eventually as principal. In 1997, he co-founded North Star, where he was principal of the Downtown Middle School for 14 years. Mr. Verrilli has received numerous awards for this leadership, including the National Blue Ribbon Schools' Terrel H. Bell Award, given each year by the U.S. Department of Education to the top ten principals in the nation.

H. NORTH STAR ENROLLMENT AND RELATED DATA

Set forth in Figures 24 through 27 below is various enrollment data related to North Star.

Figure 24: North Star Schools by Location for 2016-2017 School Year

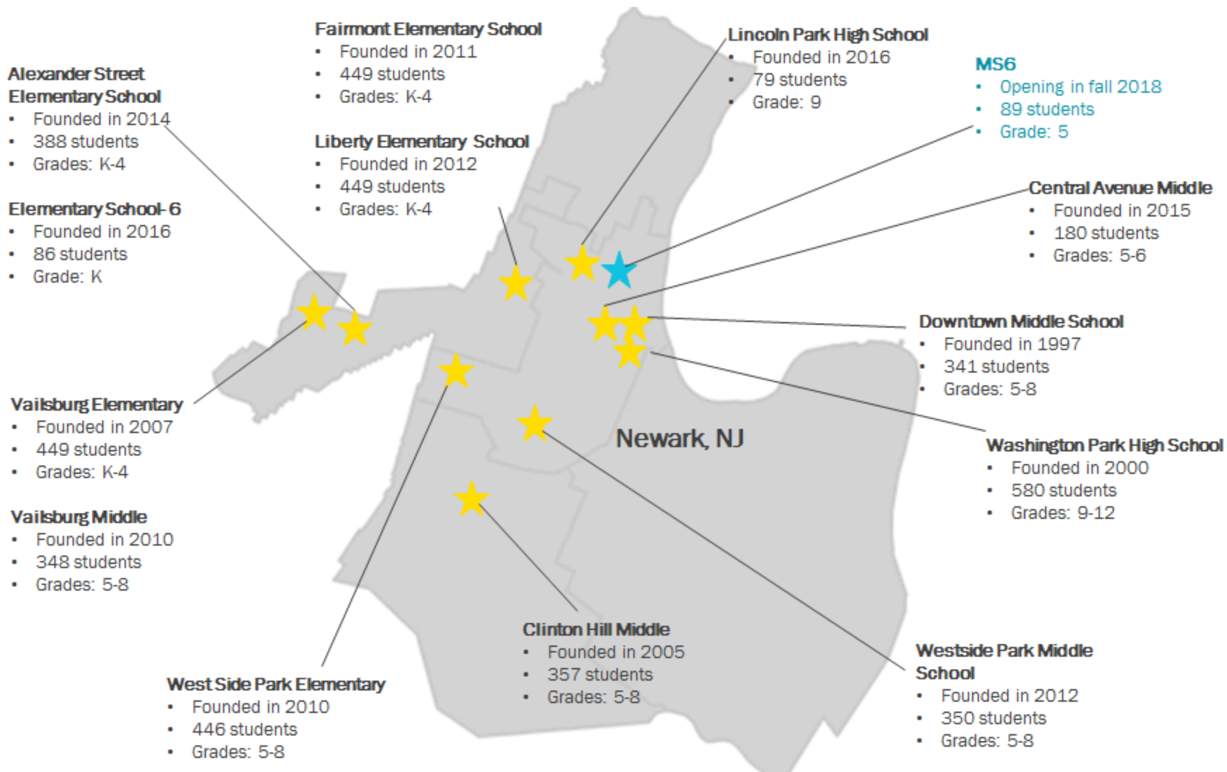


Figure 25: Total Enrollment by Grade at North Star Schools for 2016-2017 School Year

Grade	2016 – 2017 School Year
Kindergarten	535
1st Grade	450
2nd Grade	446
3rd Grade	419
4th Grade	419
5th Grade	450
6th Grade	446
7th Grade	350
8th Grade	333
9th Grade	286
10th Grade	163
11th Grade	125
12th Grade	80
ENROLLMENT TOTAL	**4,501**

Figure 26: Historic Enrollment by School

North Star Schools	2016 - 17	2015 - 16	2014 - 15	2013 - 14	2012 - 13
Fairmount Elementary School	449	449	356	269	175
Vailsburg Elementary School	449	456	444	446	426
West Side Park Elementary School	446	447	447	358	259
Alexander Street Elementary School	388	355	286	0	0
Liberty Elementary School	448	361	269	179	87
Elementary School 6	86	0	0	0	0
Middle School 6	0	0	0	0	0
Clinton Hill Middle School	357	346	329	309	295
Central Avenue Middle School	180	89	0	0	0
West Side Park Middle School	350	347	261	178	86
Vailsburg Middle School	348	323	317	312	244
Downtown Middle School	341	324	315	304	301
Washington Park High School	580	493	413	357	326
Lincoln Park High School	79	0	0	0	0
ENROLLMENT TOTALS	**4,501**	**3,990**	**3,437**	**2,712**	**2,199**

Figure 27: Projected Enrollment by School

North Star Schools	2017 - 18	2018 - 19	2019 - 20	2020 - 21	2021 - 22	Full Enrollment
Fairmount Elementary School	448	448	448	448	448	448
Vailsburg Elementary School	449	449	449	449	449	449
West Side Park Elementary School	447	447	447	447	447	447
Alexander Street Elementary School	419	448	448	448	448	448
Liberty Elementary School	449	449	449	449	449	449
Elementary School 6	177	268	358	449	449	449
Middle School 6	0	89	178	267	356	356
Clinton Hill Middle School	357	356	356	356	356	356
Central Avenue Middle School	268	356	356	356	356	356
West Side Park Middle School	357	358	358	358	358	358
Vailsburg Middle School	357	357	357	357	357	357
Downtown Middle School	351	356	356	356	356	356
Washington Park High School	614	620	675	708	772	850
Lincoln Park High School	252	382	516	572	567	850
ENROLLMENT TOTALS	**4,945**	**5,383**	**5,751**	**6,020**	**6,168**	**6,529**

J. NORTH STAR FINANCIAL SUMMARY

Primary Source of Revenues

In accordance with the New Jersey School Funding Reform Act of 2008, operating funds for New Jersey charter schools are determined using a student-weighted formula. Schools receive a base amount of funding for each student plus additional amounts according to each student's demographic characteristics, such as grade level, family income, English language proficiency, and special education needs. Schools also receive additional funding for students with special needs and students for whom English is a second language. For most categories of state and local funding, the Act stipulates that charter schools receive 90% of the amount that the local school district would receive for the same student (i.e., the local district receives some categories of funding that are not available to charter schools).

Set forth below in Figure 28 are the per-pupil funding rates for the current and recent school years. North Star based its budget projections on the assumption that funding will remain flat for the next several years. The last column reflects average funding after application of all supplements to the base amount as described above.

Figure 28: Per-Pupil Funding Rate

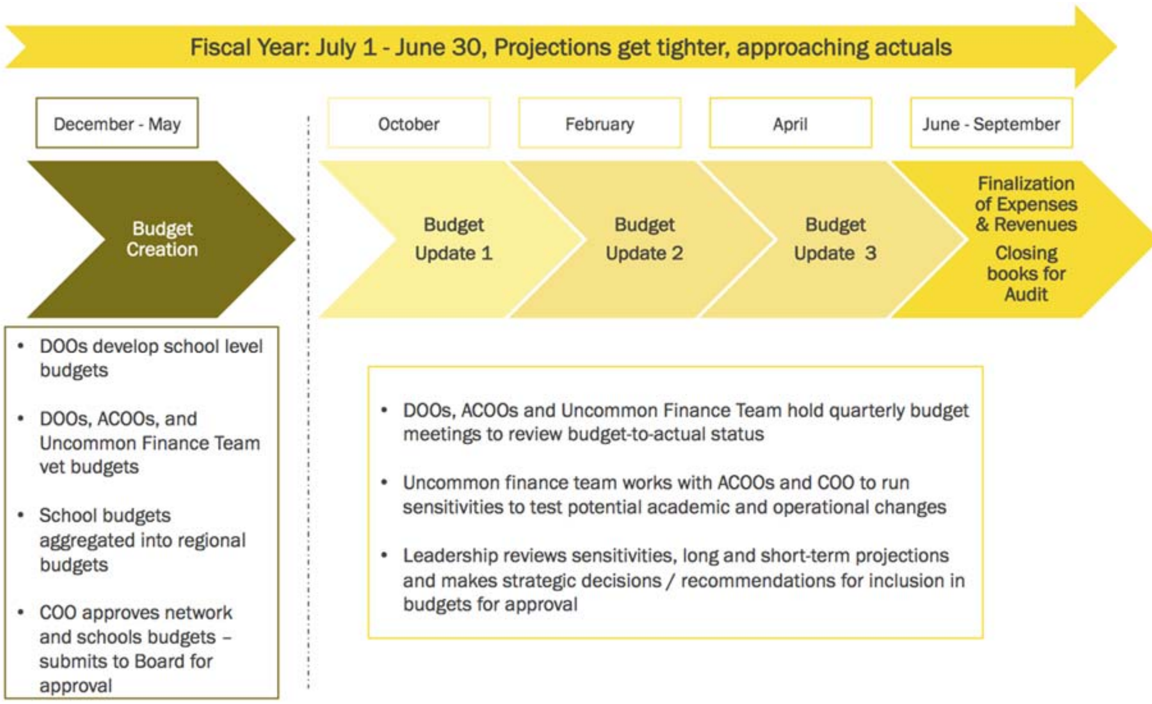
Year	Base Aid	Special Education	Average
2017 - 18	$9,356	$12,591	$15,850
2016 - 17	$9,356	$12,591	$15,834
2015 - 16	$9,356	$12,591	$15,836
2014 - 15	$10,322	$12,913	$16,175
2013 - 14	$10,306	$13,907	$16,178
2012 - 13	$9,912	$13,426	$15,420

Financial Oversight

North Star has been operating for 20 years and has never operated at a deficit. In addition, for the past 7 years, North Star has maintained at least a 1.2x lease service coverage ratio while managing its operations to provide high quality service to its students.

With the guidance and support of the Uncommon finance team, North Star conducts a thorough budget process each fiscal year. The process begins in December with discussions with school leaders regarding specific academic or operational needs for upcoming years. Uncommon employs a full-time analyst dedicated to modeling and stress testing the North Star budget. This analyst is supported by three senior finance team members, including the Chief Financial Officer of Uncommon. The analyst works directly with each school DOO, and with the ACOOs and the COO of North Star. DOOs, ACOOs and COOs review monthly budget reports. Budget-to-actuals are reviewed quarterly with the Board and the final budget is approved by the North Star board between May-June of each year. Figure 29 is a graphical depiction of the budget process.

Figure 29: North Star Budgeting Process



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Summary of Audited Financial Data

Financial information for North Star is provided below for the fiscal years indicated. The most recently prepared unaudited financial reports for North Star for the fiscal years ended June 30, 2017, as prepared by Uncommon are included in Exhibit B to this Appendix. The audited financial statements for North Star for the fiscal years ended June 30, 2016 and 2015 are included in Appendix B-1 to this Official Statement. In addition, the audited financial statements for North Star for the fiscal years ended June 30, 2014 and 2013 have been made available on the Municipal Securities Rulemaking Board Electronic Municipal Market Access ("EMMA") site; provided that the posting of such financial statements on EMMA is not intended to result in the incorporation by reference herein of such financial statements.

Figure 30: Summary of Statements of Financial Position

North Star Academy
Consolidated Statements of Financial Position
For Years Ended June 30, 2012-2016

	2012	2013	2014	2015	2016
ASSETS					
Cash and cash equivalents	$ 3,513,214	$ 4,789,709	$ 5,779,792	$ 6,093,493	$ 8,784,826
Receivables, net	1,134,457	765,051	806,964	2,295,552	1,583,952
Capital assets, net	5,024,166	7,251,540	9,472,461	10,813,389	14,973,681
Pension deferred outflows	-	-	-	2,691,107	6,238,734
TOTAL ASSETS & DEFERRED OUTFLOWS	$ 9,671,837	$ 12,806,300	$ 16,059,217	$ 21,893,541	$ 31,581,193
LIABILITIES					
Accounts payable	$ 713,254	$ 245,145	$ 379,281	$ 759,526	$ 640,495
Due to school districts	151,504	712,036	296,069	138,874	346,615
Deferred revenue	8,889	25,139	18,372	49,722	9,478
Net pension liability	-	-	-	11,142,652	16,168,356
Pension deferred inflows	-	-	-	664,042	259,956
TOTAL LIABILITIES & DEFERRED INFLOWS	$ 873,647	$ 982,320	$ 693,722	$ 12,754,816	$ 17,424,900
NET ASSETS					
Invested in capital assets, net of related debt	$ 5,024,166	$ 7,251,540	$ 9,472,461	$ 10,813,389	$ 14,973,681
Restricted	-	-	-	-	-
Unrestricted	3,774,024	4,572,440	5,893,034	(1,674,664)	(817,388)
TOTAL NET ASSETS	$ 8,798,190	$ 11,823,980	$ 15,365,495	$ 9,138,725	$ 14,156,293
TOTAL LIABILITIES AND NET ASSETS	$ 9,671,837	$ 12,806,300	$ 16,059,217	$ 21,893,541	$ 31,581,193

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Figure 31: Summary of Statements of Activities

North Star Academy
Consolidated Statements of Activities
For Years Ended June 30, 2012-2016

	2012	2013	2014	2015	2016
REVENUES					
Program revenues					
Instruction	$ 2,638,765	$ 3,128,486	$ 3,347,178	$ 3,671,587	$ 3,370,317
General administration	988,991	964,228	393,977	459,123	1,030,988
General revenues					
Local share	3,046,200	4,363,898	5,739,383	6,187,952	8,488,451
State share	20,414,346	27,946,055	35,548,577	46,354,725	51,175,930
Federal aid	809,885	975,872	1,029,365	1,329,176	1,597,074
State aid	2,655,976	3,490,180	4,797,533	6,308,916	7,492,940
Miscellaneous income	1,133,300	1,327,307	176,687	266,436	306,649
E-Rate funding	-	-	239,646	315,008	529,613
Private grant	-	-	191,710	338,600	807,495
Board contribution	-	-	188,959	389,267	-
Increase in net capital outlay	2,169,476	2,227,374	2,220,921	1,340,928	4,160,308
TOTAL REVENUES	33,856,939	44,423,400	53,873,936	66,961,718	78,959,765
EXPENSES					
Instruction	13,319,253	18,661,363	22,353,327	28,569,460	29,593,079
General administration	8,008,480	10,944,715	13,392,668	17,573,326	20,749,360
School administrative services / operations plant serv.	5,218,176	6,105,589	8,372,729	10,743,497	11,858,508
On - behalf TPAF social security	1,274,360	1,887,819	2,211,170	3,333,100	4,010,899
Capital outlay	2,315,040	2,543,174	2,590,690	1,847,881	4,729,541
Increase in pension deficit	-	-	-	-	1,074,007
Food service	934,288	1,254,950	1,411,837	2,005,639	1,926,803
TOTAL EXPENSES	31,069,597	41,397,610	50,332,421	64,072,903	73,942,197
CHANGES IN NET ASSETS	2,787,342	3,025,790	3,541,515	2,888,815	5,017,568
NET ASSETS, BEGINNING	6,010,848	8,798,190	11,823,980	6,249,910 *	9,138,725
NET ASSETS, ENDING	$ 8,798,190	$ 11,823,980	$ 15,365,495	$ 9,138,725	$ 14,156,293

*restated

Financial Projections

This Appendix A contains certain "forward-looking" statements, as described in the Official Statement under the heading "INTRODUCTORY STATEMENT." Although Uncommon believes that the assumptions upon which the forward-looking statements contained in this Appendix A and other portions of the Official Statement are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could be incorrect. All phases of North Star's operations involve risks and uncertainties, many of which are outside of North Star's control and any one of which, or a combination of which, could materially affect North Star's results with respect to its operations. Certain factors that could cause actual results to differ from those expected are described in the section of the Official Statement entitled "RISK FACTORS". Projected financial information is provided for for illustrative purposes only.

Set forth in Figure 32 is an estimate of financial results for the fiscal year ending June 30, 2017, the budget for fiscal year 2018, and projections for the succeeding five fiscal years.

Figure 32: Budgeted and Projected Financial Operations

NORTH STAR ACADEMY CHARTER SCHOOL
NEWARK, NJ

Uncommon Schools | Newark

	Actual 2015-16	OY Projected 2016-17	Draft Budget 2017-18	Projected 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22
PAID STUDENT ENROLLMENT	3,991	4,501	4,945	5,383	5,751	6,020	6,168
TOTAL PERSONNEL	457	519	549	580	624	657	674
REVENUES							
EQUALIZATION AID	$59,710,609	$67,544,099	$74,718,107	$81,197,999	$86,983,568	$91,097,476	$93,342,835
CATEGORICAL AID	$3,485,913	$3,675,464	$3,656,978	$3,870,004	$4,142,213	$4,328,420	$4,422,462
FEDERAL AID	$5,820,336	$6,057,941	$7,839,231	$7,708,551	$8,449,742	$8,475,425	$8,620,182
PHILANTHROPIC CONTRIBUTIONS	$1,512,995	$5,505,775	$10,484,000	$708,750	$717,719	$726,912	$736,335
FOOD SERVICE REVENUE (FAMILY COLLECTIONS)	$80,384	$125,225	$122,868	$114,652	$124,069	$130,681	$135,383
OTHER MISC INCOME	$1,732,208	$1,820,882	$1,756,819	$2,221,951	$2,375,297	$2,514,967	$2,606,205
TOTAL REVENUES	$72,342,445	$84,729,387	$98,578,003	$95,821,905	$102,792,609	$107,273,881	$109,863,402
EXPENDITURES							
INSTRUCTION							
TEACHER SALARIES	$23,432,738	$26,709,454	$29,551,228	$31,366,443	$33,926,654	$36,248,982	$37,737,048
OTH. SALARIES - INSTRUCTIONAL	$258,395	$196,534	$141,984	$141,984	$141,984	$141,984	$141,984
PROF/TECH SERVICES	$1,134,595	$1,178,545	$1,261,160	$1,393,290	$1,454,099	$1,501,241	$1,519,284
OTH. PURCH SVS - INSTRUCTIONAL	$1,811,230	$2,587,682	$2,276,824	$2,287,801	$2,318,498	$2,346,424	$2,360,126
GENERAL SUPPLIES	$3,047,303	$3,685,735	$3,560,950	$3,973,210	$4,142,470	$4,183,415	$4,183,860
TEXTBOOKS	$82,148	$93,370	$116,928	$86,518	$113,262	$121,321	$117,567
MISC. (FIELD TRIPS, INSTR SUPP)	$1,371,836	$1,233,007	$1,196,173	$1,324,015	$1,412,002	$1,475,782	$1,521,574
CONTRACTED FOOD SERVICES	$1,705,742	$1,947,297	$2,250,767	$2,607,421	$2,783,703	$2,913,293	$2,983,175
SCHOLARSHIPS	$114,741	$107,120	$107,120	$107,120	$107,120	$107,120	$107,120
TOTAL INSTRUCTION EXPENSE	$32,958,728	$37,738,744	$40,463,134	$43,287,800	$46,399,793	$49,039,563	$50,671,738
ADMINISTRATIVE							
ADMIN SALARIES	$4,341,598	$4,889,598	$5,592,584	$5,412,304	$5,872,593	$5,954,621	$5,993,492
CLERICAL (NON-CERT ADMIN) SAL	$1,775,421	$1,880,523	$2,201,513	$2,398,898	$2,416,569	$2,508,659	$2,533,390
COST OF BENEFITS	$5,566,747	$5,912,288	$6,919,950	$7,233,480	$8,006,536	$8,667,626	$9,155,286
CONSULTANTS	$98,152	$186,468	$126,673	$79,070	$84,474	$88,424	$90,599
CONTRACTED MANAGEMENT FEE	$5,739,538	$6,376,192	$6,986,993	$7,551,386	$8,027,037	$8,302,517	$8,385,610
OTHER PURCH. SVCES (PROF DEV.)	$2,092,895	$2,380,638	$2,651,672	$2,519,591	$2,719,439	$2,880,518	$2,975,594
TELEPHONE/INTERNET	$417,940	$552,941	$610,094	$717,269	$720,161	$846,977	$856,441
SUPPLIES AND MATERIALS	$31,089	$103,004	$80,528	$85,688	$86,545	$87,411	$88,285
MISCELLANEOUS (POSTAGE, ETC.)	$100,716	$132,795	$219,990	$155,507	$164,423	$171,021	$174,787
TOTAL ADMINISTRATIVE EXPENSE	$20,164,097	$22,414,447	$25,389,996	$26,153,193	$28,097,778	$29,507,773	$30,253,485
SUPPORT							
SUPPORT SALARIES	$1,662,129	$1,692,033	$1,629,692	$1,736,905	$1,880,271	$1,894,221	$1,908,286
PROF/TECH SERVICES	$790,142	$1,134,635	$1,475,173	$1,002,674	$1,094,176	$1,155,397	$1,179,859
OTH PURCH SVS. (OCCUPANCY)	$1,581,032	$2,223,323	$2,534,140	$2,833,069	$2,870,852	$2,909,294	$2,948,415
RENTAL OF LAND AND BUILDINGS	$4,637,016	$6,631,237	$7,429,575	$11,761,641	$12,129,074	$12,073,264	$12,100,455
INSURANCE	$276,648	$313,062	$341,076	$371,308	$396,685	$415,236	$425,451
SUPPLIES AND MATERIALS	$230,753	$262,981	$267,623	$270,299	$273,002	$275,732	$278,489
TRANSPORTATION	$504,682	$728,194	$658,489	$573,091	$610,524	$635,540	$650,488
UTILITY CHARGES	$863,965	$1,062,996	$1,151,564	$1,134,283	$1,145,626	$1,157,082	$1,168,653
MISCELLANEOUS	$440,010	$144,203	$165,084	$174,057	$181,719	$186,598	$190,760
TOTAL SUPPORT EXPENSES	$10,986,376	$14,192,663	$15,652,416	$19,857,328	$20,581,929	$20,702,364	$20,850,856
CAPITAL OUTLAY							
INSTRUCTIONAL EQUIPMENT	$0	$0	$0	$0	$0	$0	$0
NON-INSTRUCTIONAL EQUIPMENT	$37,193	$146,577	$0	$0	$0	$0	$0
CAPITAL PROJECTS	$4,687,305	$7,830,431	$14,409,501	$0	$0	$0	$0
MISCELLANEOUS (CAP RESERVE)	$0	$0	$0	$0	$0	$0	$0
TOTAL CAPITAL OUTLAY	$4,724,498	$7,977,008	$14,409,501	$0	$0	$0	$0
TPAF Social Security (Reimbursed)	$1,513,754	$1,540,286	$1,464,137	$1,959,085	$2,112,431	$2,252,102	$2,343,340
TOTAL EXPENDITURES	$70,347,453	$83,863,148	$97,379,184	$91,257,407	$97,191,931	$101,501,801	$104,119,420
Expenditures Per Pupil	*$17,628*	*$18,633*	*$19,694*	*$16,953*	*$16,900*	*$16,861*	*$16,881*
ANNUAL SURPLUS (DEFICIT)	$1,994,993	$866,239	$1,198,819	$4,564,498	$5,600,677	$5,772,079	$5,743,983
Surplus as a % of Revenues	*2.8%*	*1.0%*	*1.2%*	*4.8%*	*5.4%*	*5.4%*	*5.2%*
Required Covenant Surplus (1.05 starting FY16)	*$231,851*	*$331,562*	*$371,479*	*$588,082*	*$606,454*	*$603,663*	*$605,023*
Surplus calc. for covenant	*$3,607,938*	*$2,861,232*	*$2,065,058*	*$5,763,317*	*$10,165,176*	*$11,372,757*	*$11,516,062*
Surplus after Covenant	*$3,376,088*	*$2,529,670*	*$1,693,580*	*$5,175,235*	*$9,558,722*	*$10,769,093*	*$10,911,039*
Lease Coverage Covenant Ratio (105%, starting FY16)	*178%*	*143%*	*128%*	*149%*	*184%*	*194%*	*195%*
ENDING FUND BALANCE	$9,492,505	$10,358,745	$11,557,564	$16,122,062	$21,722,739	$27,494,819	$33,238,801

K. NORTH STAR FACILITIES AND RELATED FINANCING

Overview

North Star operates 13 schools across eight campuses. North Star will open one additional school, to reach 14 total, in Fall 2018. Figure 33 shows the relationships among the various campuses, schools and facilities in the North Star network.

Upon completion of the 2017 Project, all of the schools will be in facilities that were either newly constructed or significantly improved to meet the needs of the full 14 school North Star system. None of the facilities have any significant deferred maintenance. Other than smaller, currently planned or already in progress larger projects, North Star does not anticipate significant capital needs for any facility beyond normal routine maintenance. The currently planned or in progress projects include the second half of a $10 million renovation to South 9th which will be completed by Fall 2017 and an approximately $4.5 million renovation at the Alexander Street facility over the next three years. Both projects will be paid for directly by North Star and are currently reflected in North Star's budget. The Lincoln Park campus, which is currently under construction and more fully described below, is on schedule to be completed several months before the completion of the 2017 Project.

All of the facilities, including those under construction, once finished, will be compliant with all local zoning, building and land use regulations. All facilities will be exempt from property taxes upon occupancy.

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Figure 33: North Star Campuses & Facility Enrollment

	Campus	Schools at Campus	Facility	Associated SPE	SPE Ownership Structure	North Star Lease Term	Enrollment SY 17 - 18	Full Enrollment
		Washington Park High School	13 Central Avenue	NSA Central Avenue, LLC	SPE Owns	2025	614	850
		Downtown Middle School / Offices	559 Broad St.	NSA 559 Broad Street, LLC	SPE Owns	2033		
			10 Washington Place	NSA 10 Washington, LLC	SPE Owns	2041		
1	Downtown	Downtown Middle School	18 Washington Place	NSA 18 Washington Place, LLC	SPE Owns	2044	351	356
2	Clinton Hill	Clinton Hill Middle School	600 Clinton Avenue	NSA Clinton Avenue, LLC	SPE has 50 yr Lease*	2041	357	356
		Vailsburg Elementary School					449	449
3	Vailsburg	Vailsburg Middle School	24 Hazelwood	NSA Hazelwood Avenue, LLC	SPE Owns	2033	357	357
4	Alexander	Alexander Street Elementary School	43 Alexander Street	N/A	N/A	2046 NSA has 32-Year Lease with NPS	419	448
		Fairmount Elementary School				2046 NSA has 32-Year Lease with NPS	448	448
5	MLK / S. 9th	Liberty Elementary School	109 S. 9th Street	N/A	N/A		449	449
6	Central Middle School	Central Avenue Middle School	72 Central Avenue	NSA 72 Central Avenue, LLC	SPE has 75 yr Lease with Diocese**	2041	268	356
		Elementary School #6					177	449
		Middle School #6					0	356
7	Lincoln Park (Under Construction)***	Lincoln Park High School	377 Washington Street	NSA 377 Washington Street, LLC	SPE Owns	2045	252	850
		West Side Park Elementary School	577 15th Avenue – TEMPORARY	N/A	Temporary Facility		447	447
8	West Side Park****	West Side Park Middle School	109 S. 9th Street	N/A	Temporary Facility	2047	357	358

* NSA Clinton Avenue, LLC has a long-term lease through 2058, with St. Charles Borromeo Church. Property is subleased to North Star.
** NSA 72 Central Avenue, LLC has a long-term lease through 2091 with St. Patrick's Church. Property is subleased to North Star.
*** This facility is under construction and on schedule to be completed in the Summer of 2018. Elementary School #6 and Lincoln Park High School are currently operating in temporary facilities.
**** This facility is the subject of the Bonds. West Side Park Elementary School and West Side Park Middle School are currently operating in temporary facilities.

Lincoln Park Project

Uncommon is currently constructing the Lincoln Park campus at 377 Washington St. at which the Lincoln Park elementary, middle and high school (ES6, MS6, and Lincoln Park High School) will be located. Construction on the facility is expected to be complete by Summer 2018. Lincoln Park Elementary and High School (ES6 and Lincoln Park High School) opened in Fall 2016 in temporary locations and Lincoln Park Middle (MS6) will open in Fall 2018.

Financing for the Lincoln Park campus includes a construction loan of up to $31 million. Uncommon anticipates refinancing the construction loan with tax-exempt bonds or other long-term financing after construction completion.

Projected Lease Obligations

North Star has no direct debt obligations related to any of its facilities and does not own any of its facilities, but all of its facilities are secured with long-term leases. Three properties are leased directly from NPS (two permanent and one temporary) in which rent is fixed for the first 15 years (adjustment occurs in 2029 in the first lease and in 2032 in the second lease). After the Lincoln Park refinancing described above, two other refinancings will occur in 2020 and 2024. Other than those three refinancing events, each of which is incorporated into the pro forma estimates below, North Star rent is fixed for a period of between 12 and 30-years. The table on the following page sets forth the lease payments for each entity and assumes the permanent financing of the Lincoln Park campus.

North Star assesses rent and other facilities costs to the budget of each individual school according to the number of students enrolled at the school rather than allocating to any single school the actual cost of its facility. This ensures that facility costs are distributed equitably among all schools.

North Star's rent on most of its facilities (those owned or controlled by special purpose entities owned by the Foundation), is in an amount that is approximately 15% more than the direct debt associated with that facility. Collection of these additional funds only began in 2016, but will grow considerably as the remaining three permanent facilities come on-line. Consistent with the Foundation's mission, these funds will support North Star capital projects and other North Star needs.

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Figure 34: Projected Lease Payments

Fiscal Year (July 1)	TOTAL	MLK / South 9th (NPS)	Alexander Avenue (NPS)	13 Central Avenue	2 Washington Place (559 Broad)	24 Hazelwood Avenue	10 Washington Place	600 Clinton Avenue	72 Central Avenue	18 Washington Place	377 Washington Avenue Estimated	18th Avenue (2 schools) Estimated	Alexander Annex (NPS - TEMP)	15th Avenue (NPS - TEMP)	Additional TEMP spaces (NON NPS)
2016-17	**6,631,237**	374,720	235,899	1,600,000	106,608	1,210,068	345,384	528,890	777,108	-	-	-	72,249	*203,432*	1,176,879
2017-18	**7,429,574**	384,088	241,796	1,600,000	114,604	1,300,823	345,384	528,890	777,108	603,696	-	-	72,249	*203,432*	1,257,504
2018-19	**11,744,974**	393,691	247,842	1,600,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,300,000	1,983,333	72,249		378,604
2019-20	**12,129,074**	403,533	254,037	1,600,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000	72,249		
2020-21	**12,073,264**	413,621	260,388	1,600,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2021-22	**12,100,455**	434,302	266,898	1,600,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2022-23	**12,100,455**	434,302	266,898	1,600,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2023-24	**12,100,455**	434,302	266,898	1,600,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2024-25	**11,700,455**	434,302	266,898	1,200,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2025-26	**11,700,455**	434,302	266,898	1,200,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2026-27	**11,700,455**	434,302	266,898	1,200,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2027-28	**11,700,455**	434,302	266,898	1,200,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2028-29	**11,700,455**	434,302	266,898	1,200,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2029-30	**11,700,455**	434,302	266,898	1,200,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2030-31	**11,700,455**	434,302	266,898	1,200,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2031-32	**11,700,455**	434,302	266,898	1,200,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2032-33	**11,700,455**	434,302	266,898	1,200,000	122,599	1,391,578	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2033-34	**11,353,917**	434,302	266,898	1,200,000	93,500	1,074,139	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2034-35	**11,007,378**	434,302	266,898	1,200,000	*64,400*	*756,700*	345,384	528,890	777,108	603,696	3,650,000	2,380,000			
2035-36	**10,950,694**	434,302	266,898	1,200,000	*64,400*	*756,700*	345,384	528,890	720,424	603,696	3,650,000	2,380,000			
2036-37	**10,667,274**	434,302	266,898	1,200,000	*64,400*	*756,700*	345,384	528,890	437,004	603,696	3,650,000	2,380,000			
2037-38	**10,667,274**	434,302	266,898	1,200,000	*64,400*	*756,700*	345,384	528,890	437,004	603,696	3,650,000	2,380,000			
2038-39	**10,667,274**	434,302	266,898	1,200,000	*64,400*	*756,700*	345,384	528,890	437,004	603,696	3,650,000	2,380,000			
2039-40	**10,485,187**	434,302	266,898	1,200,000	*64,400*	*756,700*	345,384	528,890	254,917	603,696	3,650,000	2,380,000			
2040-41	**9,931,133**	434,302	266,898	1,200,000	*64,400*	*756,700*	230,192	344,945	-	603,696	3,650,000	2,380,000			
2041-42	**9,355,996**	434,302	266,898	1,200,000	*64,400*	*756,700*	-	-	-	603,696	3,650,000	2,380,000			
2042-43	**9,355,996**	434,302	266,898	1,200,000	*64,400*	*756,700*	-	-	-	603,696	3,650,000	2,380,000			
2043-44	**9,164,148**	434,302	266,898	1,200,000	*64,400*	*756,700*	-	-	-	411,848	3,650,000	2,380,000			
2044-45	**8,972,300**	434,302	266,898	1,200,000	*64,400*	*756,700*	-	-	-	*220,000*	3,650,000	2,380,000			
2045-46	**8,972,300**	434,302	266,898	1,200,000	*64,400*	*756,700*	-	-	-	*220,000*	3,650,000	2,380,000			
2046-47	**8,972,300**	434,302	266,898	1,200,000	*64,400*	*756,700*	-	-	-	*220,000*	3,650,000	2,380,000			

North Star Facilities Plans

Capital projects for North Star are planned annually by the Uncommon real estate team in consultation, review and approval by the North Star operations team and board. Each current facility is reviewed annually, which informs a rolling five-year building management, maintenance and repair plan. Additionally, school growth and location plans are reviewed to inform new facility needs over a longer-term. All planning work is done in conjunction with the Uncommon finance team and incorporated into budget sensitivities and stress tests. This process has been in operation for the past seven-years and informed all of the facility projects undertaken at North Star for summer maintenance and repair work, and by Uncommon affiliates for all acquisition, new construction or renovation work, save the first two earliest acquisitions.

For the past ten years, prior to the formation of the Foundation, North Star paid for capital expenditures out of its operating budget. In total, North Star spent $22.4 million on capital repairs over that ten year period, ranging from $400,000 to $8 million, as needed. In addition, North Star spends approximately $2 million annually in furniture, fixtures, equipment, and general facility operating needs. Now that the Foundation is operating and collecting rent in excess of direct debt obligations (as described above), management expects the Foundation to cover the cost of North Star's capital projects beginning in Fiscal Year 2018-2019.

In addition to planning and financial modeling work, as part of the management agreement between Uncommon and North Star, Uncommon provides more extensive finance and real estate services. Uncommon's real estate team includes a licensed architect and several experienced real estate project managers. Uncommon has a proven record of managing both complex financings and complex construction projects. Financings have included nine tax-advantaged bond products, short-term, mid-term, and long-term commercial bank loans, tax-credit financings and construction loans. Construction management and development has ranged from minor repairs over the summer of between $500,000 and $5 million to multi-year new construction or major renovations of between $30 million and $70 million. Every Uncommon managed project was managed on-time and on-or-under-budget. All in, the Uncommon real estate team has managed more than 60 capital projects over the last 10-years; including all of North Star's projects.

The 2017 Project

The proceeds of the Bonds along with the proceeds of the a $2.8 million loan from an Uncommon affiliate, and funds from North Star for tenant improvement work (as described in the Lease) will finance the rehabilitation of an existing warehouse located at located at 563-571 18th Avenue in Newark and the construction of an addition to serve as the permanent home of West Side Park Elementary and Middle Schools. The site was acquired by the Borrower in November 2016 at a price of $750,000, with funds from a line of credit from Uncommon. When complete, the facility will provide sufficient space for approximately 800 students attending the West Side Park Elementary and Middle Schools. Following are key attributes of the Project Facilities:

- 77,960 square feet spread over four floors: approximately 30,800 square feet of renovation, and 47,160 square feet of new construction.

- Classrooms: 20 in the renovated portion and 14 in the new addition.

- Gym: 4,420 square feet, including 877 square feet for a full stage for performing arts, and ceremonies.

- Cafeteria: 4,829 square feet.

- Three dedicated smaller performing arts spaces: one in the elementary school totaling 898 square feet, and two in the middle school with 841 and 1,077 square feet.

- Separate arrival / dismissal points for elementary and middle school students.

A guaranteed maximum price contract with Hollister Construction Services (who is described below) was executed in February 2017. DBI Projects (described below) is the owner's representative on the project. Building permits are all filed and being pulled as needed to continue construction – which began in March. As described in the forepart of this Official Statement under the heading "RISK FACTORS– Environmental Regulation and Remediation," environmental remediation is being conducted pursuant to a remedial action work plan. The construction schedule is designed to achieve complete construction by Summer 2018 in time for occupancy in the 2018-19 school year. The project budget includes funds for overtime work, if necessary to meet the required Summer 2018 completion deadline.

Project Team

KSS Architects (Project Architect & Engineering) is a full-service architecture, planning, and interior design firm with offices in Princeton and Philadelphia. KSS has a 50-person team, many of whom are LEED Accredited Professionals. Partners lead each project, but consult regularly with other partners and team members to find the solution for any design, technical, or management problem. KSS was named AIA New Jersey's Firm of the Year in 2002, 2005 and 2009. Uncommon and its affiliates have worked with KSS on multiple projects in Newark and Camden, New Jersey.

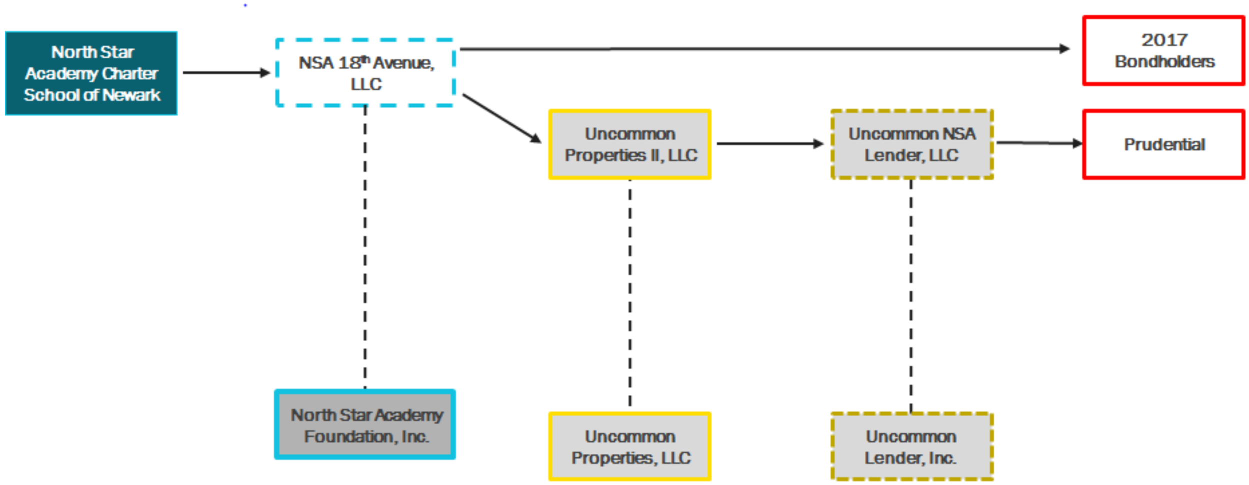
DBI Projects (Owner's Representative) is a multidisciplinary real estate development, advisory and project management firm with extensive experience. DBI specializes in assisting the nonprofit sector, serving in several different capacities, from real estate advisory to project setup and management. DBI has in-house project management and construction oversight capabilities. DBI has played an owner's representative role on all but one of North Star's major new construction or renovation projects, and assists in more narrow capacities on summer renovations for North Star's other facilities.

Hollister Construction Services (Construction Manager) is a full service commercial construction company with a team of over 100 construction professionals utilizing the latest in technology, embracing best practices in project management, and delivering award-winning results. The principals at Hollister have over fifty years of experience serving as construction manager, design builder and general contractor for a broad spectrum of real estate clients.

Financing of the Project Facilities

As described more fully in the forepart of this Official Statement, the full capital stack necessary to complete the Project Facilities includes the proceeds of the Bonds, a $2.8 million loan from an Uncommon affiliate and a $8.7 million tenant improvement contribution from North Star for tenant improvements (as described in the Lease). Following is a graphical overview of the transaction structure.

Figure 35: Transaction Structure



***Note*:** *Uncommon Schools, Inc. is the CMO for North Star Academy Charter School of Newark, Inc., is the sole owner of Uncommon Properties, LLC, and appoints 100% of the boards of North Star Academy Foundation, Inc. and Uncommon Lender, Inc.*

L. ADDITIONAL NORTH STAR INFORMATION

Insurance

North Star maintains insurance coverage related to property, casualty and liability claims that is comparable to insurance coverage maintained by other New Jersey public schools. Insurance is provided via the New Jersey School Insurance Group. During construction on facilities not presently occupied by North Star, builders risk and liability are held by the landlord.

Transportation

Elementary school students are primarily dropped off at school by families. Approximately one-half of middle school students are dropped off by parents and North Star provides bus tickets to the remainder of the students. The majority of high school students receive bus tickets; the remainder walk.

Employee Data

Figure 36 provides information regarding North Star's faculty and staff for the years indicated. North Star employees are not unionized. In New Jersey, all charter school teachers are required by law to be part of the New Jersey State Teachers' Pension and Annuity Fund (as described below). North Star starting salaries are in line with the local public schools.

Figure 36: Staff Levels and Attrition

Year	# of Staff	% Staff Attrition
2016 - 17	498	31%
2015 - 16	451	25%
2014 - 15	399	25%
2013 - 14	316	21%
2012 - 13	265	26%
2011 - 12	214	24%

Pension and Benefits

Eligible North Star employees participate in either the Public Employees' Retirement System ("PERS"), or the Teachers' Pension and Annuity Fund ("TPAF") which operate by statute and are administered by the New Jersey Division of Pension and Benefits (the "Division"). According to the State of New Jersey Administrative Code, all obligations of both PERS and TAPF will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available annual financial report that includes the financial statements and required supplementary information for both PERS and TPAF.

Accounting Matters

The accounting records for Uncommon and North Star reflect generally accepted accounting principles, as promulgated by the Generally Accepted Accounting Principles (GAAP) and the Government Accounting Standards Board (GASB) respectively.

North Star is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U. S. Office of Management and Budget Uniform Guidance, "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments."

In the opinion of Uncommon there has been no material adverse change in the financial condition of either Uncommon or North Star since June 30, 2016, the most recent date for which audited financial statements are available for each entity.

Potential purchasers of the Bonds should carefully examine the audited financial statements for both Uncommon and North Star that are included as Appendix B to this Official Statement, in their entirety for more information regarding the financial position of both entities.

Litigation

Uncommon, who manages all litigation related issues for all of the entities involved in the 2017 Project, is not aware of any litigation pending or threatened with respect to Uncommon, North Star, the Foundation or the Borrower, wherein any unfavorable decision would have a materially adverse effect on the financial condition, property, or operation of such entities, taking into consideration available insurance coverage.

M. UNCOMMON SCHOOLS, INC.

As described above, as of Fall 2017, Uncommon operates 52 schools in six cities and three states, serving more than 18,000 students. For the 2016-17 school year, which is representative of prior years, 83% of Uncommon students are economically disadvantaged, and 94% are students of color. One hundred percent of Uncommon seniors are accepted into 4-year colleges, and five times as many Uncommon alumni graduate from college compared to their low-income peers. Figure 37 is a graphical depiction of the Uncommon network of schools.

Figure 37: Uncommon Network of Schools for 2016-2017 School Year

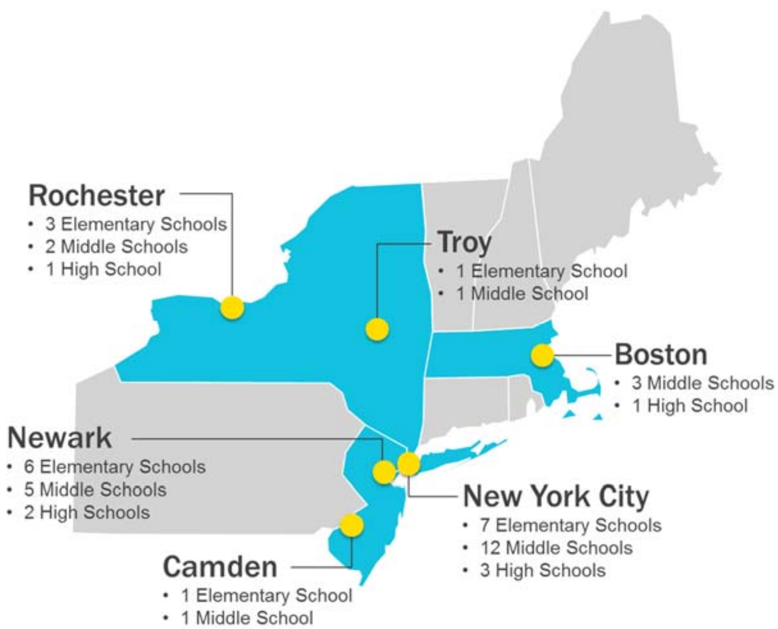
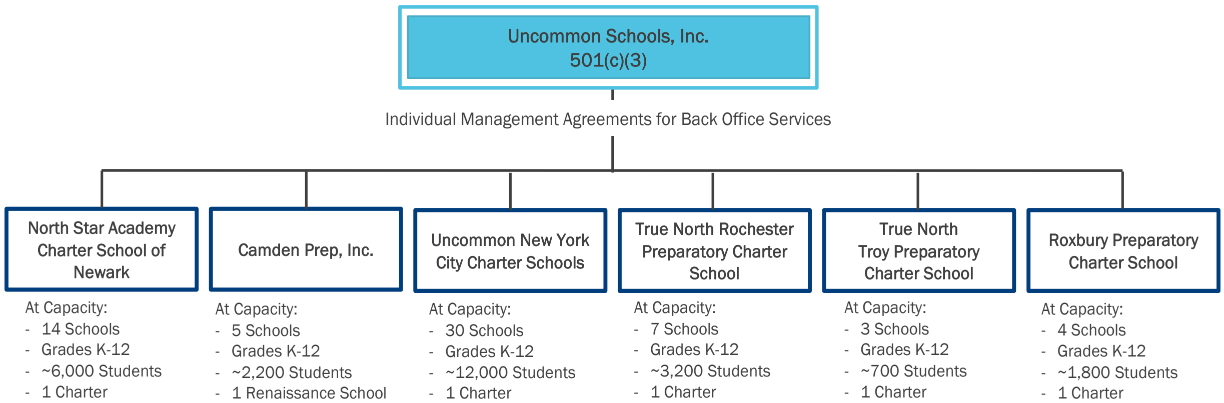


Figure 38 below is an overview of each charter school network managed by Uncommon.

Figure 38: Uncommon Charter Schools Network



Note: Each Network is an independent non-profit entity governed by an independent board and managed by Uncommon Schools

Mission

College is crucial. Uncommon believes a Bachelor's degree should be within reach for every young person in this nation. Uncommon's mission is to start and manage outstanding urban charter public schools that close the achievement gap and prepare low-income students to graduate from college.

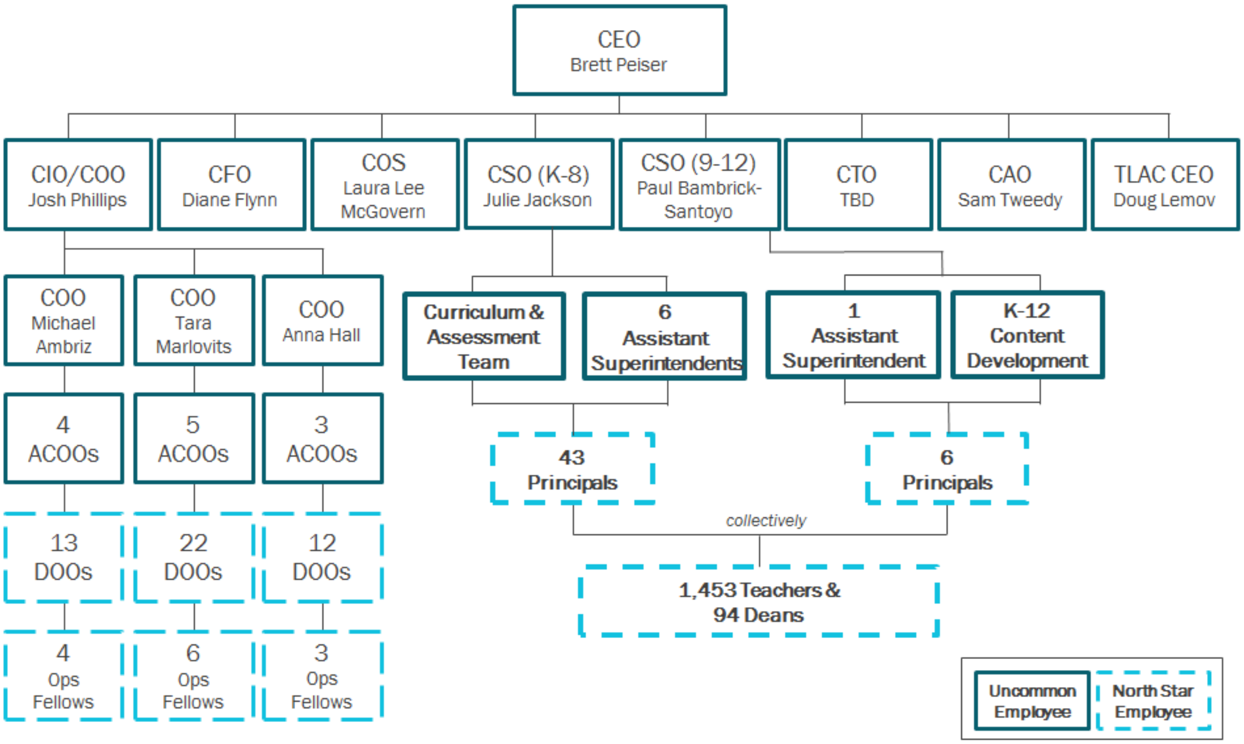
Horace Mann, one of the founders of American public education, believed that building "*common schools*" for the nation's young people was the single most powerful way to bring about a society of equals. Still today, too many students in low-income school districts struggle to get to and through college because they do not have the same opportunities as students in wealthier neighborhoods. Uncommon recognizes that today, it takes "*uncommon schools*" to truly achieve equality.

Every morning, the doors of the Uncommon schools open to defy this injustice and to celebrate the achievement that is possible. Since the opening of North Star in 1997, Uncommon has been demonstrating that the most revolutionary teaching practices are not happening in the suburbs or elite private schools. Instead, they are happening in urban districts like those in which Uncommon operates. Every day, Uncommon challenges the ingenuity and mettle of its scholars. Along the way, Uncommon celebrates the tenacious effort that leads to true achievement – and ultimately, to a college diploma.

Uncommon Management & Board

Uncommon board members are selected based on a clear dedication to education and the Uncommon mission. The school boards also include 1-2 parent representatives and where possible board members who are also engaged members of the local community. Board members serve for an indefinite term and may be removed for cause upon a vote of the full membership of the Board.

Figure 39: Uncommon Leadership Organizational Chart



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Listed below are the members of the Board of Trustees of Uncommon, followed by biographical information on key members of the Uncommon administrative team. Uncommon and each of the regional entities has a formal conflicts of interest policy and board members sign annual disclosure statements.

Name	Company Name	Title	Years of Membership
Norman Atkins	Relay Graduate School of Education	Co-Founder; President	More than 10
Laura Blankfein	Association to Benefit Children	Development Specialist	Less than 1
Cecily Carson	The Carson Family Charitable Trust	President	Less than 5
David Cooper	Bain & Company Consulting	Vice President; Director of Bain's Consumer Product's Practice	More than 5
Gaurav Kapadia	Soroban Capital Partners LP	Co-Founder; Co-Managing Partner of Soroban Capital Partnership	More than 5
Robert Karr	Joho Capital, LLC	Principal	More than 10
Donald R. Katz	Audible, Inc.	Chief Executive Officer; Chairman	More than 10
Robert Marcus	Time Warner Cable	Former Chief Executive Officer; Former Chairman	Less than 1
Rondo Moses	Stratex Management Consulting	Managing Partner, Strategy Execution and Performance Management	Less than 5
Neal Moskowski	TowerBrook Capital Partners	Founder; Co-Chief Executive Officer	More than 5
Brett Peiser	Uncommon Schools	Chief Executive Officer	5 years
Brooke Reid	BEAMR Group Inc.	President	Less than 5
Pearl Rock Kane	Columbia University	Klingenstein Family Chair for the Advancement of Independent School Education	More than 10

Teacher Recruitment and Retention

Uncommon employs a 16-person recruiting team. Over the past four years, the team hired 2,316 staff members (1,906 of which are teachers). Like all Uncommon divisions, the recruitment team drives its work with data. When the team found that some of the best candidates came from staff referrals, it started a program to incentivize staff referrals. Teacher retention rates for the three most recent school years are shown in Figure 40.

Figure 40: Uncommon Teacher Retention Rates

Years	Boston	Camden	Newark	NYC	Rochester	Troy	Uncommon
SY15-16 to SY16-17	78%	78%	71%	69%	79%	76%	72%
SY14-15 to SY15-16	78%	44%	74%	75%	75%	75%	75%
SY13-14 to SY14-15	80%	N/A	78%	75%	83%	75%	77%

Education Innovations

Uncommon's influence on teaching and the charter sector extends well beyond its schools. Uncommon has a track-record of both innovating and disseminating best practices. Uncommon staff authored 10 widely-circulated books (including three in 2016) that have sold over 1.6 million copies worldwide on teaching pedagogy and classroom management best practices. Uncommon provides leadership and teacher training across the country in stand-alone partnerships with districts, and as part of Teach Like a Champion™ and the Relay Graduate School of Education, as described in detail below.

Relay Graduate School of Education. In 2007, Uncommon founded, along with Achievement First and KIPP NYC, Relay Graduate School of Education ("Relay"), which revolutionized how teachers are trained nationwide. In its start-up years, Relay was associated with Hunter College, for purposes of degree granting authority. In 2011, Relay became an independent graduate school and was granted a charter by the New York State Board of Regents, making it the first new stand-alone graduate school of education in over 80 years in New York State. Relay is the first graduate school of education in the country to require students to achieve clear student progress benchmarks in order to graduate. Relay, now led by Uncommon founder and board chair, Norman Atkins, is currently training 2,000 teachers and 400 school leaders across the US. Relay's current locations (cities / state) are Baton Rouge and New Orleans, Louisiana; Chicago, Illinois; Connecticut; Dallas/Ft. Worth, Houston and San Antonio, Texas; Delaware; Denver, Colorado; Memphis and Nashville, Tennessee; New York City, New York; Camden and Newark, New Jersey; Philadelphia, Pennsylvania.

Teach Like a Champion™. Teach Like a Champion™, an Uncommon program for disseminating teaching methods, shares teaching methods through workshops (which, to-date, have been held in New York City, Clark County, Nevada, Denver, Washington, DC, Houston, Dallas, and Charlotte-Mecklenburg, and London), video training modules, and 6 publications (with 1.3 million copies sold, world-wide). Combined, these efforts have reached over 23,000 teachers worldwide.

District Partnerships. As described above, Uncommon works hard to develop partnerships with its local districts. In the partnership with NPS described above, Uncommon and North Star leaders provided observation and feedback professional development workshops and additional ongoing support to principals and vice principals. In their survey, attendees rated the workshop as 4.7 out of 5 on key measures: 1) PD will help me to improve student achievement at my school and 2) highly actionable content. Uncommon is also in its third year of a partnership with the New York City Department of Education. In the coming year, Uncommon will train all new teachers in four Brooklyn districts and will continue partnerships in District 19 & 23. The growth of the New York City program is attributable to its success and positive feedback received from teachers and school leaders. Uncommon is in its second year of a partnership with Rochester City School District. The Rochester district partnership follows a different model – one designed to train potential recruits during the summer of their junior year in college, giving new teachers a leg up in the teaching profession. For the 2017-2018 school year, Uncommon and the Camden City School District launched a pending partnership utilizing the Great Habits Great Readers™ model.

Camp Uncommon. Camp Uncommon is a new initiative that began in the Summer of 2016. In Summer 2017, 160 Uncommon middle school students from Boston, Camden, Newark, New York City, Troy, and Rochester attended along with staff members. Camp Uncommon is designed to increase students' social, emotional, and non-cognitive skills (e.g., self-confidence, responsibility, independence, and curiosity) and create an additional pipeline for strong, diverse teacher candidates for the schools by providing exposure to Uncommon for counselors new to the organization.

Student Demand Data

Uncommon's schools enjoy robust enrollment. In each region, enrollment efforts look slightly different. In Newark, and in Camden, city-wide enrollment programs operate. Other regions operate more typical charter school enrollment lotteries, as described above. All regions meet their enrollment goals.

The total applications and students enrolled for the past three school years are shown in Figure 41.

Figure 41: Uncommon Applications and Enrollment

2016-2017 School Year		
School Region	**Total Applications**	**Total Enrolled as of 10/15/16**
NYC*	26,849	7,661
Newark	N/A**	4,571
Camden	N/A**	365
Rochester	2,915	1,851
Troy	485	532
Boston	1,175	1,304

2015-2016 School Year		
School Region	**Total Applications**	**Total Enrolled as of 10/15/15**
NYC*	43,386	5,848
Newark	N/A**	3,442
Camden	69	69
Rochester	3,285	1,381
Troy	712	453
Boston	1,019	882

2014-2015 School Year		
School Region	**Total Applications**	**Total Enrolled as of 10/15/14**
NYC*	32,468	6,787
Newark	N/A**	3,991
Camden	85	300
Rochester	2,470	1,548
Troy	569	486
Boston	1,308	1,123

*The application number for NYC excludes high schools, which do not accept students by lottery or maintain a waitlist.
**Newark schools enroll students using the "Newark Enrolls" process. Camden schools also participate in a similar Camden enrollment process.

Uncommon Network Growth

Figure 42 shows the total number of schools and students in the Uncommon network, and Figure 43 shows students by grade level. Listed below are the types of schools, by year and by region, that Uncommon plans to open between Fall 2018 and Fall 2022. Uncommon's philosophy on opening schools is to open them "as fast as we can, but as slow as we must". This philosophy honors two principles: one, Uncommon's mission to serve as many students as possible in its current regions, and two, that identifying leaders dictates the timing of a school opening.

- Fall 2017: elementary school in Camden; high schools in New York and Troy.
- Fall 2018: elementary and middle schools in New York; middle schools in Newark and Rochester.
- Fall 2019: three elementary schools in New York.
- Fall 2020: two elementary schools in New York; high school in Camden.
- Fall 2021: none.
- Fall 2022: middle school in Camden.

Figure 42: Number of Schools and Students in the Uncommon Network

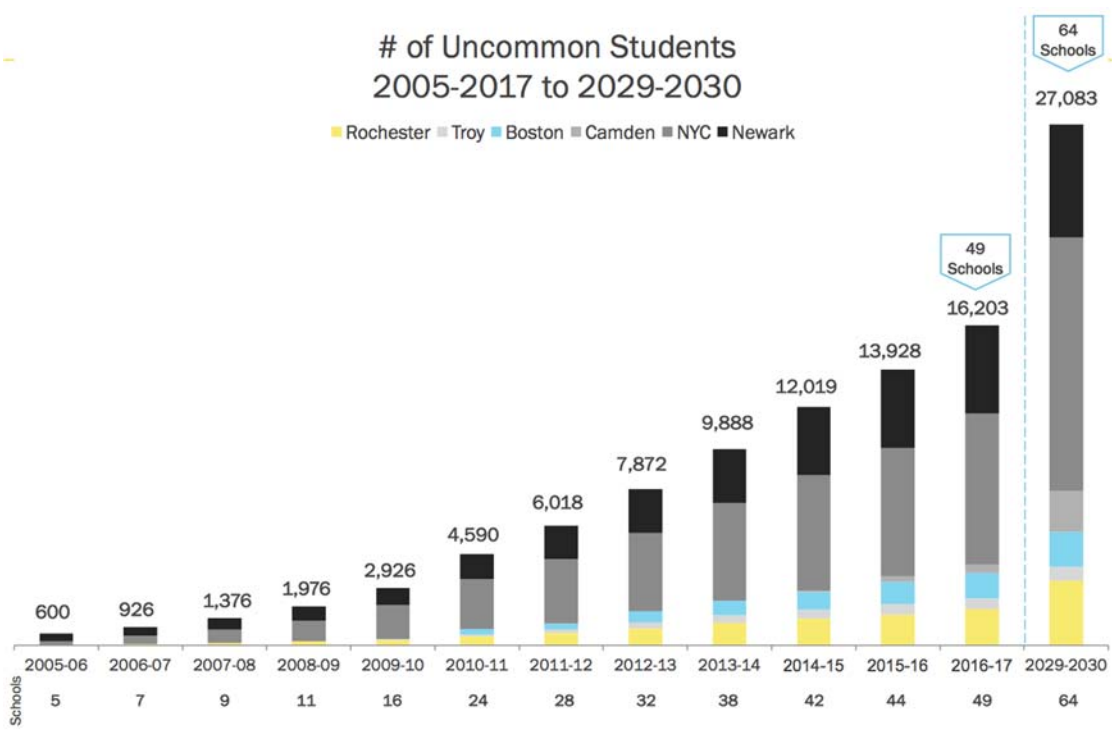
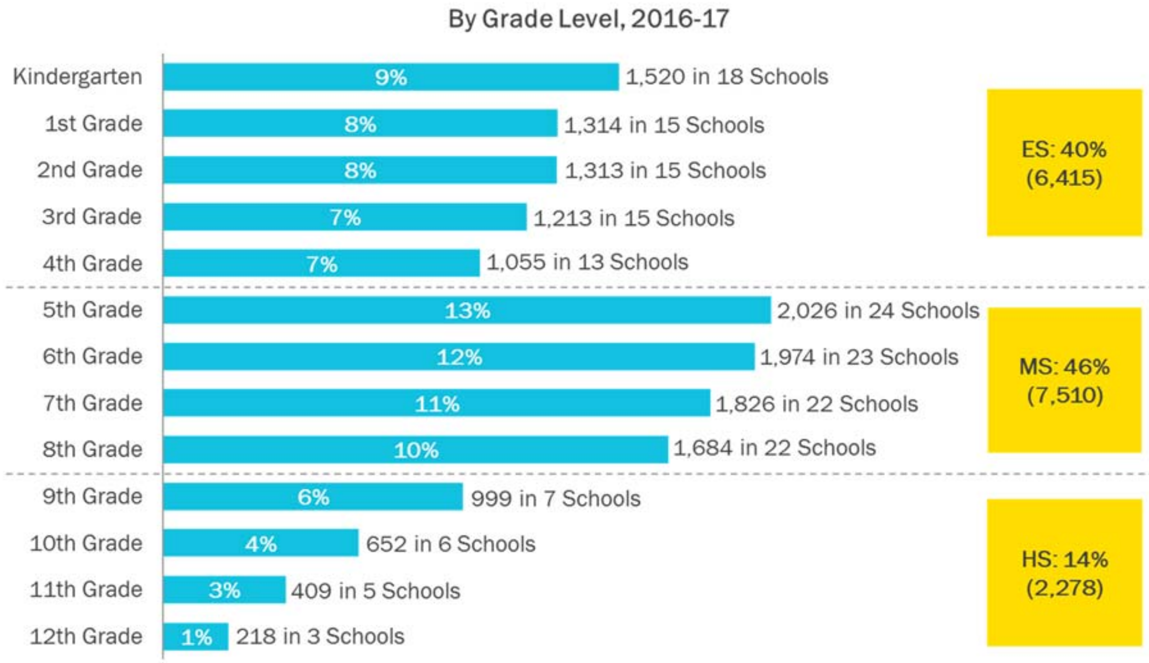


Figure 43: 2016-17 Student Enrollment by Grade Level



Consistent Academic and Operational Performance

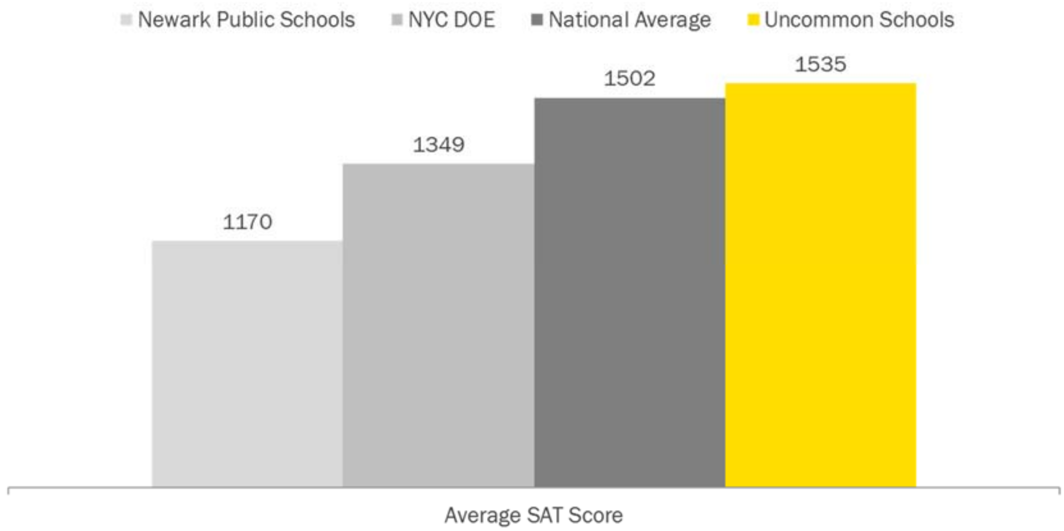
As described above in reference to North Star's management and operations, Uncommon supports all of its schools to result in the highest levels of student achievement. The operating model described for North Star is the model followed in all Uncommon regions. Cohorts of leaders from each region meet regularly (depending on the topic and need, the frequency ranges from monthly to quarterly) to share best practices, identify areas of collaboration, jointly assess operational or academic pain points and create solutions, and create systems for interacting to support each other.

Each Uncommon back-office and front-office team holds dedicated bi-weekly or monthly meetings with the COOs of each region – with other leaders added, as needed. These meetings ensure that each back-office and front-office division is operating as smoothly as possible in support of each region.

Student Assessment and Outcomes

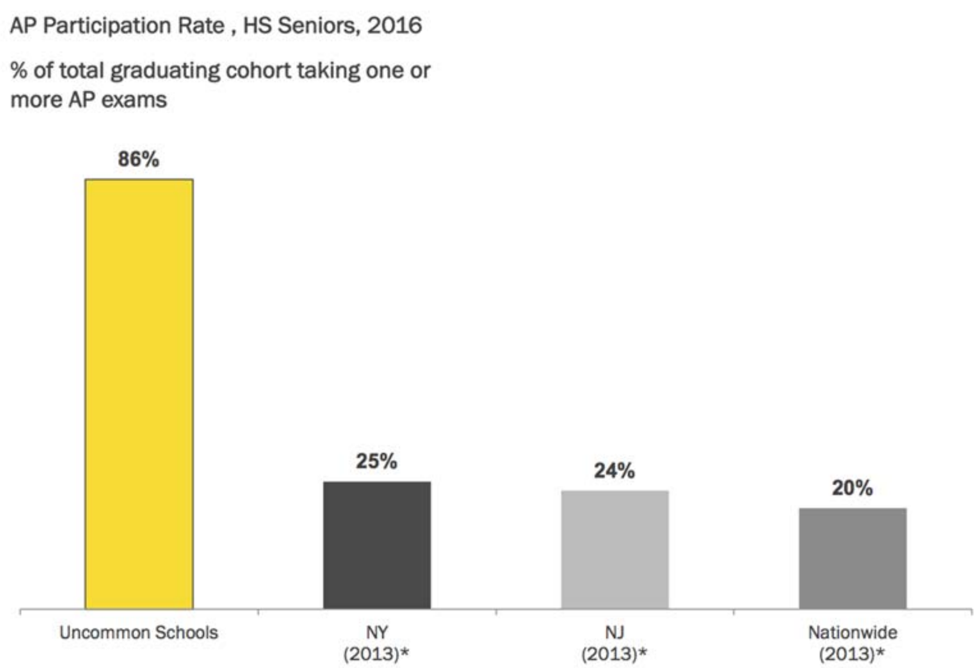
In addition to New Jersey, Uncommon schools are located in New York and Massachusetts. New Jersey and Massachusetts follow PARCC. Figure 44 shows the average total SAT score for Uncommon NYC and North Star students in the class of 2016, compared to the local district and national average.

Figure 44: Average SAT Scores for Uncommon NYC and North Star



Uncommon's class of 2016 more than tripled the Advanced Placement ("AP") participation rate of students in their respective states, as shown in Figure 45 below.

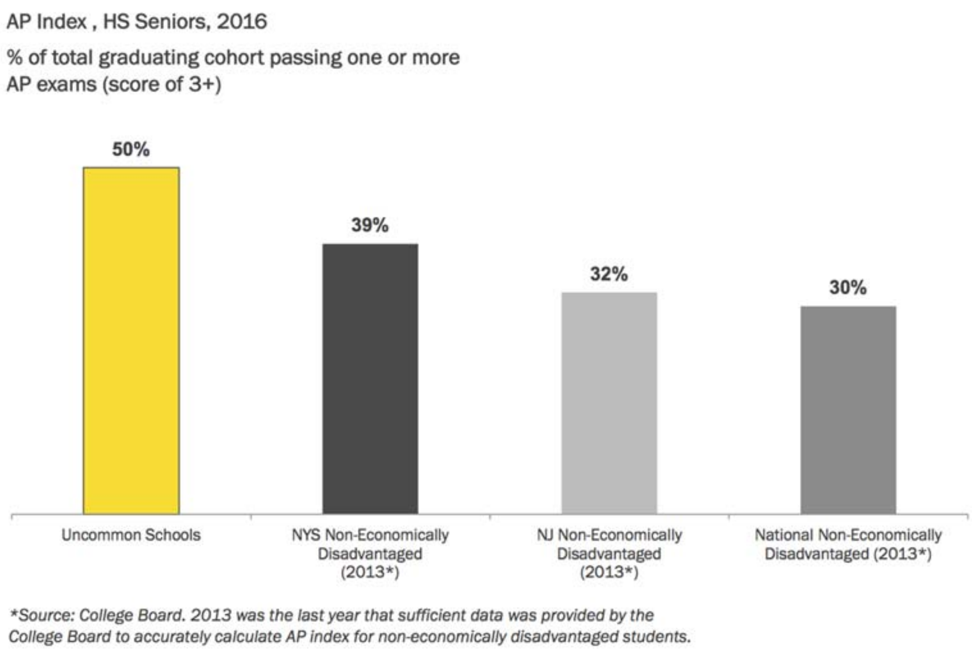
Figure 45: AP Participation Rate in New York and Newark.



Source: College Board. 2013 was the last year that sufficient data was provided by the College Board to accurately calculate AP index for non-economically disadvantaged students.

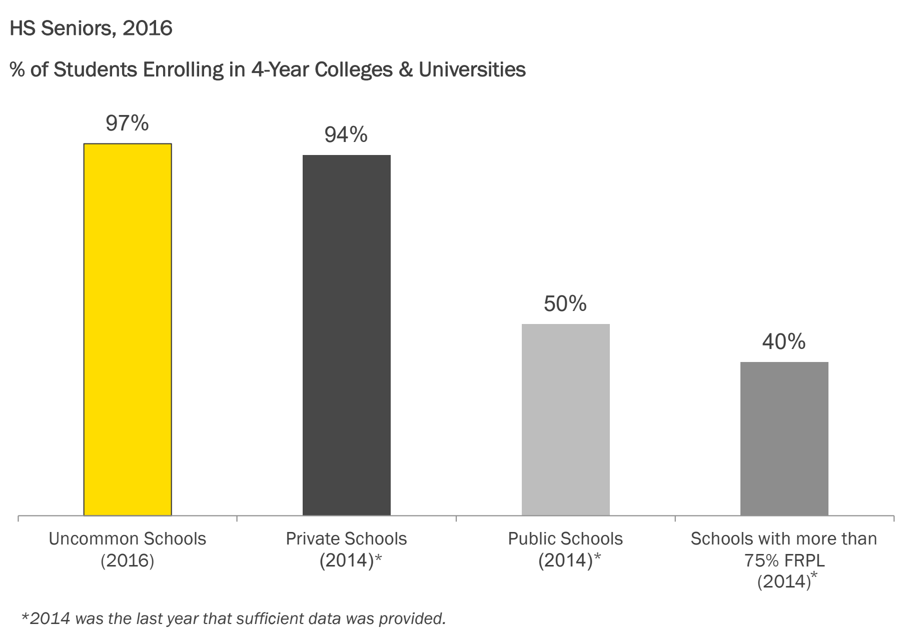
More Uncommon seniors are passing one or more AP exams than non-economically disadvantaged students in New York, New Jersey, and nationwide, as shown in Figure 46.

Figure 46: AP Exam Success



Uncommon high school students exceeded national averages for public and private schools for the percent of students enrolling in 4-year colleges, as shown below in Figure 47.

Figure 47: College Enrollment Rates



Summary of Financial Results

Financial information for Uncommon is provided in the Figures below for the years indicated.

Figure 48: Summary of Statements of Financial Position

Uncommon Schools, Inc. and Affiliates
Consolidated Statements of Financial Position
For Years Ended June 30, 2012-2016

	2012	2013	2014	2015	2016
ASSETS					
Current Assets					
Cash and cash equivalents	$ 15,685,478	$ 25,560,323	$ 18,822,895	$ 27,391,019	$ 25,856,776
Current portion of grants and pledges receivable	550,000	1,688,000	5,070,132	2,171,896	4,665,494
Accounts and other receivables	4,251,338	4,608,287	6,325,827	4,088,193	6,233,194
Interest receivable	-	-	1,927,966	1,922,969	1,026,822
Prepaid expenses and other	857,350	834,070	232,212	226,994	651,240
Total Current Assets	21,344,166	32,690,680	32,379,032	35,801,071	38,433,526
Other Assets					
Restricted deposits	-	-	30,898,340	18,711,042	50,025,736
Escrow reserve accounts	4,432,267	2,350,206	-	-	-
Grants and pledges receivable, net	462,731	1,758,100	583,240	881,057	739,426
Bonds receivable	-	5,982,391	35,690,369	36,706,817	64,732,384
Loans receivable	12,932,000	6,000,000	8,008,494	8,453,113	20,259,717
Investment in debt instrument	2,835,000	3,085,000	-	-	-
Property and equipment, net	49,311,937	50,361,667	85,413,472	107,361,641	108,759,777
Construction in progress	-	-	13,290,764	745,160	25,352,324
Assets held for sale	27,879,446	27,121,175	-	-	-
Pledge receivable - property	-	-	-	25,122,496	23,944,310
Other	828,386	1,085,318			
Financing fees, net	-	-	1,743,062	1,766,476	3,803,657
TOTAL ASSETS	$ 120,025,933	$ 130,434,537	$ 208,006,773	$ 235,548,873	$ 336,050,857
LIABILITIES					
Current Liabilities					
Current portion of notes and bonds payable	$ 1,975,463	$ 7,224,700	$ 7,351,410	$ 6,767,195	$ 7,969,316
Current portion of capital lease obligation	-	-	-	-	67,883
Accounts payable and accrued expenses	1,507,845	1,493,003	2,568,816	2,762,615	2,286,922
Accounts payable - construction	-	-	4,058,123	233,066	6,091,593
Accrued interest	-	-	1,285,099	1,112,477	1,940,573
Other payables	101,040	64,059	-	-	-
Deferred revenue	281,800	-	256,665	250,000	19,804
Total Current Liabilities	3,866,148	8,781,762	15,520,113	11,125,353	18,376,091
Notes and Bonds Payable, net	55,801,627	51,895,712	115,478,050	119,305,543	199,755,740
Capital Lease Obligation, net	-	-	-	-	2,972,218
Financing Obligation	25,920,032	25,920,032	25,920,032	25,122,496	23,944,310
TOTAL LIABILITIES	$ 85,587,807	$ 86,597,506	$ 156,918,195	$ 155,553,392	$ 245,048,359
NET ASSETS					
Unrestricted	$ 33,425,498	$ 40,555,276	$ 46,837,355	$ 70,643,365	$ 78,968,582
Temporarily restricted	1,012,628	3,281,755	4,251,223	9,352,116	12,033,916
TOTAL NET ASSETS	$ 34,438,126	$ 43,837,031	$ 51,088,578	$ 79,995,481	$ 91,002,498
TOTAL LIABILITIES AND NET ASSETS	$ 120,025,933	$ 130,434,537	$ 208,006,773	$ 235,548,873	$ 336,050,857

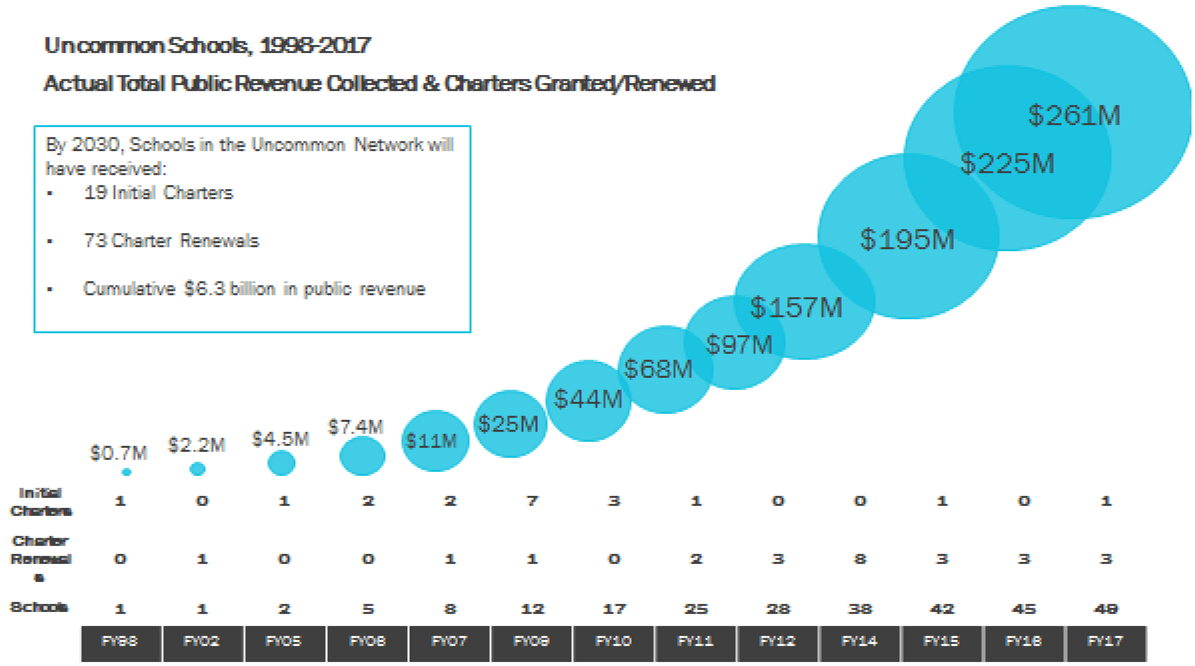
Figure 49: Summary of Statements of Activities

Uncommon Schools, Inc. and Affiliates
Consolidated Statements of Activities
For Years Ended June 30, 2012-2016

	2012	2013	2014	2015	2016
UNRESTRICTED OPERATING REVENUES					
Management fees	$ 8,266,901	$ 10,691,656	$ 13,523,311	$ 16,313,915	$ 19,472,549
Contributions	13,784,237	12,980,617	7,021,100	6,333,085	11,305,507
Rental income	3,671,663	3,995,193	3,821,410	3,896,230	4,870,884
Real estate reimbursement	1,612,067	599,885	2,262,564	2,226,858	4,634,935
Interest and other	1,406,372	1,227,376	2,625,571	3,823,186	3,863,934
Training and program fees	1,155,806	1,680,832	2,448,984	2,704,479	3,775,592
Subsidy income	-	-	1,374,968	2,076,324	2,482,421
Donated services	301,385	142,296	-	-	-
Grants	1,893,854	2,753,574	1,358,887	1,325,129	575,499
Equity in limited liability company	344,106	-	-	-	-
Net gain on termination of 2 Wash NMTC	2,060,801	-	-	-	-
Net gain on termination of Excellence II, LLC	-	726,117	-	-	-
Net assets released from purpose restrictions	149,723	280,871	2,208,663	2,033,857	360,200
UNRESTRICTED TOTAL OPERATING REVENUES	34,646,915	35,078,417	36,645,458	40,733,063	51,341,521
UNRESTRICTED OPERATING EXPENSES					
Personnel and related	9,085,807	9,985,335	11,736,920	13,488,945	15,848,769
Program and grant expenses	11,064,739	10,515,653	8,988,908	12,269,653	11,536,061
Interest	3,393,961	2,457,302	5,015,569	7,186,706	7,857,227
Depreciation and amortization	1,933,635	2,257,844	2,522,340	3,079,945	3,503,185
Occupancy	1,631,069	1,573,301	2,297,995	3,007,884	2,510,300
Donated services	301,385	142,296	-	-	-
Loss on assets disposal	338,060	-	-	-	-
Administrative	744,885	1,105,114	1,159,151	2,052,312	2,046,276
UNRESTRICTED TOTAL OPERATING EXPENSES	28,493,541	28,036,845	31,720,883	41,085,445	43,301,818
CHANGE IN UNRESTRICTED NET ASSETS FROM OPERATIONS	6,153,374	7,041,572	4,924,575	(352,382)	8,039,703
UNRESTRICTED NON-OPERATING INCOME (LOSS)					
Net gain on extinguishment of debt	-	-	-	-	567,409
Change in discount on loans receivable	-	-	110,429	194,619	462,354
Forgiveness of debt	-	-	537,500	-	-
Capital grant	-	-	-	25,920,032	-
Write-off of financing fees	-	-	-	(99,877)	-
Loss on fair value adjustment to notes payable	-	-	(206,029)	(456,450)	-
Construction impairment	-	-	-	(1,399,932)	(185,070)
Loss from disposal of property and equipment	-	-	-	-	(759,179)
Net unrealized gain (loss) on long-term debt at fair value	(574,271)	88,206	-	-	-
Net assets released from capital restrictions	-	-	1,264,582	-	200,000
TOTAL UNRESTRICTED NON-OPERATING INCOME (LOSS)	(574,271)	88,206	1,706,482	24,158,392	285,514
CHANGES IN UNRESTRICTED NET ASSETS	5,579,103	7,129,778	6,631,057	23,806,010	8,325,217
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	(74,723)	2,269,127	(371,532)	5,100,893	2,681,800
NET ASSETS, BEGINNING	28,933,746	34,438,126	44,829,053 *	51,088,578	79,995,481
NET ASSETS, ENDING	$ 34,438,126	$ 43,837,031	$ 51,088,578	$ 79,995,481	$ 91,002,498

* restated

Figure 50: Historic Public Revenue and Charter Renewals for Schools in the Uncommon Network



Fundraising

Uncommon fundraises approximately $10 million annually. The amount fluctuates by year and need, but the average is consistent over its 12-year history of formal fundraising for multiple regions. Uncommon limits its fundraising to actual needs – believing, together with the boards of its regions, that as public schools, the charters it supports and manages should be able to sustain operations on public revenue. In North Star's case, this philosophy translates to fundraising more than $11 million in operating funds and more than $21 million in capital funds over the past 20 years. Operating philanthropy is used to support new schools for their first few years of operations, 1-2 years for elementary schools, 2-3 years for middle schools, and for high schools until enrollment reaches a scale of 400-500 students. North Star also has and will continue to have in to the future, regardless of scale, an annual operating philanthropic need of between $350,000-$500,000, to cover the costs of certain expenses not permitted to be funded from public revenue (i.e., non-instructional culture events for staff).

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EXHIBIT A

State of New Jersey

DEPARTMENT OF EDUCATION
CN 500
TRENTON NJ 08625-0500

CHRISTINE TODD WHITMAN
Governor

LEO KLAGHOLZ
Commissioner

September 3, 1997

Mr. Norman Atkins
Mr. James Verrilli
Co-Directors
North Star Academy Charter School of Newark
10 Washington Place
Newark, NJ 07102

Dear Mr. Atkins and Mr. Verrilli:

On Wednesday, February 5, 1997, Governor Christine Todd Whitman and I approved the application for the North Star Academy Charter School of Newark. This approval was contingent upon receipt of documentation not available when your application was approved. It is now my pleasure to advise you that you have met all the requirements necessary and I am hereby granting a charter to the North Star Academy Charter School of Newark. The charter will cover the period from July 1, 1997 to June 30, 2001.

The grant of this charter permits your school to open and function as a public school in accordance with your approved application and N.J.A.C. 6A:11. As the charter school is operating with a temporary certificate of occupancy and a temporary fire inspection certificate, please forward the two permanent certificates upon receipt at the end of September 1997.

I wish you a successful academic year as you begin to serve students in New Jersey.

Sincerely,

Leo Klagholz
Commissioner

LK.DFG.hem.CS.app.

c: Governor Christine Todd Whitman
David Hespe
Ellen M. Schechter
Michael Azzara
Beverly Hall
Mary Louise Malyska
Patricia Austin
Dalia Flores Georgedes

New Jersey
Charter
School

The State of New Jersey

Department of Education

This certifies that the

North Star Academy Charter School of Newark

has been approved* for charter
from July 1, 1997 to June 30, 2001.

Christine Todd Whitman
Governor

Leo Klagholz
Commissioner of Education

February 5, 1997

* Approval is contingent upon receipt of the necessary documentation listed in section 19 of the New Jersey Charter Schools Application.

State of New Jersey
DEPARTMENT OF EDUCATION
PO BOX 500
TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DAVID C. HESPE
Commissioner

February 29, 2016

Mr. Rick Rieder, Chairman
Board of Trustees
North Star Academy Charter School of Newark
10 Washington Place
Newark, NJ 07102

Dear Mr. Rieder:

North Star Academy Charter School of Newark opened in 1997 and is currently in its 19th year of operation. The school submitted its renewal application on October 15, 2015, and has been evaluated by the New Jersey Department of Education (Department) on its academic performance, fiscal viability, and operational stability. Pursuant to N.J.S.A. 18A:36A-17 and N.J.A.C. 6A:11-2.3(b), the New Jersey Department of Education has completed a comprehensive review of North Star Academy Charter School of Newark including the evaluation of the school's renewal application, annual reports, student performance on state assessments, site visit results, public comments, and other information in order to make a renewal decision. Based on this review, it is my pleasure to inform you that I am renewing North Star Academy Charter School of Newark for a period of five years through June 30, 2021, pending receipt of a signed Charter Agreement.

North Star Academy Charter School of Newark has a history of providing a high-quality education to its students. From 2011-12 to 2013-14, the school received a Tier Rank of 1, the highest rank possible based on the standards within the Performance Framework. In the 2014-15 school year, based on PARCC results, the school outperformed both the state and its home district of Newark in English language arts and in mathematics in elementary, middle and high school. Through the renewal process, it has been determined that the school is performing well academically and is organizationally and fiscally sound. I confirm, that the school's maximum approved enrollment is in accordance with the following configuration:

Grade Level	2016-17	2017-18	2018-19	2019-20	2020-21
K	540	540	540	540	540
1	450	540	540	540	540
2	450	450	540	540	540
3	426	450	450	540	540
4	425	426	450	450	540
5	540	540	540	540	540
6	450	540	540	540	540
7	360	450	540	540	540
8	340	360	450	540	540
9	312	340	360	450	540
10	193	312	340	360	450
11	140	193	312	340	360
12	86	140	193	312	340
Total	**4712**	**5281**	**5795**	**6232**	**6550**

As part of the renewal process, there is a requirement that the board of trustees for each charter school sign a Charter Agreement with the Department. The Charter Agreement is a contract between the Department and all charter schools which lays out the terms and conditions for operating a charter school in New Jersey. It is imperative that the Board signs the Charter Agreement and approves a board resolution accepting the Agreement. The Department will need the board approved resolution and signed Charter Agreement returned by May 15, 2016.

I congratulate you on the school's accomplishments and support the efforts you have undertaken to strengthen North Star Academy Charter School of Newark's academic program in order to improve student learning and outcomes. My best wishes are extended to you as you continue to serve the students of New Jersey and contribute to our overall efforts to improve the public education system.

Sincerely,

David C. Hespe
Commissioner

DCH/EP/HL/S:2015-16 Renewals/ Renewal Letters/ North Star Academy Renewal
c: Evo Popoff
Yut'se Thomas
Harold Lee
Joseph Zarra
Christopher Cerf

State of New Jersey
DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DAVID C. HESPE
Commissioner

CHARTER AGREEMENT

This agreement is executed on this 13th day of June by and between the New Jersey Commissioner of Education and the New Jersey Department of Education (the "Department"), as the Commissioner's designees, (collectively, the "Authorizer"), and North Star Academy Charter School of Newark (the "Applicant(s)") (collectively, the "Parties") to operate the **NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK** (the "School"), an independent and autonomous public school under the New Jersey Charter School Program Act, N.J.S.A. 18A:36A-1 *et seq*.

WITNESSETH:

WHEREAS the State of New Jersey (the "State") enacted the Charter School Program Act, (as amended, the "Act") codified as N.J.S.A. 18A:36A-1 *et seq*.; and

WHEREAS pursuant to sections 18A:36A-3 and 18A:36A-4 of the Act, the Commissioner of Education (the "Commissioner") has the authority to approve applications to establish charter schools in the State and thereafter to enter into agreements with applicants setting forth the terms and conditions under which a charter school is to operate; and

WHEREAS the applicant(s) ("Applicant(s)") submitted to the Authorizer an application for establishment of the School pursuant to section 18A:36A-5 of the Act (together than any addenda, the "Application"); and

WHEREAS the original application was approved by the Commissioner of Education on January 15, 1997; and

WHEREAS the School's charter has been renewed on February 29, 2016; and

WHEREAS the "Application" shall herein be defined as the initial School application, all renewal applications, and all subsequent modifications; and

WHEREAS the Commissioner granted final Charter approval on or before September 30, 1997;

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, the parties hereby agree as follows:

SECTION 1. ESTABLISHMENT OF SCHOOL

1.1 Charter. This agreement (the "Charter"), which explicitly incorporates the terms of, and content set forth in, the Application, attached hereto as Exhibit A, shall be binding on the School and the Commissioner and shall be construed in accordance with all laws, rules and regulations applicable to New Jersey charter schools.

1.2 Effective Date; Term. This Charter shall take effect upon, and only upon, its execution by the Commissioner (the "Effective Date") pursuant to section 6A:11-2.1 of the New Jersey Administrative Code (the "Regulations"), and subject to any limitations imposed herein and any provision to delay the effective date set forth in this Charter. The Charter shall expire on June 30, 2021, unless earlier revoked, surrendered or renewed. The Commissioner may grant a five year renewal following the initial four year charter.

1.3 Planning Years and Prior Actions. The School shall continue to provide instruction in conformity with the schedule set forth in the Application. Such an extension shall be identified in an Amendment to this Charter and any conditions under which an extension is offered shall be set forth there.

SECTION 2. OPERATION OF SCHOOL

2.1 Mission Statement. The School shall operate under the mission statement set forth in the Application: *The mission of North Star Academy is to prepare each student to enter, succeed in and ultimately graduate from a four year college. Our education model consists of two core components: a highly rigorous academic curriculum paired with a focus on strong character development.*

2.2 Age; Grade Range; Number of Students. The School shall provide instruction to pupils up to such ages, grades and numbers in each year of operation under the Charter as is set forth in the Application (the "Projected Enrollment Structure") until Renewal, and shall obtain the prior written permission of the Authorizer for variances from those terms in grade range and total maximum approved enrollment.

2.3 Admissions; Enrollment; Attendance. The School shall have in place and implement comprehensive policies for admissions, enrollment and attendance, which such policies shall be approved by the School's governing board (the "Board of Trustees") and shall be consistent with applicable law. Such policies shall provide in detail the procedures and practices utilized by the School in regards to admission, enrollment, attendance and withdrawal, including, *inter alia*, the period in which applications for admission shall be timely, how to obtain an application for admission, the practices in operating the random selection process, the maintenance of a wait list, the implementation of the preferences required by law. Such changes must be consistent with applicable law and regulations, and the School must report such changes to the Authorizer, upon the Authorizer's request, and as part of its annual report as required by section 18A:36A-16 of the Act, section 6A:11-2.2 of the Regulations, and further defined in paragraph 6.1 of this Charter. The School shall utilize reasonable outreach and marketing measures to make potential applicants aware of opportunities for enrollment at the School, including, but not limited to, seeking the enrollment of a cross section of the school-age population, consistent with the requirements of section 18A:36A-8e. The Authorizer, upon a finding that the outreach and marketing measures taken by the School are inconsistent with applicable law or the representations made by the School in the Application and/or other submissions to the Authorizer, may require the School to take further action, including but not limited to, requiring the School to extend its enrollment period, delay or void its random selection process, and/or conduct further specified outreach and marketing steps.

2.4 Educational Program. The School shall implement and provide educational programs that meet or exceed the performance standards of the Authorizer and the goals, and measures of progress towards those goals, of the School as set forth in the Application and in other submissions to the Authorizer.

2.5 Evaluation of Students. The School shall implement student assessment requirements applicable to other public schools and administer State examinations to the same extent such examinations are required of other public school students. In addition, the School shall supplement those assessment tools with any other assessment tools required by the terms of its program design, as set forth in the Application.

2.6 Performance Framework.

2.6.1 The Performance Framework shall be incorporated into the Charter as Exhibit B. The Performance Framework shall supersede and replace any and all assessment measures, educational goals and objectives, financial operations metrics, and organizational performance metrics set forth in the Application and not explicitly incorporated into the Performance Framework. The specific terms, form and requirements of the Performance Framework, including any required indicators, measures, metrics, and targets, are maintained and disseminated by the Authorizer and will be binding on the School. Material amendments to the Performance Framework shall require approval by the Authorizer.

2.6.2 The Authorizer shall monitor and periodically report on the School's progress in relation to the indicators, measures, metrics and targets set out in the Performance Framework. Such reporting shall take place at least annually.

2.6.3 The School's performance in relation to the indicators, measures, metrics and targets set forth in the Performance Framework shall provide the basis upon which the Authorizer will decide whether to renew the School's Charter at the end of the Charter term.

2.6.4 The parties intend that, where this Charter references or is contingent upon state or federal laws, that they be bound by any applicable modifications or amendments to such laws upon the effective date of said modifications or amendments. In the event that such modifications or amendments are required, the Department will use best efforts to apply expectations for school performance in a manner as consistent as possible with those set forth in the Performance Framework.

2.7 School Calendar; Days and Hours of Operation. The days and hours of operation of the School shall be determined by the School at its discretion subject to the following restrictions:

(a) The School shall implement the calendar and days and hours of operation as set forth in the Application. In no event shall the School provide less instructional time during a school year than is required of other public schools with instructional time to be divided in generally equal amounts over no less than one hundred and eighty (180) days.

(b) To allow parents to determine whether the School's program is appropriate for their child(ren), the School shall, in each year of the Charter, determine the days and hours of operation of the School for the next school year by May 15 of the then current school year and shall make such information readily available to parents seeking to enroll their child(ren) in or return their child(ren) to the School and provide a copy of such material to the Authorizer. The School shall not thereafter for the next school year make any material changes to the days and hours of operation of the School from those determined on each May 15 date that have the effect of shortening the number of days of instruction or hours in which such instruction is provided without obtaining the prior written permission of the Authorizer, it being understood that such permission shall not be forthcoming except for good cause shown.

2.8 Student Disciplinary Code. The School shall maintain written rules and procedures for student discipline, including guidelines for suspension and expulsion, and shall disseminate those procedures to students and parents. Such guidelines and procedures must be consistent with applicable law including, but not limited to, requirements for due process, provision of alternative instruction and federal laws and regulations governing the discipline and placement of students with disabilities. In the first year of operation, the discipline policy must be consistent with the discipline policy outlined in the Application and adopted by the Board of Trustees following initial approval of the Application. Thereafter, if the School seeks modifications to the student disciplinary code, it will be required to notify the Authorizer of such change.

2.9 Code of Ethics. The School, its trustees, officers and employees shall abide by a code of ethics for the School, which must be consistent with the requirements of the School Ethics Act and include standards with respect to disclosure of conflicts of interest regarding any matter brought before the Board of Trustees regardless of whether the matter may involve for-profit or not-for-profit entity or transaction. The School shall disseminate the code in written form to each of its trustees, officers and employees.

2.10 Governance; Board of Trustees; By-Laws. The School shall be governed by the Board of Trustees. The Board of Trustees of a charter school shall have the authority to decide matters related to the operations of the school including budgeting, curriculum, and operating procedures, subject to the school's charter, and shall have final authority for the academic performance of the School Nothing herein shall prevent the Board of Trustees from delegating decision-making authority for policy and operational decisions to officers, employees and agents of the School but ultimate responsibility for and oversight of any such delegated authority shall remain at all times with the Board of Trustees. The Board of Trustees shall be established and operate pursuant to the following requirements and restrictions:

(a) The Board of Trustees shall operate pursuant to the by-laws of the School whether such by-laws be those initially submitted to the Authorizer or as amended pursuant to subparagraph (b) of this paragraph 2.10 (initially or as amended, the "By-laws"), as well as the governance provisions of the Act, the Regulations and other applicable law.

(b) The Board of Trustees shall have as its members such total number of Trustees and shall reserve seats on the Board of Trustees for such specified members or constituent groups in such numbers as is set forth in the Application and By-laws, as may be amended. Board of Trustees members ("Trustees") shall comply with the relevant provisions of the School Ethics Act, 18A:12-23, and related regulations, 6A:28.

2.11 Complaint Policy. The School shall maintain a complaint policy to receive and handle complaints brought pursuant to section 18A:36A-15 of the Act. . The School shall have the power to amend the complaint policy in any way it deems necessary and appropriate, so long as, such amendments are approved by the Board of Trustees and are consistent with applicable law and due process, and reported as part of the School's Annual Report as required by paragraph 6.1 of this Charter. A copy of the School's complaint policy shall be distributed to the parents and/or guardians of students enrolled in the School and made readily available to all others requesting a copy. Upon resolution of a complaint, the School shall provide to the complainant:

(a) its written determination and any remedial action thereto; and

(b) for complaints relating to the provisions of the Act, a written notice to the complainant that he or she may appeal the determination of the Board of Trustees to the Commissioner, who shall investigate and respond to the complainant; and

(c) a copy of the School's grievance policies.

2.12 Health Services. The School shall provide such health services as are set forth in the Application or their equivalent, so long as the services provided meet applicable law.

2.13 Food Services. The School shall provide appropriate food services consistent with or equal to those outlined in the Application.

2.14 Facility; Location. The building(s) in which the School is to be located shall be known as the school facility (the "School Facility"). The School shall be located at six locations: 10 Washington Place, Newark, NJ 07102; 13 Central Avenue, Newark, NJ 07102; 600 Clinton Avenue, Newark, NJ 07108; 557 15th Avenue, Newark, NJ 07103; 24 Hazelwood Avenue, Newark, NJ 07106; and 108 South 9th Street, Newark, NJ 07107. The School shall take such actions as are necessary to ensure that the Facility Agreement, licenses and certificates are valid and in force at all times that the Charter is in effect.

2.15 Change in Location. To change the physical location of the School Facility or obtain additional buildings for the School Facility within the same school district or obtain additional space in a building it already occupies, the School must follow the Amendment process as described in section 6A:11-2.6 of the New Jersey Administrative Code.

2.16 Monitoring and Oversight. The School and the Board of Trustees acknowledge that the Authorizer, or its authorized agents, have the right to visit, announced or unannounced, examine into and inspect the School and its records. To permit the Authorizer to fulfill this oversight function under the Act and ensure that the School is in compliance with all applicable laws and regulations and the terms and conditions of this Charter, the School agrees to abide by the requirements and activities that the Authorizer will utilize to exercise its monitoring responsibility.

2.17 Establishment of an Escrow Account. The School and the Board of Trustees agree to establish an escrow account or post a surety bond of no less than $75,000 to pay for legal and audit expenses and any outstanding pension benefits that would be associated with a dissolution should it occur. The School may accrue the full amount of the escrow account over a five year period. The School's failure to provide for the $75,000 through an escrow account or surety bond by the end of the five year period shall be deemed a material violation of the charter agreement.

SECTION 3. SPECIAL EDUCATION

3.1 Provision of Services. The School shall provide services and accommodations to students with disabilities as set forth in the Application and in accordance with the any relevant polices thereafter adopted, as well as with all applicable provisions of the Individuals with Disabilities Education Act (20 U.S.C. § 1401 *et seq.*) (the "IDEA"), the Americans with Disabilities Act (42 U.S.C. § 12101 *et seq.*) (the "ADA") and section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) ("Section 504") and all applicable regulations promulgated pursuant to such federal laws. This includes providing services to attending students with disabilities in accordance with the individualized education program ("IEP") recommended by a student's IEP team. The School shall comply with all applicable provisions of section 18A:46-1 *et seq.* and section 6A:11-4.8 of the Regulations concerning the provision of services to students with disabilities.

3.2 Funding and Placement Outside the School. The School is authorized to receive from a local school district direct payment of any federal or state aid attributable to a student with a disability attending the School. Consistent with section 18A:36A of the Act, the fiscal responsibility for any student currently enrolled in or determined to require a private day or residential school shall remain with the district of residence. Within fifteen (15) days of the signing of an IEP, the School shall provide notice to the district of residence of any IEP which results in a private day or residential placement. The district of residence may challenge the placement within thirty (30) days in accordance with the procedures established by law.

SECTION 4. PERSONNEL

4.1 Personnel Policies; Staff Responsibilities. The School shall make available to the Authorizer in written form its hiring and personnel policies and procedures, including the qualifications required by the School in the hiring of teachers, school administrators and other school employees as well as a description of staff responsibilities.

4.2 Instructional Providers. The School shall employ, or otherwise utilize in, instructional positions only those individuals who are certified in accordance with the requirements applicable to other charter schools, or who are otherwise qualified to teach under section 6A:9 *et seq.* of the Regulations, and applicable federal law including the federal No Child Left Behind Act of 2001. For purposes of this section, "instructional positions" means classroom teachers and professional support staff.

4.3 Paraprofessionals. Paraprofessionals employed by the School for instructional purposes must meet all credentialing requirements imposed under section 6A:9 *et al.* and by applicable federal law.

4.4 Background Checks; Fingerprinting. The School shall maintain and implement procedures for conducting background checks (including a fingerprint check for a criminal record) of, and appointing on an emergency conditional basis (if applicable), all school employees and prospective employees (whether part or full time) of the School, as well as any individual who has regular access to the students enrolled in the school (including, but not limited to, employees and agents of any company or organization which is a party to a contract to provide services to the School) to the extent required by applicable law, including sections 18A:6-7.1, et seq., and 18A:30-19.1. Consistent with section 6A:11-2.1 of the Regulations, the School shall provide to the Authorizer in advance of final charter approval and on a rolling basis thereafter, an Authorization for Emergent Hiring Pending Completion of Criminal History Check form or Criminal History Approval letter for each employee of the School. The School may, but is not required to, conduct any and all other background checks permitted by law.

4.5 Collective Bargaining. In all cases when the School is a party to a collective bargaining agreement, the School must provide a copy thereof to the Authorizer including any extensions and side letters. In addition, the School will comply with the requirements of section 18A:36A-14 of the Act and other applicable law with regard to participation in collective bargaining units and agreements.

4.6 Leave and Pension Payments. Consistent with section 18A:36A-14(d), public school employees may request a leave of absence of up to three (3) years from the local board of education or State district superintendent in order to work in the School. Employees on a leave of absence shall remain in and continue to make contributions to, their retirement plan during the time of leave and shall be enrolled in health benefits plan of the district in which the School is located. The School shall make any required employer's contribution to the district's health benefits plan.

SECTION 5. FINANCIAL OPERATIONS OF SCHOOL

5.1 Management and Financial Controls. The School shall at all times maintain appropriate governance and managerial procedures and financial controls; including but not limited to the identification of a School Business Administrator, the resources and professional assistance needed to conduct an annual audit, and carry out the relevant requirements of section 6A:11-2.1(h) by June 30 in advance of opening, as part of the preparedness measures for new schools.

5.2 Funding and Timing of Payments. The School will receive payments as set forth in section 18A:36A-12 of the Act. Consistent with section 6A:23A of the Finance and Business Service Code , the district of residence and non-resident district(s) shall initiate payments to the School based on projected enrollment, as set forth in section 6A:23-9.4(a). Those districts shall pay directly to the School the local share per pupil for the specific grade level at the school rate pursuant to section 6A:23-9.1 and 9.4 in twelve (12) equal installments starting on July 15 and thereafter on the 15th of each month. The district of residence and non-resident district(s) shall also pay directly to the School additional categories of funds identified at section 6A:23-9.5(k)(3) on the schedule set forth there.

5.3 Financial Statements; Interim Reports. All financial statements that the School is required to prepare shall be in accordance with generally accepted accounting principles. During each year of operation, the School shall prepare and submit to the County Offices of Education within thirty (30) days of the end of each quarter (except June 30th) of its fiscal year the Board Secretary's report for that preceding quarter.

5.4 Audits. The School shall retain an independent certified public accountant or certified public accounting firm licensed in the State to perform annually an audit of the School's annual financial statements. The independent audit of the School's financial statements must be performed in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, as well as any additional requirements and guidelines provided by the Authorizer. The audited financial statements must be submitted to the Authorizer by December 5 of each year. In addition, and pursuant to the same timetable, the School must require its independent certified public accountant to issue a report on compliance with laws, regulations, contracts and grants and on internal controls over financial reporting, based on its audit of the financial statements. The School must submit this report to the Authorizer together with a corrective plan addressing any weaknesses or problems identified in the planning and performance of the audit. The corrective plan must address each suggestion for consideration of management contained in the compliance report and include a timetable that identifies the date by which each corrective step will have been completed.

5.5 Fiscal Year. The fiscal year of the School shall begin on July 1 of each calendar year of the term of this Charter and shall end on June 30 of the subsequent calendar year.

5.6 Annual Budget and Cash Flow Projections. The School shall prepare and provide to the Authorizer a copy of its annual budget and cash flow projection for each fiscal year by no later than March 30 of the immediately preceding fiscal year. In the event that the October 15 enrollment count or other budgetary changes differs in any material respect from the budget provided, the School shall provide a revised annual budget and cash flow projection for each fiscal year in which it provides instruction. The annual budget and cash flow projection shall be in such form and electronic format as prescribed and disseminated by the Authorizer.

SECTION 6. REPORTS

6.1 Annual Reports. No later than August 1 following a school year in which the school is in operation, the School, pursuant to section 6A:11-2.2 of the Regulations, shall submit to the Authorizer, the respective county superintendent of schools, and the district board(s) of education or State district superintendent of the district of residence of a charter school, an Annual Report setting forth the academic program and performance of the School for the preceding school year. The School shall also make the Annual Report available to parents or guardians of the students enrolled in the School. The Annual Report shall be in such form as shall be prescribed by the Commissioner and shall, at a minimum, address the mission, goals and objectives of its charter as measured against the Performance Frameworks and provide evidence of the school's compliance with applicable statutes and regulations

6.2 Additional Documentation. The district board(s) of education or Executive County Superintendent(s) of the district of residence of the School may submit comments regarding the Annual Report to the Commissioner by October 1.

6.3 Financial Reports. The School shall provide the financial reports required by this Charter pursuant to the terms and dates specified therein.

SECTION 7. OTHER COVENANTS AND WARRANTIES

7.1 Compliance with Laws and Regulations. The School shall operate at all times in accordance with the Act and other applicable laws, rules and regulations and shall meet the same health and safety, civil rights, and student assessment requirements as are applicable to other public schools, except as otherwise set forth in the Act.

7.2 Nonsectarian Status. The School shall be nonsectarian in its programs, admissions policies, employment practices and all other operations. The School shall not be wholly or in part under the control or direction of any religious denomination.

7.3 Open Public Records Act and Open Public Meetings Act. The School shall maintain and implement policies in order to ensure that it is in compliance with the Open Public Records Act and the Open Public Meetings Act and any corresponding regulations.

7.4 Non-discrimination. The School shall not discriminate against any student, employee or any other person on the basis of ethnicity, national origin, gender (except with respect to single-sex schools), or disability or any other ground that would be unlawful if done by any other public school. It shall take all steps necessary to ensure that discrimination does not occur, as required by federal civil rights law.

7.5 Transactions with Affiliates. The School shall not, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any affiliate of the School, any member past or present of the Board of Trustees or any employee past or present of the School, or any immediate family member of the foregoing individuals, unless:

(a) the terms of such transaction (considering all the facts and circumstances) are no less favorable to the School than those that could be obtained at the time from a person that is not such an affiliate, member or employee or an individual related thereto; *and*

(b) the involved Trustee, officer or employee must recuse him/herself from voting on or deciding any matters related to such transaction.

SECTION 8. RENEWAL; REMEDIAL PLANS; TERMINATION

8.1 Renewal Notice. No later than October 15 in the calendar year prior to expiration of the Charter, the School may provide to the Commissioner, the respective county superintendent of schools, and the district board(s) of education or State district superintendent(s) of the district of residence of the charter school, an application to renew the Charter in accordance with section 18A:36A-17 (the "Renewal Application"). The Renewal Application shall conform to the Authorizer's requirements, including those set forth at 6A:11-2.3 of the Regulations.

8.2 Denial of Renewal. In the event that the Renewal Application is not approved, then the parties to the Charter shall fulfill their respective obligations hereunder to the end of the term of this Charter, and the School shall follow the procedures for dissolution established by the Authorizer. Nothing in this paragraph shall be construed as modifying the School's rights to appeal any non-renewal decision by the Commissioner, pursuant to law, or to pursue injunctive relief upon a non-renewal decision.

8.3 Grounds for Termination or Revocation. The Commissioner may revoke the Charter pursuant to any and all statutory and regulatory authority conferred upon the Commissioner, upon appropriate due process being afforded the School.

8.4 Appeal Process. Consistent with section 6A:11-2.5 of the Regulations, the School may file an appeal according to section 6A:4-2.5 of the Regulations.

8.5 Dissolution. In the event of termination of the Charter, whether prematurely or otherwise, the School shall establish and follow procedures consistent with those articulated by the Authorizer as set forth in the New Jersey Charter School Dissolution Plan attached as Exhibit C, subject to the School's rights to pursue injunctive relief in the event of a charter termination.

SECTION 9. MISCELLANEOUS

9.1 Disclaimer of Liability. The Parties acknowledge that the School is not operating as the agent, or under the direction and control, of, the Authorizer except as required by law or this Charter, and that the Authorizer does not assume any liability for any loss or injury resulting from:

(a) the acts and omissions of the School, its directors, trustees, agents or employees; or

(b) the use and occupancy of the building or buildings, occupied by the School, or any matter in connection with the condition of such building or buildings; or

(c) any debt or contractual obligation incurred by the School.

The School acknowledges that it is without authority to extend the faith and credit of the Authorizer to any third party.

9.2 Governing Law. This Charter shall be governed by, subject to and construed under the laws of the State of New Jersey without regard to its conflicts of laws provisions.

9.3 Waiver. No waiver of any breach of this Charter shall be held as a waiver of any other or subsequent breach.

9.4 Counterparts; Signature by Facsimile. This Charter may be signed in counterparts, which shall together constitute the original Charter. Signatures received by facsimile by either of the parties shall have the same effect as original signatures.

9.5 Revision. This Charter may be revised only by written consent of the parties hereto and, in the case of material revisions, only pursuant to section 6A:11-2.6 of the Regulations.

9.6 Assignment. This Charter may not be assigned or delegated by the Applicant(s) without the Authorizer's express written approval.

9.7 Notices. Any notice, demand, request or submission from one party to any other party or parties hereunder shall be deemed to have been sufficiently given or served for all purposes if and as of the date, it is delivered by hand, overnight courier, facsimile (with confirmation), by electronic mail as an attachment thereto with an valid electronic signature or an electronic image of a physical signature (.pdf format) or within three (3) business days of being sent by registered or certified mail, postage prepaid, to the relevant parties.

9.8 Severability. In the event that any provision of this Charter or the Application shall be determined to be invalid, unlawful, or unenforceable to any extent, the remainder of this Charter and the application of such provision to persons or circumstances other than those as to which it is determined to be invalid, unlawful or unenforceable, shall not be affected thereby, and each remaining provision of this Charter shall continue to be valid and may be enforced to the fullest extent permitted by law.

9.9 Entire Charter. The Charter supersedes and replaces any and all prior agreements and understandings between the Authorizer and the Applicant(s). To the extent that any conflict or incompatibility exists between the Application and the other terms of this Charter, such other terms of this Charter shall control.

9.10 Construction. This Charter shall be construed fairly as to both parties and not in favor of or against either party, regardless of which party prepared the Charter.

9.11 Ratification. The Board of Trustees of the School shall pass a board resolution acknowledging the terms and conditions of this charter as agreed to by the signature of the Board President.

Uncommon Schools | NORTH ★ STAR

BOARD RESOLUTION

CHARTER AGREEMENT APPROVAL

In compliance with directive of the New Jersey Department of Education, North Star Academy Charter School of Newark motions to approve the Charter Agreement, in accordance with the terms therein.

It is hereby resolved that on this date of June 13, 2016 the Board of Trustees of the North Star Academy Charter School of Newark approves the Charter Agreement.

Motion made by: Ravi Bellur **Seconded by:** James Verrilli

Tally of Votes: 6 yes, 4 absent

Vote Ballot:

Nicole Bearce Albano:	Yes	No	Abstain	Absent
Paul Bambrick-Santoyo:	Yes	No	Abstain	Absent
Ravi Bellur:	Yes	No	Abstain	Absent
Lawrence Evans	Yes	No	Abstain	Absent
Bob Howitt:	Yes	No	Abstain	Absent
Rick Rieder (Chairman):	Yes	No	Abstain	Absent
Scott Sleyster:	Yes	No	Abstain	Absent
Tricia Scipio-Derrick:	Yes	No	Abstain	Absent
Jamey Verrilli	Yes	No	Abstain	Absent
Jana Williams	Yes	No	Abstain	Absent

I certify that the above resolution was passed by a majority of a quorum of this Board of Trustees, as indicated above.

Paul Bambrick-Santoyo
Board Secretary

NEW JERSEY DEPARTMENT OF EDUCATION

7/15/16

Date

By: David C. Hespe

Title: Commissioner

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK

6/13/16

Date

By:

President, Board of Trustees:

Date of Board resolution:

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<u>EXHIBIT B</u>

Uncommon Schools, Inc.
Balance Sheet - North Star Academy 2016-17
As of 6/30/2017

		General Fund (10)	Special Revenue (20)	Enterprise (60)	Scholarship Trust Fund (80)	Trust & Agency (90)	Total
	Assets						
	Current Assets						
	Cash & Cash Equivalents						
0101AJ	NSA Checking Account - General - SB	12,240,478.45	(1,396,414.15)	(1,014,438.27)	0.00	0.00	9,829,626.03
0101BJ	NSA Payroll Account - SB	(213.84)	0.00	0.00	0.00	1,700.77	1,486.93
0101CJ	NSA Payroll Agency - SB	0.00	0.00	0.00	0.00	6,389.83	6,389.83
0101JJ	NSA West Side Park Council	0.00	0.00	0.00	0.00	0.00	0.00
0101KJ	NSA Unemployment Fund - SB	0.00	0.00	0.00	0.00	100.00	100.00
0101LJ	NSA College Trust Fund - SB	0.00	0.00	0.00	31,231.53	0.00	31,231.53
0101MJ	Camden Core Bank Account	0.00	0.00	0.00	0.00	0.00	0.00
0101OJ	Camden Agency Account	0.00	0.00	0.00	0.00	0.00	0.00
0101ZJ	Charter Escrow Account	75,000.00	0.00	0.00	0.00	0.00	75,000.00
	Total Cash & Cash Equivalents	12,315,264.61	(1,396,414.15)	(1,014,438.27)	31,231.53	8,190.60	9,943,834.32
	Accounts Receivable						
0141AJ	Accounts Receivable - General	0.01	0.00	0.00	0.00	0.00	0.01
0141BJ	Accounts Receivable USI/Other	90,360.86	0.00	0.00	0.00	343.52	90,704.38
0141CJ	A/R - Food Service	0.00	0.00	0.00	0.00	0.00	0.00
0141HJ	A/R - NCLB	0.00	0.61	0.00	0.00	0.00	0.61
0141IJ	A/R IDEA	0.00	0.00	0.00	0.00	0.00	0.00

		General Fund (10)	Special Revenue (20)	Enterprise (60)	Scholarship Trust Fund (80)	Trust & Agency (90)	Total
0141JJ	A/R - CSP	0.00	0.01	0.00	0.00	0.00	0.01
0141KJ	A/R - FICA	0.00	0.00	0.00	0.00	0.00	0.00
0141LJ	A/R Lehman	0.00	0.00	0.00	0.00	0.00	0.00
0141MJ	A/R - Grants	0.00	0.00	0.00	0.00	0.00	0.00
0141NJ	Refunds Due	130,364.22	0.00	0.00	0.00	0.00	130,364.22
0141OJ	A/R - Flexible Spending	1,200.00	0.00	0.00	0.00	0.00	1,200.00
0141PJ	A/R Loans	9,357.59	0.00	0.00	0.00	0.00	9,357.59
	Total Accounts Receivable	231,282.68	0.62	0.00	0.00	343.52	231,626.82
	Resources						
0301AJ	Estimated Revenues	(294,307.32)	1,468,347.82	487,555.88	0.00	0.00	1,661,596.38
	Total Resources	(294,307.32)	1,468,347.82	487,555.88	0.00	0.00	1,661,596.38
	Other Current Assets						
0131AJ	Payroll Exchange	0.00	0.00	0.00	0.00	0.00	0.00
	Total Other Current Assets	0.00	0.00	0.00	0.00	0.00	0.00
	Total Current Assets	12,252,239.97	71,934.29	(526,882.39)	31,231.53	8,534.12	11,837,057.52
	Long-term Assets						
	Other Long-term Assets						
0402AJ	Due To/ Due From	8,511.55	0.00	0.00	0.00	(8,511.55)	0.00
	Total Other Long-term Assets	8,511.55	0.00	0.00	0.00	(8,511.55)	0.00
	Total Long-term Assets	8,511.55	0.00	0.00	0.00	(8,511.55)	0.00
	Total Assets	12,260,751.52	71,934.29	(526,882.39)	31,231.53	22.57	11,837,057.52
	Liabilities						
	Short-term Liabilities						
	Accounts Payable						
0410AJ	Due to State of N.J.	0.00	0.00	0.00	0.00	0.00	0.00
0410BJ	Due To Local Board of Ed.	0.04	0.00	0.00	0.00	0.00	0.04
0421AJ	Accounts Payable	10,589.78	2,687.98	901.51	0.00	0.00	14,179.27

Uncommon Schools, Inc.
Balance Sheet - North Star Academy 2016-17
As of 6/30/2017

		General Fund (10)	Special Revenue (20)	Enterprise (60)	Scholarship Trust Fund (80)	Trust & Agency (90)	Total
0421BJ	Accounts Payable Other	0.00	0.00	0.00	0.00	0.00	0.00
20500J	Accounts Payable - Spec. Rev	0.00	0.00	0.00	0.00	0.00	0.00
	Total Accounts Payable	10,589.82	2,687.98	901.51	0.00	0.00	14,179.31
	Deferred Revenue						
0481AJ	Deferred Revenue	0.00	0.00	0.00	0.00	0.00	0.00
	Total Deferred Revenue	0.00	0.00	0.00	0.00	0.00	0.00
	Other Short-term Liabilities						
0421CJ	Short Term Loan	0.00	0.00	0.00	0.00	0.00	0.00
0421DJ	Payroll Liabilities	929.90	0.00	0.00	0.00	28.45	958.35
0421EJ	Agency Payroll Liabilities	0.00	0.00	0.00	0.00	(105.86)	(105.86)
0421FJ	Unemployment Anticipated Liability	0.00	0.00	0.00	0.00	100.00	100.00
0421GJ	Payroll Account Payroll Liability	0.00	0.00	0.00	0.00	(0.02)	(0.02)
	Total Other Short-term Liabilities	929.90	0.00	0.00	0.00	22.57	952.47
	Total Short-term Liabilities	11,519.72	2,687.98	901.51	0.00	22.57	15,131.78
	Total Liabilities	11,519.72	2,687.98	901.51	0.00	22.57	15,131.78
	Fund Balance						
	Appropriated						
	Reserve for Encumbrances						
0753AJ	Reserve for Encumbrances	192,740.76	(91.80)	0.00	0.00	0.00	192,648.96
	Total Reserve for Encumbrances	192,740.76	(91.80)	0.00	0.00	0.00	192,648.96
	Appropriations						

Uncommon Schools, Inc.

Balance Sheet - North Star Academy 2016-17

As of 6/30/2017

		General Fund (10)	Special Revenue (20)	Enterprise (60)	Scholarship Trust Fund (80)	Trust & Agency (90)	Total
0601AJ	Appropriations Anticipated	2,692,767.40	59,860.72	(536,250.93)	0.00	0.00	2,216,377.19
	Total Appropriations	2,692,767.40	59,860.72	(536,250.93)	0.00	0.00	2,216,377.19
	Total Appropriated	2,885,508.16	59,768.92	(536,250.93)	0.00	0.00	2,409,026.15
	Unappropriated						
		9,363,723.64	9,477.39	8,467.03	31,231.53	0.00	9,412,899.59
	Total Unappropriated	9,363,723.64	9,477.39	8,467.03	31,231.53	0.00	9,412,899.59
	Total Fund Balance	12,249,231.80	69,246.31	(527,783.90)	31,231.53	0.00	11,821,925.74
	Total Liabilities and Fund Balance	12,260,751.52	71,934.29	(526,882.39)	31,231.53	22.57	11,837,057.52

Statement of Revenue and Expenditures - Budget Comparison
North Star Academy
From 7/1/2016 Through 6/30/17

			Total Budget - Original	Revision	Current Year - Revised Budget	Encumbrance	Actual	Percent Complete	Remaining
01200J		Local Share	2,844,576.00	(278,745.80)	2,565,830.20	0.00	9,111,374.70	355.10%	(6,545,544.50)
03100J		State Share	59,198,324.00	5,681,928.22	64,880,252.22	0.00	58,921,592.04	90.82%	5,958,660.18
	Total Local Levy Budget		62,042,900.00	5,403,182.42	67,446,082.42	0.00	68,032,966.74	100.87%	(586,884.32)
	Categorical Aid								
03132J		Special Education	1,250,993.00	(122,640.60)	1,128,352.40	0.00	1,246,751.92	110.49%	(118,399.52)
03177J		Security Aid	2,534,699.00	12,412.54	2,547,111.54	0.00	1,809,057.34	71.02%	738,054.20
	Total Categorical Aid		3,785,692.00	(110,228.06)	3,675,463.94	0.00	3,055,809.26	83.14%	619,654.68
	Rev From Other Sources								
01990J		Misc.Revenue(Priv Contrib,etc)	5,210,000.00	(49,956.23)	5,160,043.77	0.00	5,666,010.76	109.81%	(505,966.99)
01991J		Erate	521,112.00	(521,112.00)	0.00	0.00	57,395.10	0.00%	(57,395.10)
	Total Rev From Other Sources		5,731,112.00	(571,068.23)	5,160,043.77	0.00	5,723,405.86	110.92%	(563,362.09)
	Other Revenue								
03902J		TPAF Social Security(Reimb.)	1,494,592.00	45,694.05	1,540,286.05	0.00	1,308,923.93	84.98%	231,362.12
	Total Other Revenue		1,494,592.00	45,694.05	1,540,286.05	0.00	1,308,923.93	84.98%	231,362.12
	Total General Fund		73,054,296.00	4,767,580.18	77,821,876.18	0.00	78,121,105.79	100.38%	(299,229.61)
	Restricted Special Rev Fund								
	Rev From Federal Projects								
04200J		SEMI	0.00	60,000.00	60,000.00	0.00	79,863.34	133.11%	(19,863.34)
04411J		Fed. NCLB Funds (Inc. Title 1)	2,481,294.00	263,243.00	2,744,537.00	0.00	1,705,681.00	62.15%	1,038,856.00
04420J		Federal IDEA - B	824,208.00	(38,220.00)	785,988.00	0.00	491,244.00	62.50%	294,744.00
04460J		Federal Child Nutrition Prog.	1,897,668.00	(75,596.61)	1,822,071.39	0.00	1,559,156.17	85.57%	262,915.22
04500J		Federal CSP School Startup Reimbursement	6,280,968.00	(5,635,623.00)	645,345.00	0.00	527,091.48	81.68%	118,253.52
	Total Rev From Federal Projects		11,484,138.00	(5,426,196.61)	6,057,941.39	0.00	4,363,035.99	72.02%	1,694,905.40
	Rev From Other Sources								
01611J		Food Service Revenue	112,490.00	12,735.41	125,225.41	0.00	60,470.75	48.29%	64,754.66
01920J		Revenue from Enrichment	284,412.00	(3,816.00)	280,596.00	0.00	121,365.00	43.25%	159,231.00
01921J		ACE Program	350,000.00	(4,269.07)	345,730.93	0.00	335,000.00	96.90%	10,730.93
01922J		Gear Up	0.00	31,204.00	31,204.00	0.00	0.00	0.00%	31,204.00
	Total Rev From Other Sources		746,902.00	35,854.34	782,756.34	0.00	516,835.75	66.03%	265,920.59
	Total Restricted Special Rev Fund		12,231,040.00	(5,390,342.27)	6,840,697.73	0.00	4,879,871.74	71.34%	1,960,825.99
	Total Revenue		85,285,336.00	(622,762.09)	84,662,573.91	0.00	83,000,977.53	98.04%	1,661,596.38
	Total Revenue		85,285,336.00	(622,762.09)	84,662,573.91	0.00	83,000,977.53	98.04%	1,661,596.38
	Expenditures								
	Instruction								
	Teacher salaries								
0101RJ		Deans	1,626,600.00	46,913.14	1,673,513.14	0.00	1,650,821.82	98.64%	22,691.32
0101SJ		Teacher	23,844,783.00	(320,467.43)	23,524,315.57	0.00	23,495,520.67	99.88%	28,794.90
0101TJ		Bonuses	420,000.00	(28,000.00)	392,000.00	0.00	403,000.00	102.81%	(11,000.00)
0106AJ		Stipends	1,161,400.00	(41,775.00)	1,119,625.00	0.00	1,278,025.00	114.15%	(158,400.00)
	Total Teacher salaries		27,052,783.00	(343,329.29)	26,709,453.71	0.00	26,827,367.49	100.44%	(117,913.78)
	Other salaries								
0106BJ		Misc Other Salaries-Instructional	351,180.00	(154,645.60)	196,534.40	0.00	177,767.72	90.45%	18,766.68
	Total Other salaries		351,180.00	(154,645.60)	196,534.40	0.00	177,767.72	90.45%	18,766.68
	Prof Tech Services								
0101UJ		After School Enrichment Salary	167,181.00	(41,593.87)	125,587.13	0.00	115,540.00	92.00%	10,047.13

Statement of Revenue and Expenditures - Budget Comparison
North Star Academy
From 7/1/2016 Through 6/30/17

			Total Budget - Original	Revision	Current Year - Revised Budget	Encumbrance	Actual	Percent Complete	Remaining
0500BJ		Assessment Services	83,444.00	(1,367.69)	82,076.31	0.00	82,079.61	100.00%	(3.30)
0500CJ		Misc Other Prof/Tech Services	40,000.00	(28,880.00)	11,120.00	0.00	1,120.00	10.07%	10,000.00
0500VJ		Instructional Coaches / Consul	92,000.00	(88,700.00)	3,300.00	0.00	1,445.00	43.79%	1,855.00
0500XJ		After School Enrich Services	453,769.00	45,136.80	498,905.80	0.00	468,049.58	93.82%	30,856.22
0610AJ		After-School / Enrichment Prog	168,968.00	(85,010.17)	83,957.83	0.00	74,584.44	88.84%	9,373.39
0610CJ		Assessment Supplies	29,261.00	27,450.44	56,711.44	0.00	50,296.31	88.69%	6,415.13
	Total Prof Tech Services		1,034,623.00	(172,964.49)	861,658.51	0.00	793,114.94	92.05%	68,543.57
	Other Purchased Services								
0500EJ		Photocopier Lease & Maintenanc	593,690.00	(2,792.70)	590,897.30	0.00	531,677.69	89.98%	59,219.61
0500FJ		Misc Other Purchased Services	0.00	364.66	364.66	0.00	695.72	190.79%	(331.06)
	Total Other Purchased Services		593,690.00	(2,428.04)	591,261.96	0.00	532,373.41	90.04%	58,888.55
	General Supplies								
0610DJ		Instructional Materials	317,539.00	44,200.59	361,739.59	0.00	345,025.31	95.38%	16,714.28
0610EJ		Classroom Supplies	472,066.00	(11,072.98)	460,993.02	0.00	461,153.27	100.03%	(160.25)
0610FJ		Novels / Books	277,745.00	22,650.58	300,395.58	0.00	290,518.09	96.71%	9,877.49
0610GJ		Furniture	404,021.00	89,634.28	493,655.28	0.00	476,028.88	96.43%	17,626.40
0610HJ		Tech. Supplies & Peripherals	2,062,203.00	(301,610.01)	1,760,592.99	0.00	1,701,213.12	96.63%	59,379.87
0610IJ		Photocopier Supplies	262,688.00	(1,206.55)	261,481.45	0.00	237,795.18	90.94%	23,686.27
	Total General Supplies		3,796,262.00	(157,404.09)	3,638,857.91	0.00	3,511,733.85	96.51%	127,124.06
	Textbook								
0640AJ		Textbooks	101,843.00	(8,473.20)	93,369.80	0.00	93,212.07	99.83%	157.73
	Total Textbook		101,843.00	(8,473.20)	93,369.80	0.00	93,212.07	99.83%	157.73
	Misc (Field Trips/Instr Sup)								
0106CJ		Student Interns	285,900.00	16,835.07	302,735.07	0.00	235,137.20	77.67%	67,597.87
0800AJ		Mid-year Field Trip Fees	192,375.00	(29,974.89)	162,400.11	0.00	174,799.97	107.64%	(12,399.86)
0800BJ		End-of-year Field Trip Fees	323,070.00	(3,986.41)	319,083.59	0.00	378,890.59	118.74%	(59,807.00)
0890CJ		Other Misc Instruction	90,155.00	0.00	90,155.00	0.00	6,447.33	7.15%	83,707.67
	Total Misc (Field Trips/Instr Sup)		891,500.00	(17,126.23)	874,373.77	0.00	795,275.09	90.95%	79,098.68
	Scholarships								
0500RJ		Scholarships - Ace	92,990.00	45,333.98	138,323.98	0.00	126,302.30	91.31%	12,021.68
	Total Scholarships		92,990.00	45,333.98	138,323.98	0.00	126,302.30	91.31%	12,021.68
	Total Instruction		33,914,871.00	(811,036.96)	33,103,834.04	0.00	32,857,146.87	99.25%	246,687.17
	Administrative								
	Admin Salaries								
0103AJ		Principals	1,575,002.00	(1.20)	1,575,000.80	0.00	1,573,091.29	99.88%	1,909.51
0103CJ		Bonuses	552,506.00	(69,249.00)	483,257.00	0.00	482,500.03	99.84%	756.97
0103DJ		Fellows	689,169.00	(252,906.94)	436,262.06	0.00	377,083.46	86.44%	59,178.60
0103EJ		Director of Operations	1,462,994.00	58,839.26	1,521,833.26	0.00	1,447,039.98	95.09%	74,793.28
	Total Admin Salaries		4,279,671.00	(263,317.88)	4,016,353.12	0.00	3,879,714.76	96.60%	136,638.36
	Clerical (non-cert Admin) Sal								
0105AJ		Office Admin Staff OM SPC	1,485,190.00	28,464.75	1,513,654.75	0.00	1,500,886.68	99.16%	12,768.07
0105BJ		Misc. Other Salries Clerical	109,902.00	17,889.79	127,791.79	0.00	152,983.95	119.71%	(25,192.16)
0105CJ		Student Recruiter Salaries	20,799.00	132.05	20,931.05	0.00	10,922.24	52.18%	10,008.81
0105DJ		College Support	252,400.00	(13,324.00)	239,076.00	0.00	233,506.66	97.67%	5,569.34
	Total Clerical (non-cert Admin)		1,868,291.00	33,162.59	1,901,453.59	0.00	1,898,299.53	99.83%	3,154.06
	Cost of Benefits								
0220BJ		FICA / Medicare	1,261,799.00	(24,250.68)	1,237,548.32	0.00	1,126,469.51	91.02%	111,078.81

Statement of Revenue and Expenditures - Budget Comparison
North Star Academy
From 7/1/2016 Through 6/30/17

			Total Budget - Original	Revision	Current Year - Revised Budget	Encumbrance	Actual	Percent Complete	Remaining
0270AJ		Health / Dental Insurance	3,017,137.00	40,827.49	3,057,964.49	0.00	3,190,646.83	104.34%	(132,682.34)
0270BJ		Disability Life ADD Insurance	200,554.00	0.02	200,554.02	0.00	131,760.09	65.70%	68,793.93
0270CJ		Workers Compensation	365,859.00	(81,614.00)	284,245.00	0.00	284,246.09	100.00%	(1.09)
0270EJ		Unemployment	89,999.00	(59,995.00)	30,004.00	0.00	32,913.79	109.70%	(2,909.79)
0270FJ		Flexible Spending	0.00	0.00	0.00	0.00	(35,990.93)	0.00%	35,990.93
0270GJ		Misc Cost of Benefits	773,834.00	176,167.00	950,001.00	0.00	949,124.92	99.91%	876.08
0270HJ		DCRP	0.00	0.00	0.00	0.00	10,683.47	0.00%	(10,683.47)
0500UJ		Payroll Processing Fees	130,000.00	21,971.23	151,971.23	0.00	149,444.25	98.34%	2,526.98
	Total Cost of Benefits		5,839,182.00	73,106.06	5,912,288.06	0.00	5,839,298.02	98.77%	72,990.04
	Consultants								
0300BJ		Misc Other Consultants	75,260.00	80,202.67	155,462.67	10,800.00	163,450.50	112.09%	(18,787.83)
0300CJ		CPA / Auditor	26,244.00	4,761.00	31,005.00	28,653.36	0.00	92.42%	2,351.64
	Total Consultants		101,504.00	84,963.67	186,467.67	39,453.36	163,450.50	108.81%	(16,436.19)
	Contracted Management Fee								
0500GJ		Contracted Management Fee	6,376,487.00	(295.16)	6,376,191.84	153,178.00	6,223,309.00	100.00%	(295.16)
	Total Contracted Management		6,376,487.00	(295.16)	6,376,191.84	153,178.00	6,223,309.00	100.00%	(295.16)
	Other Purchased Svces								
0500DJ		Contracted Technology Service/	1,920,622.00	75,801.92	1,996,423.92	0.00	1,841,153.24	92.22%	155,270.68
0500HJ		Professional Development Services	472,112.00	(91,250.26)	380,861.74	0.00	63,866.11	16.77%	316,995.63
0500IJ		USI HO Training and Inspections	0.00	0.00	0.00	0.00	5,544.54	0.00%	(5,544.54)
0500JJ		Courses / Grad School Assistan	200,450.00	23,263.46	223,713.46	0.00	214,325.57	95.80%	9,387.89
0500KJ		Certification	372,812.00	(172,207.87)	200,604.13	0.00	164,171.48	81.84%	36,432.65
0500LJ		Student Recruitment Services	28,750.00	33,031.08	61,781.08	0.00	48,949.27	79.23%	12,831.81
0500MJ		Misc Other Purch. Svces (P.D)	0.00	5,553.74	5,553.74	0.00	5,756.05	103.64%	(202.31)
0500ZJ		Recruitment Publicity Services	144,003.00	2,349.41	146,352.41	0.00	115,880.62	79.18%	30,471.79
0600BJ		Student Incentives/Rewards	119,247.00	10,818.75	130,065.75	0.00	141,304.81	108.64%	(11,239.06)
0600CJ		Graduation / Speakers / Events	208,757.00	19,810.14	228,567.14	0.00	285,067.49	124.72%	(56,500.35)
0600DJ		Professional Development Materials	42,000.00	84,533.64	126,533.64	0.00	45,450.20	35.92%	81,083.44
0600EJ		Staff Outreach/Hospitality	1,041,334.00	109,018.02	1,150,352.02	0.00	1,143,012.07	99.36%	7,339.95
0600FJ		Recruitment / Publicity	112,737.00	(48,782.53)	63,954.47	0.00	44,311.43	69.29%	19,643.04
	Total Other Purchased Svces		4,662,824.00	51,939.50	4,714,763.50	0.00	4,118,792.88	87.36%	595,970.62
	Telephone/Internet								
0530AJ		Telephone Service	157,370.00	2,779.95	160,149.95	0.00	133,278.06	83.22%	26,871.89
0530BJ		Cellphone Service	38,000.00	6,799.22	44,799.22	0.00	37,602.61	83.94%	7,196.61
0530CJ		Internet Service	408,000.00	(60,008.00)	347,992.00	0.00	324,051.50	93.12%	23,940.50
	Total Telephone/Internet		603,370.00	(50,428.83)	552,941.17	0.00	494,932.17	89.51%	58,009.00
	Supplies and Materials								
0600HJ		Admin Supplies/Materials	84,603.00	18,401.12	103,004.12	17.60	115,661.18	112.31%	(12,674.66)
	Total Supplies and Materials		84,603.00	18,401.12	103,004.12	17.60	115,661.18	112.31%	(12,674.66)
	Miscellaneous (postage, etc)								
0890AJ		Postage	25,792.00	14,155.47	39,947.47	0.00	25,941.11	64.94%	14,006.36
0890BJ		Admin Dues & Fees	122,670.00	(29,822.00)	92,848.00	0.00	88,749.76	95.59%	4,098.24
0890DJ		Bad Debt/Receivable	0.00	0.00	0.00	0.00	2,722.51	0.00%	(2,722.51)
	Total Miscellaneous (postage, etc)		148,462.00	(15,666.53)	132,795.47	0.00	117,413.38	88.42%	15,382.09
	Social Security (Reimbursable)								
0220AJ		TPAF Social Security (Reimb)	1,496,779.00	43,507.05	1,540,286.05	0.00	1,562,686.21	101.45%	(22,400.16)
	Total Social Security		1,496,779.00	43,507.05	1,540,286.05	0.00	1,562,686.21	101.45%	(22,400.16)

Statement of Revenue and Expenditures - Budget Comparison
North Star Academy
From 7/1/2016 Through 6/30/17

			Total Budget - Original	Revision	Current Year - Revised Budget	Encumbrance	Actual	Percent Complete	Remaining
	Total Administrative		25,461,173.00	(24,628.41)	25,436,544.59	192,648.96	24,413,557.63	96.74%	830,338.00
	Support								
	Support Salaries								
0100AJ		SPED Coordinator	356,005.00	(70,254.99)	285,750.01	0.00	210,005.75	73.49%	75,744.26
0100BJ		Program Team	731,989.00	(144,488.97)	587,500.03	0.00	548,676.91	93.39%	38,823.12
0100CJ		Facilities Support	468,644.00	40,577.30	509,221.30	0.00	511,495.97	100.45%	(2,274.67)
0100DJ		Nurses	457,002.00	4,351.80	461,353.80	0.00	443,921.22	96.22%	17,432.58
0100EJ		Other Support Salaries SW	670,994.00	50,464.61	721,458.61	0.00	778,608.20	107.92%	(57,149.59)
0100FJ		Security Salaries	326,563.00	(9,676.50)	316,886.50	0.00	322,075.00	101.64%	(5,188.50)
	Total Support Salaries		3,011,197.00	(129,026.75)	2,882,170.25	0.00	2,814,783.05	97.66%	67,387.20
	Prof/Tech Services								
0300AJ		Special Needs Services	764,909.00	369,725.90	1,134,634.90	0.00	1,054,870.33	92.97%	79,764.57
	Total Prof/Tech Services		764,909.00	369,725.90	1,134,634.90	0.00	1,054,870.33	92.97%	79,764.57
	Oth Purch Svs (Occupancy)								
0500NJ		Building Repairs	360,285.00	(17,817.50)	342,467.50	0.00	372,830.23	108.87%	(30,362.73)
0500OJ		Cleaning Services	757,841.00	(4,858.42)	752,982.58	0.00	695,207.57	92.33%	57,775.01
0500PJ		Maintenance Contracts	764,623.00	(138,141.88)	626,481.12	0.00	642,872.28	102.62%	(16,391.16)
0500QJ		Misc Other Purchased Services	270,530.00	230,861.83	501,391.83	0.00	459,433.15	91.63%	41,958.68
	Total Oth Purch Svs (Occupancy)		2,153,279.00	70,044.03	2,223,323.03	0.00	2,170,343.23	97.62%	52,979.80
	Rental of Land and Buildings								
0441AJ		Rental of Land and Buildings	7,751,839.00	(454,442.00)	7,297,397.00	0.00	6,613,464.95	90.63%	683,932.05
	Total Rental of Land and Buidings		7,751,839.00	(454,442.00)	7,297,397.00	0.00	6,613,464.95	90.63%	683,932.05
	Insurance								
0520AJ		Insurance	315,055.00	(1,993.19)	313,061.81	0.00	310,069.13	99.04%	2,992.68
	Total Insurance		315,055.00	(1,993.19)	313,061.81	0.00	310,069.13	99.04%	2,992.68
	Supplies and Materials								
0600AJ		Nursing Supplies	47,140.00	(262.20)	46,877.80	0.00	44,255.55	94.41%	2,622.25
0600IJ		Support Supplies/Materials	275,694.00	(12,713.36)	262,980.64	0.00	263,839.51	100.33%	(858.87)
	Total Supplies and Materials		322,834.00	(12,975.56)	309,858.44	0.00	308,095.06	99.43%	1,763.38
	Transportation								
0500SJ		End-of-year Field Trip Transp.	271,172.00	59,928.00	331,100.00	0.00	319,468.17	96.49%	11,631.83
0500TJ		Bussing After School Activities	157,827.00	(27,395.59)	130,431.41	0.00	113,843.33	87.28%	16,588.08
0500WJ		Mid Year Field Trip Transport	246,864.00	19,798.72	266,662.72	0.00	242,522.82	90.95%	24,139.90
	Total Transportation		675,863.00	52,331.13	728,194.13	0.00	675,834.32	92.81%	52,359.81
	Utility Charges								
0620AJ		Gas & Electric	1,074,200.00	(127,300.00)	946,900.00	0.00	838,947.57	88.60%	107,952.43
0620BJ		Water	111,821.00	4,274.56	116,095.56	0.00	92,748.06	79.89%	23,347.50
	Total Utility Charges		1,186,021.00	(123,025.44)	1,062,995.56	0.00	931,695.63	87.65%	131,299.93
	Miscellaneous								
0831AJ		Bank Loan Interest	29,328.00	(5,069.09)	24,258.91	0.00	22,916.67	94.47%	1,342.24
0930BJ		Food Service/Oth Purch Services	320,012.00	(200,068.53)	119,943.47	0.00	0.00	0.00%	119,943.47
	Total Miscellaneous		349,340.00	(205,137.62)	144,202.38	0.00	22,916.67	15.89%	121,285.71
	Total Support		16,530,337.00	(434,499.50)	16,095,837.50	0.00	14,902,072.37	92.58%	1,193,765.13
	Capital Outlay								
	Non-Instructional Equipment								
0730BJ		Non-Instructional Equipment	19,792.00	126,784.84	146,576.84	0.00	132,975.89	90.72%	13,600.95
	Total Non-Instructional		19,792.00	126,784.84	146,576.84	0.00	132,975.89	90.72%	13,600.95
	Miscellaneous (Cap Reserve)								
0780AJ		Capital Projects	6,540,000.00	115,393.73	6,655,393.73	0.00	7,915,605.74	118.94%	(1,260,212.01)
0930AJ		Miscellaneous (Cap Reserve)	809,005.00	468,085.41	1,277,090.41	0.00	0.00	0.00%	1,277,090.41
	Total Miscellaneous (Cap Reserve)		7,349,005.00	583,479.14	7,932,484.14	0.00	7,915,605.74	99.79%	16,878.40
	Total Capital Outlay		7,368,797.00	710,263.98	8,079,060.98	0.00	8,048,581.63	99.62%	30,479.35
	Federal Nutrition Program								

Statement of Revenue and Expenditures - Budget Comparison
North Star Academy
From 7/1/2016 Through 6/30/17

		Total Budget - Original	Revision	Current Year - Revised Budget	Encumbrance	Actual	Percent Complete	Remaining
0870AJ	Contracted Food Services	2,010,158.00	(62,861.20)	1,947,296.80	0.00	2,032,189.26	104.36%	(84,892.46)
Total Federal Nutrition Program		2,010,158.00	(62,861.20)	1,947,296.80	0.00	2,032,189.26	104.36%	(84,892.46)
Total Expenditures		85,285,336.00	(622,762.09)	84,662,573.91	192,648.96	82,253,547.76	97.38%	2,216,377.19
Net Revenue Over Expenditures		0.00	0.00	0.00	(192,648.96)	747,429.77	0.00%	(554,780.81)

EXHIBIT C

ACADEMIC AND BUSINESS SERVICES AGREEMENT

By and Between

UNCOMMON SCHOOLS, INC. and

NORTH STAR ACADEMY CHARTER SCHOOL

This Academic and Business Services Agreement (the "Agreement") is made and entered into as of July 1, 2011 (the "Effective Date") by and between Uncommon Schools, Inc., a New Jersey not for profit corporation ("USI") and North Star Academy Charter School, a New Jersey charter school (the "School," and the School together with USI, each a "Party" and collectively the "Parties").

WHEREAS, USI is a charter school management organization;

WHEREAS, on the Effective Date the Authorizer (as defined below) granted the School authority to operate a charter school;

WHEREAS, it is the Parties' intention to create a relationship based on trust, common educational objectives, and clear accountability, through which they will work together to bring educational excellence to the School;

WHEREAS, the Parties desire to enter into a written agreement to set forth the terms and conditions of their agreement;

NOW, **THEREFORE**, in consideration of the recitals and the mutual covenants, representations, warranties, conditions and agreements hereinafter expressed, the Parties agree as follows:

1. DEFINITIONS

"Agreement" has the meaning set forth in the recitals.

"Arbitration Rules" has the meaning set forth in Section 11.2.

"Authorizer" means the New Jersey Department of Education.

"Board of Trustees" means the Board of Trustees of the School.

"Charter Contract" means the School's contract with the Authorizer, which authorizes the Board of Trustees and USI to organize and operate the School, and which includes the final charter application.

"Charter School Law" means the laws permitting the creation of charter schools in New Jersey and governing the development and operation of charter schools in New Jersey, including the New Jersey *Charter School Program Act of 1995*, as amended.

"Claims" has the meaning set forth in Section 9.2.

"Confidential Information" means (i) any business or technical information of a Party that is not generally known or publicly available; (ii) any information that a Party maintains as confidential, proprietary, restricted, or otherwise as not to be disclosed generally; (iii) any information disclosed to or known by a Party that is not generally known or publicly available and that in any way relates to either Party's products; services; techniques or know-how; trade secrets; ideas; processes; computer programs; documents; materials; business information; marketing materials (including costs, pricing, and customer lists); and (iv) the Marks and Proprietary Information. Notwithstanding any other provision of this Agreement to the contrary, Confidential Information shall not include any information that is required to be disclosed by an order or subpoena from a court or governmental agency (provided that the Party making such disclosure provides prior notice to the other Party if allowed by the court or agency).

"Deductible" has the meaning set forth in Section 9.4.

"Director(s) of Operations" means the senior-most School employee(s) who is/are responsible for the day-to-day non-academic operations of the School.

"Dispute" has the meaning set forth in Section 11.2.

"Effective Date" has the meaning set forth in the recitals.

"Facility" means a building or other structure, of sufficient size to house the Minimum Enrollment Level, suitable for use by the School and meeting all applicable building codes, zoning ordinances and laws, environmental laws and regulations, and all other laws and regulations applicable to the operation of a School.

"Facility Contract" means the lease or other contract for the use of a facility.

"FERPA" has the meaning set forth in Section 6.4.

"Indemnified Claims" has the meaning set forth in Section 9.2.

"Indemnified Party" has the meaning set forth in Section 9.6(a).

"Indemnifying Party" has the meaning set forth in Section 9.6(a).

"Initial Term" has the meaning set forth in Section 10.1.

"License" has the meaning set forth in Section 8.1.

"Marks" means all trademarks, service marks, design marks, trade names, domain names, registrations and applications for registration thereof, and any common law rights pertaining thereto, belonging to a Party. Such materials shall include, but are not limited to, "Uncommon Schools" and "Uncommon Schools, Inc.," which belong to USI, and "North Star Academy Charter School of Newark," "North Star Academy Charter School," and "North Star Academy Charter Schools," which belong to the School. The School retains the right to use the names, "North Star Academy Charter School of Newark," "North Star Academy Charter School," and "North Star Academy Charter Schools" upon termination or expiration of this Agreement.

"Minimum Enrollment Levels" are the levels set forth in Section 6.1. The Minimum Enrollment Levels shall be calculated based on the actual student enrollment of the School on the first day of academic classes during each regular academic year of the contract.

"Party" and "Parties" has the meaning set forth in the recitals.

"Principal(s)" means the person/people in charge of the day-to-day operation of the School.

"Proprietary Information" means all copyright and other proprietary rights to all business systems, instructional materials, training materials, curriculum and master lesson plans, and any other materials specifically developed by USI, its employees, agents, or subcontractors provided that all such material for which USI seeks the protections of Section 8.1 shall be clearly marked with the legend "Proprietary Information," "Copyright," or "Confidential." Materials created in the ordinary course of business by classroom teachers or their immediate supervisors at the School shall not be Proprietary Information. Notwithstanding any other provision of this Agreement to the contrary, Proprietary Information shall not include any information that is required to be disclosed by any order or subpoena from a court or other governmental agency (provided that the Party making such disclosure provides prior notice to the other Party if so allowed by the court or agency).

"Regulatory Authority" means any United States federal, State or local government, or political subdivision thereof, any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), any arbitrator or arbitral body, or any similar body.

"Renewal Term" has the meaning set forth in Section 10.1.

"School" has the meaning set forth in the recitals.

"School Indemnified Persons" has the meaning set forth in Section 9.2.

"Service Fee" has the meaning set forth in Section 7.4.

"State" means New Jersey State.

“Term” has the meaning set forth in Section 10.1.

“Termination Assistance Period” has the meaning set forth in Section 10.7.

“Termination Notice” has the meaning set forth in Section 10.2(b).

“Third Party Claim” has the meaning set forth in Section 9.6.

“USI” has the meaning set forth in the recitals.

“USI School Model” means the School model based on the USI curriculum, described in the Charter Contract.

2. REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of USI.

USI represents and warrants as follows:

(a) Organization. USI is a non-stock, not for profit corporation duly organized under the laws of the state of New Jersey, with the purpose and legal ability to contract to provide educational management services. USI shall notify the School of any change in its corporate status. USI shall not change its corporate status such that this Agreement is materially affected.

(b) Authority. USI is authorized to do business in the State. USI has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to otherwise consummate the transactions contemplated hereby. This Agreement constitutes a valid and binding obligation of USI, enforceable against USI in accordance with its terms.

(c) Full Disclosure. No representation or warranty of USI herein and no statement, information or certificate furnished or to be furnished by USI pursuant hereto or in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

(d) Litigation. There is no suit, claim, action or proceeding now pending or, to the knowledge of USI, threatened before any Regulatory Authority to which USI is a Party or which may result in any judgment, order, decree, liability, award or other determination which will or may reasonably be expected to have a material adverse effect upon USI. No such judgment, order, decree or award has been entered against USI which has, or may reasonably be expected to have, such effect. There is no claim, action or proceeding now pending or, to the knowledge of USI, threatened before any Regulatory Authority involving USI which will or may reasonably be expected to prevent or hamper the performance of the agreements of USI contemplated by this Agreement.

(e) Conduct of USI. USI has complied, and at all times during the Term will comply, in all material respects, with all local, state and federal laws and regulations that are applicable to USI, which include, but are not limited to the Internal Revenue Code, the non-profit corporation law of New Jersey and the Charter Schools Law. USI has maintained and will maintain adequate records of the activities and decisions of USI to ensure and document compliance with all such laws and regulations.

2.2 Representations and Warranties of the School.

The School represents and warrants as follows:

(a) Organization and Tax Exempt Status. The School is, and at all times during the Term will be, a charter school duly organized under the laws of New Jersey, with the purpose and legal ability to contract to operate a charter school and to contract for educational management services. Should the Internal Revenue Service require changes to this Agreement in conjunction with the School's application for or continuation of tax exempt status, both Parties will take all reasonable steps and agree to all reasonable modifications to effectuate the necessary changes.

(b) Authority. Subject to the last two sentences of clause (a) above, the School has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to otherwise consummate the agreements contemplated hereby and thereby. This Agreement constitutes a valid and binding obligation of the School, enforceable against the School in accordance with its respective terms.

(c) Litigation. There is no suit, claim, action or proceeding now pending or, to the knowledge of the School, threatened before any Regulatory Authority to which the School is a Party or which may result in any judgment, order, decree, liability, award or other determination which will or may reasonably be expected to have a material adverse effect upon the School. No such judgment, order, decree or award has been entered against the School which has, or may reasonably be expected to have, such effect. There is no claim, action or proceeding now pending or, to the knowledge of the School, threatened before any Regulatory Authority involving the School which will or may reasonably be expected to prevent or hamper the consummation of the agreements contemplated by this Agreement.

(d) Full Disclosure. No representation or warranty of the School herein and no statement, information or certificate furnished or to be furnished by the School pursuant hereto or in connection with the agreement contemplated hereby contains any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

(e) Conduct of the School and the Board of Trustees. The School has complied, and at all times during the Term will comply, in all material respects, with all local, State and federal laws and regulations that are applicable to the School, which include, but are not limited to the Internal Revenue Code, the non-profit corporation law of New Jersey, the open records and meetings laws of New Jersey, and the Charter Schools Law. The School has maintained and will maintain adequate records of the activities and decisions of the School to ensure and document compliance with all such laws and regulations. The School agrees to allow USI access to copies of those records if applicable to the work of USI. If applicable to the terms of the contract, USI could assist with the preparation and retention of such records.

(f) Due Authorization. The Board of Trustees is authorized to organize and operate the School and the School is vested by the Authorizer with all powers necessary to carry out the educational program outlined in the Charter Contract. Regardless of the delegation of any duties to USI, the School shall at all times retain all rights and responsibilities under the Charter Contract.

3. AUTHORITY

3.1 Delegation of Authority to USI

The School hereby authorizes USI to undertake the functions specified in this Agreement in regards to business and academic services of the School on behalf of the School, it being understood that, at all times, USI remains accountable and subject to the oversight of the School, the Authorizer and State authorities, as provided for in this Agreement and by applicable law. The School also permits USI to take such other actions that may not be expressly set forth in this Agreement, but which are necessary in USI's good faith and reasonable judgment to properly and efficiently perform its responsibilities pursuant to this Agreement, provided such actions are consistent with the Charter Contract, applicable laws and the annual School budget approved by the Board of Trustees, and that USI provides prior notice whenever reasonable to the School if any such other material action is to be taken by USI.

3.2 USI Authority to Subcontract.

Except to the extent prohibited by law or this Agreement, USI may subcontract any function or service it is obligated to provide hereunder, provided that no such subcontract permitted hereunder shall relieve or discharge USI from any obligation or liability under this Agreement and USI shall give the School prior reasonable notice of any material subcontract and shall in good faith consider any objections thereto expressed by the School.

3.3 Authority of New Jersey Department of Education

Nothing in this Agreement shall be construed in any way to limit the authority of the New Jersey Department of Education, including, but not limited to, the authority to take and enforce action pursuant to Section 18A:36A-17 of the New Jersey *Charter School Program Act of 1995*, as amended.

3.4 Conflict with Charter

Subject to Section 11.14, to the extent there are any conflicts between the terms of the Charter Contract and the terms of this Agreement, the terms of the Charter Contract shall control.

4. DUTIES AND OBLIGATIONS OF USI

In exchange for the Service Fee described in Section 7.4 and paid by the School to USI, USI will provide the following services as and to the extent more specifically described in the balance of this Article 4 and Section 5.1(a) (which more specific descriptions shall control):

(a) Providing comprehensive program design, including curriculum development and implementation, instructional oversight, the development, administration, and analysis of diagnostic assessments, and the oversight, measurement, and management of school quality;

(b) Finding an adequate Facility and coordinating financing and the completion of major repairs;

(c) Fundraising;

(d) Recruiting future Principal(s), teachers, and administrators;

(e) Providing academic support and training to the Principal(s) as needed;

(f) Providing professional development for teachers as needed;

(g) Preparing a budget and monthly financial statements;

(h) Providing payroll and bookkeeping services;

(i) Selecting and serving as a liaison with the auditor;

(j) Coordinating purchasing;

(k) Selecting and managing benefits plans for School employees;

(l) Maintaining human resource files for School employees;

(m) Providing operations support and guidance;

(n) Facilitating the School's purchase and procurement of information technology equipment and services, and providing or managing certain computer and information technology support to the school, including troubleshooting, website and network design, and completion of the E-Rate application;

(o) Completing required foundation and government reports;

(p) Facilitating student recruitment;

(q) Providing marketing and advocacy for the School; and

(r) Conducting a school accountability inspection at least once every two years.

USI may, but is not obligated to, provide additional services for additional compensation to be agreed upon by the Parties in writing. USI may perform functions off-site, except as prohibited by State law. USI may utilize web-based systems to provide support and counsel to the School. USI shall, upon the request of the Board of Trustees, provide an annual report indicating the services USI has provided to the school, as contemplated by this Agreement.

4.1 Curriculum.

USI shall support the School in implementing its school program and curriculum in a manner that is consistent with all applicable laws, including requirements regarding content and subjects of instruction, unless such requirement has been waived by the relevant authorities. USI will provide the School with information and systems for implementing the program and curriculum.

4.2 Student Evaluation.

USI shall support the School's implementation of student performance evaluation systems, which permit evaluation of the educational progress of each student at the School in accordance with the goals set forth in the Charter Contract and any additional guidelines set forth by the Authorizer. The School shall, with USI's assistance, ensure that the students take all State required standardized tests in accordance with State laws and regulations. The School, with USI's assistance, shall maintain detailed statistical information on the performance of (i) the School as a whole, (ii) each individual student, and (iii) each grade. USI and the School shall cooperate in good faith to identify other measures of and goals for student and School performance, including but not limited to parent, teacher, and student satisfaction.

4.3 Annual Audit.

USI shall cooperate and provide all reasonably requested information, to the extent such information is in possession or under the control of USI, needed to complete an annual audit of the School.

4.4 Budget and Financial Statements.

On or before June 30 of each year, USI will work closely with the School to provide the School with a projected budget for the next fiscal year, for review and approval by the Board of Trustees. The annual budget for the School shall provide for payment of all operating expenses related to the operation or opening of the School, including, but not limited to: reimbursement to USI of certain expenses including USI's Service Fee; compensation for School employees, including salary and benefit costs; debt payments owing and owed to USI by the School; marketing and public relations costs; supplies; maintenance; staff development; curriculum materials; assessment materials and consulting fees; other third party consulting expenses; transportation and travel; printing and duplicating; postage; legal fees; and accounting fees. With respect to these items, USI may act as the disbursement agent on behalf of the School to timely pay all such agreed upon budget expenditures out of funds available therefore from the School bank accounts, from which the School shall give USI authority to remit payments. The School shall be the lawful owner of all real and personal property purchased with such funds, except for property covered by Section 8.1(a), which property shall be the sole and exclusive property of USI, subject to the provisions of Article 8. USI shall have no responsibility to make any purchases on behalf of the School or to act as disbursement agent for the School unless and until the funds for such expenditures are in the School bank accounts to which USI has access.

The budget shall grant certain levels of discretion to the Principal, within parameters established by the Board of Trustees.

USI, working closely with the Director(s) of Operation, shall also:

(a) prepare monthly financial statements for review and approval by the Board of Trustees;

(b) prepare and provide unaudited monthly financial information, including reports required by New Jersey Department of Education, as well as internal management budget comparison reports;

(c) record and track income and expenses related to all contracts and grants;

(d) record all cash receipts and accounts payable invoices;

(e) prepare vendor checks and present the same to School for signature;

(f) reconcile the checking accounts each month;

(g) provide payroll service and maintain payroll records;

(h) process all School (403B) filings;

(i) interface with the outside accounting firm and prepare all schedules required for year-end audit work;

(j) provide, as reasonably necessary, telephone, email and fax support;

(k) supervise and maintain temporary custody (for the joint benefit of the School and USI) of all files and records relating to the business operation of the School. USI acknowledges that all records, data, communications, and other property of the School entrusted or loaned to USI during the term of this Agreement are the School's property and USI agrees to return any such material to the School immediately upon the termination of this Agreement.

4.5 USI Managing Director.

USI shall assign a Managing Director who shall be responsible for supervising and managing the Principal(s), and for managing and implementing the academic and non-academic operations of the School. USI has assigned Paul Bambrick-Santoyo as USI Managing Director for the School. If Paul Bambrick-Santoyo ceases to serve as the USI Managing Director for the School under this Agreement, the School may terminate this Agreement for cause pursuant to Section 10.2 if the Board rejects USI's recommendation of a new USI Managing Director within 120 days. If the School terminates the agreement for this reason, it is responsible for continuing to pay the Service Fee for 6 months from the date of termination decision. USI will continue to provide regular services to the School during the 6 month termination period.

The USI Managing Director shall be elected as a member of the Board of Trustees and shall be entitled to participate in all discussions and to vote subject to the Bylaws of the School and the Charter Contract, and shall consider any reasonable request to recuse himself or herself made by the presiding officer with respect to matters relating to the approval, amendment or termination of the Agreement or the Managing Director's performance.

4.6 Principal(s).

Because the accountability of USI to the School is an essential foundation of this relationship, and because the responsibility of the Principals is critical to its success, the School delegates to USI the authority and responsibility, consistent with this Agreement and State law, to recruit future Principals and supervise existing Principals and to hold him/her/them accountable for the success of the School subject to the provisions of Section 3.1.

The Principal shall be an employee of the School and thus accountable to the Board of Trustees, but the Principal shall report to the Managing Director and coordinate the management of the academic and non-academic operations of the School subject to the oversight of USI. USI will (a) provide an intensive leadership training program for the Principal(s), (b) conduct a Principal(s) evaluation once per year, using a comprehensive performance assessment model and (c) provide ongoing coaching and training for the Principal(s).

The Managing Director will make hiring/firing recommendations to the Board based on its oversight of the Principal(s), but the Board shall have full authority to hire and/or fire the Principal(s). Notwithstanding the foregoing, USI shall have the right to terminate this Agreement in accordance with Section 10.3 if the Board rejects the Managing Director's hiring and/or firing recommendation(s) regarding any future or existing Principal.

4.7 Teachers and Other School Personnel.

USI shall have the responsibility to recruit teachers and non-teaching administrators and personnel for the School. The Principal(s) shall have the final authority to hire such teachers and other personnel. All employees working at the School shall be employees of the School. The Principal(s) shall have the final authority to fire School employees, although USI may recommend termination of a School employee.

During the term of this Agreement, the School will be the employer of the School's teachers, administrators and other professionals and staff, and USI will become a co-employer of certain of such personnel solely to facilitate their access to specified medical, dental and similar benefits and as may otherwise be mandated by applicable law. The School acknowledges and agrees that except as set forth in the preceding sentence, USI shall not have, nor shall it be deemed to have, any of the duties, obligations or responsibilities as an employer of any of the School's personnel. The School is not financially responsible for paying for specified medical, dental and similar benefits for Uncommon employees. Similarly, USI is not financially responsible for paying for specified medical, dental and similar benefits for the School's employees.

The Principal(s) shall have the authority to determine the compensation of all School employees, subject to approval by the Board of Trustees.

USI shall assist the Principal(s) in performing the following personnel functions:

(a) determining staffing levels;

(b) determining staff responsibilities;

(c) providing counsel as to evaluation and discipline of personnel.

(d) initial training in USI's methods, curriculum, program, and technology to all teaching personnel;

(e) training to all non-teaching personnel as USI determines is necessary.

USI will work closely with the Principal(s) to jointly plan and deliver ongoing teacher training. Should there be a change in Principal(s) at the School, USI will become involved more directly in initial teacher training until the new Principal(s) is/are able to run this training independently.

4.8 Equipment and Information Technology.

USI will manage the School's start-up process, and facilitate the School's purchase, at the School's expense, of desks and other furniture, equipment, library and media materials, and other similar materials and furnishings integral to the operation of a school.

USI will facilitate the School's purchase and procurement of information technology equipment and services. In addition, USI will provide the following computer and information technology support to the School:

(a) maintaining and providing training in the use of a central file server containing electronic curricular and school administration resources;

(b) providing training and support in the use of a student information system;

(c) effectively managing infrastructure help-desk support services to the School staff;

(d) providing data management support to School staff;

(e) recommending and ensuring the effective implementation of a data back-up protocol.

All technology software, equipment, and infrastructure help-desk support services will be paid for by the School, unless otherwise specified by USI.

4.9 School Inspection.

USI will conduct a thorough school inspection and evaluation at least once every two years.

4.10 Fundraising.

USI will conduct fundraising activities on behalf of the Board and other charter schools which USI supports. Exclusive of monies raised by USI for its own operations or other networks, monies raised from USI fundraising activities specifically for the School after July 1, 2011 shall be used and retained for the benefit of the School. Throughout the Term of this Agreement, if needed, the School will receive unrestricted operating funds raised by USI in a manner that is consistent with allocations made to other schools within USI's network.

4.11 Insurance

USI shall secure and maintain the following insurance and shall add the School as an additional insured as its interests may appear for liability arising out of USI's operations, including the right of the School to receive notices of cancellation of at least 30 days in advance of cancellation, in the minimum amounts set forth below:

(a) Commercial general liability insurance with limits of 1 million dollars per occurrence and 2 million dollars aggregate.
(b) Educators legal liability with limits of 1 million dollars per claim and 1 million dollars aggregate.
(c) Employee practices liability insurance with limits of 1 million dollars per claim and 1 million dollars aggregate.

USI must obtain insurance for damage it or its employees may cause to the School building, School property, or personal injury to School staff or others in the building.

Notwithstanding any provision of this Agreement to the contrary, all insurance to be carried by USI shall be written for not less than the limits of liability required by the Charter Contract, the Charter School Law, and any other applicable State or federal law as they may be amended from time to time.

4.12 USI Representatives on the Board of Trustees

Two USI representatives shall be elected as members of the Board of Trustees and shall be entitled to participate in all discussions and to vote, except in those instances in which his/her employment or affiliation with USI may pose a conflict of interest with his/her obligations as a trustee of the School, subject to the Bylaws of the School and the Charter Contract, and shall consider any reasonable request for recusal by either or both of such representatives made by the presiding officer with respect to matters relating to the approval, amendment or termination of the Agreement or the Managing Director's performance. The two USI representatives cannot comprise more than 35% of the voting members of the Board.

5. DUTIES AND OBLIGATIONS OF THE SCHOOL

In addition to the duties and obligations expressly set forth in Article 4, the School shall have the following duties and obligations:

5.1 Provision of Suitable School Facilities.

The Board shall pursue commercially reasonable efforts to obtain a suitable Facility located in Newark for the School. USI will use commercially reasonable efforts to assist the Board in the identification of a Facility.

5.2 Annual Audit.

The School shall pay for an annual audit of the School to be conducted in compliance with State law and regulations, and showing the manner in which funds are spent at the School. The annual audit shall be performed by a certified public accountant selected by the Board of Trustees of the School.

5.3 Legal Services.

The School shall arrange and, if necessary, pay for its own legal services.

5.4 Accounting, Bookkeeping, Procurement, and other Financial Functions.

The School shall be responsible and accountable for the following financial functions:

(a) payment of School expenditures with School funds;

(b) maintenance of adequate cash balances to cover payroll and payments to vendors;

(c) payroll, in accordance with Section 5.5;

(d) transfer to USI of all relevant financial information;

(e) coding of all vendor invoices and deposits before sending the information to USI;

(f) delivery of all vendor invoices and contract and grant information to USI in a timely fashion;

(g) availability for consultation with USI staff during normal business hours.

USI shall provide initial training to the Director(s) of Operations in the use of the financial management software selected by USI, and shall provide support and oversight as may pertain to the functions listed above. USI shall also work closely with the Director(s) of Operations to ensure accurate and timely financial reporting to the Board of Trustees and funding agencies, including but not limited to the New Jersey Department of Education.

5.5 Payroll, Employee Salaries and Benefits.

The School shall be responsible and accountable for the funding of the salaries, fringe benefits, and State and federal payroll taxes for all individuals employed at the School, and all independent contractors delivering services to the School. All such payments shall be made by USI with School funds on a timely basis, in accordance with all State and federal laws and regulations, including all tax requirements.

5.6 Power and Authority.

The School shall take reasonable actions to assist USI in securing such approvals and authorizations as may be necessary to carry out the duties of USI under this Agreement.

5.7 State and Federal Waivers.

The School shall, with USI's assistance, timely apply for and support the waiver of any federal or State rules or regulations that interfere with the USI School Model.

5.8 Evaluation of USI

At its discretion, the Board of Trustees will provide annual written evaluation of USI's performance after the conclusion of each school year and no later than August 1.

6. OPERATION OF THE SCHOOL

6.1 Minimum Enrollment Levels.

Should the School fail to achieve the Minimum Enrollment Level, this Agreement may be terminated by USI upon three (3) months written notice to the School if such failure is not cured within such three month notice period. The Minimum Enrollment Level for each year of this Agreement shall be:

Year 1 – School year beginning in 2011	1568
Year 2 – School year beginning in 2012	2040
Year 3 – School year beginning in 2013	2624
Year 4 – School year beginning in 2014	3336
Year 5 – School year beginning in 2015	3960

USI and the School shall agree on the Minimum Enrollment Level for each year of any Renewal Term. If no such agreement is reached for any year, the Minimum Enrollment Level for such year shall be the same as for the immediately preceding year.

6.2 School Day and Year for Students.

The normal school day shall be approximately 8 hours. The normal school year will consist of approximately 190 days of regular instruction for students. The School's calendar shall be developed annually by the Principal(s) in consultation with USI.

6.3 School Policies

The School and USI are committed to the success of the educational program set forth in the USI School Model and related documents, which are part of the Charter Contract. Consequently, USI shall make reasonable recommendations to the School concerning calendar, policies, rules, regulations, procedures, personnel, and budget, to enable the School to implement the USI School Model; and the School shall exercise good faith in considering and adopting USI's recommendations, so that USI's School Model may be properly implemented.

6.4 Family Educational Rights and Privacy Act.

The School hereby designates employees of USI as agents of the School having a legitimate educational interest such that they are entitled access to education records under 20 U.S.C. § 1232g, the Family Educational Rights and Privacy Act ("FERPA"). USI, its officers and employees shall comply with FERPA at all times.

7. FINANCIAL ARRANGEMENTS

7.1 Funding Eligibility.

The Director(s) of Operations and Principal(s) shall be responsible for complying with applicable requirements for the purpose of receiving or maintaining the School's eligibility to receive from New Jersey the per pupil allowance which the School is entitled under applicable law. The School shall apply for all State aid or other monies it is eligible to receive from the Authorizer. USI shall provide such assistance to the School in the preparation or review of State aid applications and reports as the School may reasonably request. The School shall permit USI to review any such applications and reports prior to their submission.

7.2 Donations and Grants.

Both the School and USI may solicit and receive grants and donations consistent with the mission of the School.

7.3 Extracurricular Fees.

Consistent with local practice and as allowed by law, the School may charge fees to students for extra services such as summer activities, extracurricular clubs and after school athletics.

7.4 Service Fee.

For each 12-month period during the term of this Agreement beginning on July 1 and continuing until June 30 of the following year, the School shall pay USI a Service Fee equal to a percentage of reliable, annual public entitlement aid, NCLB funding, IDEA funding, and other government entitlement funding aids receivable by the School for the corresponding school year, excluding in-kind contributions and funds from competitive public grants. The Service Fee shall be due and payable in four approximately equal installments on September 30, December 31, March 31, and June 30 of each year during the term of the Agreement. The first three of these payments to USI shall be based on the School's good faith estimate of the School's anticipated school year enrollment

During the term of this agreement, each North Star Academy campus shall pay a service fee percentage based on the number of years the campus has been in existence, according to the following schedule:

# of Years in Existence	Service Fee Percentage
Year 1	10%
Year 2	10%
Year 3	10%
Year 4	9.5%
Year 5	9.0%
Year 6	8.5%
Year 7 and beyond	8.0%

7.5 USI Not Required to Make Loans or Advances.

USI shall have no obligation to advance or loan any funds to the School.

8. PROPRIETARY INFORMATION AND CONFIDENTIAL INFORMATION

8.1 Marks and Proprietary Information.

(a) The School agrees that to the extent permitted by law, USI shall own all Marks and all Proprietary Information that USI develops, provided that the School shall have the non-exclusive, perpetual, and royalty-free license to use the Proprietary Information for the purpose of operating the School (the "License"). USI shall have the sole and exclusive right to license such materials for use by other school districts or customers or to modify and/or sell such material to other school districts and customers. During the Term, USI may disclose such Proprietary Information, including that which is currently in existence as well as that which may be created in the future. The School shall not intentionally disclose, publish, copy, transmit, modify, alter or utilize such Proprietary Information during the Term or at any time after the expiration of this Agreement other than to the extent necessary for implementation of this Agreement or the operation of the School. The School shall use such efforts as may be reasonably requested by USI to assure that no School personnel or agents disclose, publish, copy, transmit, modify, alter or utilize USI's Proprietary Information without USI's prior written consent, except as required for the operation of the School.

(b) USI agrees that to the extent permitted by law, the School shall own all Marks and all Proprietary Information that the School develops, provided that USI shall have the non-exclusive, perpetual, and royalty-free license to use the Proprietary Information for the purpose of operating USI (the "License"). The School shall have the sole and exclusive right to license such materials for use by other school districts or customers or to modify and/or sell such material to other school districts and customers. During the Term, the School may disclose such Proprietary Information, including that which is currently in existence as well as that which may be created in the future. USI shall not intentionally disclose, publish, copy, transmit, modify, alter or utilize such Proprietary Information during the Term or at any time after the expiration of this Agreement other than to the extent necessary for implementation of this Agreement or the operation of USI. USI shall use such efforts as may be reasonably requested by the School to assure that no USI personnel or agents disclose, publish, copy, transmit, modify, alter or utilize the School's Proprietary Information without the School's prior written consent, except as required for the operation of USI.

(c) In the event that this Agreement is terminated or expires for any reason, the School shall cease using any Mark of USI and shall cease making any representation that the School has any relationship with USI. In the event that this

Agreement is terminated or expires for any reason, USI shall cease using any Mark of the School and shall cease making any representation that USI has any relationship with the School.

(d) In addition to all of the remedies otherwise available to USI, including, but not limited to, recovery of damages and reasonable attorneys' fees incurred in the enforcement of this Article 8, USI shall have the right, without the requirement to post any bond, to injunctive relief to restrain and enjoin any actual or threatened breach by the School of the provisions of this Article 8. All of USI's remedies for the School's breach of this Article 8 shall be cumulative and the pursuit of one remedy shall not be deemed to exclude any other remedies. The School acknowledges and agrees that USI's rights under this Article 8 are special and unique and that any violation of this Article 8 by the School would not be adequately compensated by money damages alone.

(e) In addition to all of the remedies otherwise available to the School, including, but not limited to, recovery of damages and reasonable attorneys' fees incurred in the enforcement of this Article 8, the School shall have the right, without the requirement to post any bond, to injunctive relief to restrain and enjoin any actual or threatened breach by USI of the provisions of this Article 8. All of the School's remedies for USI's breach of this Article 8 shall be cumulative and the pursuit of one remedy shall not be deemed to exclude any other remedies. USI acknowledges and agrees that the School's rights under this Article 8 are special and unique and that any violation of this Article 8 by USI would not be adequately compensated by money damages alone.

9. INDEMNIFICATION

9.1 Survival of Representations and Warranties.

All representations and warranties hereunder shall be deemed to be material and relied upon by the Parties with or to whom the same were made, notwithstanding any investigation or inspection made by or on behalf of such Party or Parties. The representations and warranties covered in this Agreement will survive the termination or expiration of this Agreement.

9.2 Indemnification of the School.

USI shall hold the School and its trustees, officers, successors, assigns, and agents (the "School Indemnified Persons") harmless and indemnify each of them from and against any and all claims, losses, damages, liabilities, penalties, fines, expenses or costs ("Claims"), plus reasonable attorneys' fees and expenses incurred in connection with Claims and/or enforcement of this Agreement, plus interest from the date incurred through the date of payment at the prime lending rate of *The Wall Street Journal*, Midwest edition, from time to time prevailing (collectively, the "Indemnified Claims"), incurred or to be incurred by any School Indemnified Person resulting from or arising out of any breach or violation of USI's representations, warranties, covenants, or agreements contained in this Agreement, provided that in no event shall Indemnified Claims include consequential, punitive, or exemplary damages.

9.3 Indemnification of USI.

The School shall hold USI and its affiliates and the shareholders, directors, officers, partners, successors, assigns, and agents of each of them (the "USI Indemnified Parties") harmless and indemnify each of them from and against any and all Indemnified Claims incurred or to be incurred by any USI Indemnified Party resulting from or arising out of any breach or violation of the School's representations, warranties, covenants and agreements contained in this Agreement, provided that in no event shall Indemnified Claims include consequential, punitive, or exemplary damagers.

9.4 Limitation on Claims of the School

Notwithstanding anything in this Agreement to the contrary, USI shall have no liability for any Indemnified Claim and USI shall have no obligations or liabilities pursuant to Section 9.2:

(a) until the aggregate of the Claims suffered or incurred by the School exceeds Five Thousand Dollars ($5,000) (the "Deductible"). After the Deductible has been met there shall be liability for the aggregate of all Claims, including the Deductible;

(b) to the extent such liabilities exceed the lesser of (i) the Service Fee paid to USI during the academic year in which the action or omission giving rise to the Claim occurred and (ii) the amount of any insurance proceeds received by the School for an insured event under insurance policies referenced in this Agreement; and

(c) if the claim for indemnification is made pursuant to Section 9.2, to the extent that USI can demonstrate that the School had, prior to the effective date of this Agreement, actual knowledge that the applicable representation or warranty was untrue or incomplete or had been breached or that the applicable covenant had been breached or was unfulfilled prior to the effective date of this Agreement.

9.5 Limitation on Claims of USI

Notwithstanding anything in this Agreement to the contrary, there shall be no liability for any Indemnified Claim and the School shall have no obligations or liabilities pursuant to Section 9.3:

(a) until the aggregate of the Claims suffered or incurred by USI exceeds the Deductible. After the Deductible has been met there shall be liability for the aggregate of all Claims, including the Deductible. In computing the amount of the Claims incurred by USI, the amount of any income tax savings actually realized by USI as a result thereof as well as the income tax cost arising out of such indemnity, if any, shall be taken into account;

(b) to the extent such liabilities exceed the lesser of (i) the Service Fee paid by the School during the academic year in which the action or omission giving rise to the Claim occurred and (ii) the amount of any insurance proceeds received by USI for an insured event under insurance policies referenced in this Agreement; and

(c) if the claim for indemnification is made pursuant to Section 9.3, to the extent that the School can demonstrate that USI had, prior to the effective date of this Agreement, actual knowledge that the applicable representation or warranty was untrue or incomplete or had been breached or that the applicable covenant has been breached or was unfulfilled prior to the effective date of this Agreement.

9.6 Indemnification of Third-Party Claims

The obligations and liabilities of any Party to indemnify the other under this Article 9 with respect to an Indemnified Claim relating to or arising from third parties (a "Third Party Claim") shall be subject to the following terms and conditions:

(a) Notice and Defense. The Party to be indemnified (the "Indemnified Party") will give the Party from whom indemnification is sought (the "Indemnifying Party") prompt written notice of any such Claim, and the Indemnifying Party may undertake the defense thereof by representatives chosen by it. Failure to give notice shall not affect the Indemnifying Party's duty or obligations under this Article 9, except to the extent the Indemnifying Party is prejudiced thereby. If the Indemnifying Party undertakes the defense of a Third Party Claim, then the Indemnifying Party shall be deemed to accept that it has an indemnification obligation under this Article 9 with respect to such Third Party Claim, unless it shall in writing reserve the right to contest its obligation to provide indemnity with respect to such Third Party Claim. So long as the Indemnifying Party is defending any such Third Party Claim actively and in good faith, the Indemnified Party shall not settle such Claim. The Indemnified Party shall make available to the Indemnifying Party or its representatives all records and other materials required by them and in the possession or under the control of the Indemnified Party, for the use of the Indemnifying Party and its representatives in defending any such Claim, and shall in other respects give reasonable cooperation in such defense.

(b) Failure to Defend. If the Indemnifying Party, within thirty (30) days after notice of any such Claim, fails to dispute the obligation of the Indemnifying Party with respect to such Claim and fails to defend such Claim actively and in good faith, then the Indemnified Party will (upon written notice to the Indemnifying Party) have the right to undertake the defense, compromise or settlement of such Claim or consent to the entry of a judgment with respect to such Claim, on behalf of and for the account and risk of the Indemnifying Party, and the Indemnifying Party shall thereafter have no right to challenge the Indemnified Party's defense, compromise, settlement or consent to judgment therein.

(c) Indemnified Party's Rights. Anything in this Article 9 to the contrary notwithstanding, (i) if there is a reasonable probability that a Claim may materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, the Indemnified Party shall have the right to defend, compromise or settle such Claim, and (ii) the Indemnifying Party shall not, without the written consent of the Indemnified Party, settle or compromise any Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect of such Claim.

9.7 Payment

The Indemnifying Party shall promptly pay the Indemnified Party any amount due under this Article 9. Upon a final, non-appealable judgment, or upon other determination, settlement or compromise of any third party claim, the Indemnifying Party shall pay promptly on behalf of the Indemnified Party, and/or to the Indemnified Party in reimbursement of any amount theretofore required to be paid by it, the amount so determined by judgment, determination, settlement or compromise and all other Claims of the Indemnified Party with respect thereto. If the Indemnifying Party desires to appeal from an adverse judgment, then the Indemnifying Party shall post and pay the cost of the security or bond to stay execution of the judgment pending appeal. Upon the payment in full by the Indemnifying Party of such amounts, the Indemnifying Party shall succeed to the rights of such Indemnified Party, to the extent not waived in settlement, against the third party who made such third party claim.

9.8 Adjustment of Liability

In the event an Indemnifying Party is required to make any payment under this Article 9 in respect of any damages, liability, obligation, loss, claim, or other amount indemnified hereunder, such Indemnifying Party shall pay the Indemnified Party an amount which is equal to the sum of (i) the amount of such damages, liability, obligation, loss, claim or other amount, minus (ii) the amount of any insurance proceeds the Indemnified Party actually receives with respect thereto, minus (iii) any third party payments actually received by the Indemnified Party with respect to such damages, liability, obligation, loss, claim or other amount after demand or notice to such third party from the Indemnifying Party (with the consent of the Indemnified Party which will not be unreasonably withheld).

10. TERM AND TERMINATION

10.1 Term.

This Agreement shall have an initial term commencing on the Effective Date and ending on the fifth anniversary of the Effective Date (the "Initial Term"), and shall automatically be renewed for additional renewal terms ending on June 30 of each subsequent year (each a "Renewal Term" and collectively with the Initial Term the "Term") unless written notice of intent to terminate or renegotiate is given by either Party not later than the December 31 prior to the end of the Initial Term or the December 31 prior to the end of any Renewal Term. In no event shall any such renewal or renegotiations extend beyond the effective date of any subsequent Charter Contract granted by the Authorizer.

10.2 Termination by the School.

The School may terminate this Agreement in accordance with the following provisions:

(a) Termination for Cause. Subject to the provisions of subparagraph (b) below, the School may terminate this Agreement for cause at any time during the Term. For purposes of this Section 10.2, the term "for cause" shall mean:

(i) USI becomes insolvent, enters into receivership, is the subject of a voluntary or involuntary bankruptcy proceeding, makes an assignment for the benefit of creditors, or does not have sufficient financial resources to perform its obligations under this Agreement in the ordinary course;

(ii) a Regulatory Authority has revoked any license which may be required for USI to carry on its business and perform its obligations and functions under the Charter Contract or this Agreement;

(iii) USI violates any material provision of law with respect to the School from which the School was not specifically exempted and which results in material adverse consequences to the School;

(iv) USI materially breaches any of the material terms and conditions of this Agreement, which results in material adverse consequences to the School;

(v) the School fails to make reasonable progress toward achievement of the goals and objectives outlined in the "Goals and Objectives" section of the most recent Charter renewal application, after a period of at least three years from the Effective Date of this Agreement;

(vi) the Authorizer notifies either Party of its intention to revoke its Charter Contract with the School, or does so;

(vii) the State notifies either Party of its intention to revoke the Charter Contract between the Authorizer and the School pursuant to State statute, or does so; or

(viii) the enactment, repeal, promulgation or withdrawal of any federal, State or local law, regulation, or court or administrative decision or order finding that this Agreement, the operation of the School in conformity with this Agreement or the School's Charter Contract with the Authorizer violates the School's, the Authorizer's or the State's responsibilities, duties or obligations under the federal or State constitutions, statutes, laws, rules or regulations, or any contract or agreement.

(b) USI Right to Cure. Prior to exercising its right to terminate this Agreement pursuant to Section 10.2(a), the School shall give USI written notice of its basis for terminating the Agreement (a "Termination Notice"). The Termination Notice shall specify the section of this Agreement upon which the School is relying on for the termination and the requirements for correction of the breach. Upon receipt of the Termination Notice, USI shall have 60 business days to remedy the breach. If the breach is not corrected within the cure period, the School may immediately terminate the Agreement.

If the School terminates this Agreement in accordance with Section 10.2(a)(v) on or after July 1, 2014 and before July 1, 2015, the School shall pay USI $100,000 by July 1, 2017, provided that USI shall not have materially breached its obligations under this Agreement.

(c) Minimum Enrollment. The School may terminate this Agreement if the Minimum Enrollment levels outlined in Section 6.1 are not met.

(d) Inadequate Fee. The School may terminate this Agreement in the event that the Service Fee provided for in Section 7.4 drops below the following per-student levels for the school years beginning in the years indicated: $10,000 for 2011-2012; $10,500 for 2012-2013; $10,500 for 2013-2014; $11,000 for 2014-2015; $11,000 for 2015-2016.

10.3 Termination by USI.

USI may terminate this Agreement in accordance with the following provisions:

(a) Termination For Cause. Subject to the provisions of subparagraph (b) below, USI may terminate this Agreement for cause at any time during the Term. For purposes of this Section 10.3, the term "for cause" shall mean that:

(i) the School materially breaches any of the material terms and conditions of this Agreement;

(ii) the School fails to comply with its Bylaws and such failure materially and adversely affects the ability of the school to operate as contemplated by this Agreement;

(iii) the School violates any material provision of law with respect to the School from which the School was not specifically exempted and which results in material adverse consequences to USI or to the School;

(iv) the School takes any action which materially interferes with the ability of USI to perform under this Agreement;

(v) the School refuses or willfully fails to follow any direction of USI related to implementation of the USI School Model;

(vi) the Board rejects USI's recommendation to hire and/or fire the Principal(s);

(vii) the Authorizer notifies either Party of its intention to revoke its Charter Contract with the School, or does so;

(viii) the State notifies either Party of its intention to revoke the Charter Contract between the Authorizer and the School pursuant to State statute, or does so; or

(ix) the enactment, repeal, promulgation or withdrawal of any federal, State or local law, regulation, or court or administrative decision or order finding that this Agreement, the operation of the School in conformity with this Agreement or the School's Charter Contract with the Authorizer violates the School's, the Authorizer's or the State's responsibilities, duties or obligations under the federal or State constitutions, statutes, laws, rules or regulations, or any contract or agreement.

(b) School Right to Cure. Prior to exercising its right to terminate this Agreement pursuant to Section 10.2(a), USI shall give the School a Termination Notice specifying the section of this Agreement upon which USI is relying on for the termination and the requirements for correction of the breach. Upon receipt of the Termination Notice, the School shall have 60 business days to remedy the breach. If the breach is not corrected within the cure period, USI may immediately terminate the Agreement.

(c) Minimum Enrollment. USI may terminate this Agreement as stated in Section 6.1.

(d) Inadequate Fee. USI may terminate this Agreement in the event that the Service Fee provided for in Section 7.4 drops below the following per-student levels for the school years beginning in the years indicated: $10,000 for 2011-2012; $10,500 for 2012-2013; $10,500 for 2013-2014; $11,000 for 2014-2015; $11,000 for 2015-2016.

(e) If USI terminates this Agreement in accordance with Section 10.3 for any of the reasons in Sections 10.3(a)(i)-(v), the School shall pay USI $150,000 by July 1, 2014. If USI terminates this Agreement on or after July 1, 2012 and before July 1, 2013 in accordance with Section 10.3 for any of the reasons in Sections

10.3(a)(i)-(vi), the School shall pay USI $125,000 by July 1, 2015. If USI terminates this Agreement on or after July 1, 2013 and before July 1, 2014 in accordance with Section 10.3 for any of the reasons in Sections 10.3(a)(i)-(vi), the School shall pay USI $100,000 by July 1, 2016. If USI terminates this Agreement on or after July 1, 2014 and before July 1, 2015 in accordance with Section 10.3 for any of the reasons in Sections 10.3(a)(i)-(vi), the School shall pay USI $50,000 by July 1, 2017.

10.4 Termination Upon Agreement of the Parties.

This Agreement may be terminated upon written agreement of the Parties.

10.5 Avoidance of Disruptions to Students.

Notwithstanding the foregoing provisions of this Article 10, each Party shall use its good faith reasonable best efforts to avoid a termination of the Agreement that becomes effective during the school year because of the disruption to the educational program and the students. Therefore, in the event this Agreement is terminated by either Party prior to the end of the Term, absent unusual and compelling circumstances, the termination will not become effective until the end of the school year.

10.6 Payment of Service Fee.

Upon termination of this Agreement, the School shall pay USI any previously unpaid portion of the Service Fee for services performed by USI until the time of termination.

10.7 Assistance Following Termination by USI.

In the event of termination of this Agreement by USI, USI shall provide reasonable assistance to the School for the shorter of the remainder of the current School year or 90 days after the effective date of termination of the Agreement (the "Termination Assistance Period"), to assist in the transition to another School management plan. During the Termination Assistance Period, USI will be entitled to receive and the School shall continue to pay USI's Service Fee and shall reimburse USI for all reasonable expenses incurred by USI in providing such transition assistance.

10.8 Records upon Termination.

Upon termination or expiration of this Agreement for any reason, USI shall give to the School as soon as practicably possible all student, fiscal and other School records.

10.9 Marks and Proprietary Information.

Subject to the License, upon termination or expiration of this Agreement, the School will not have any right to make any use whatsoever of USI's Marks. To the extent that the School's corporate name includes any of USI's Marks, including but not limited to the USI name, and unless expressly agreed to in writing by USI, the School shall immediately seek to change the charter contract to change such name so that it does not include any of USI's Marks, following termination or expiration of this Agreement, it being understood that the School's compliance may be subject to approval from the authorizer.

Subject to the License, upon termination or expiration of this Agreement, USI will not have any right to make any use whatsoever of the School's Marks. To the extent that USI's corporate name or logo includes any of the School's Marks, including but not limited to the School name, and unless expressly agreed to in writing by the School, USI shall immediately seek to change the corporate name or logo so that it does not include any of the School's Marks, following termination or expiration of this Agreement.

11. MISCELLANEOUS

11.1 Governing Law.

This Agreement shall be governed by, construed, interpreted and enforced in accordance with the laws of New Jersey, without giving effect to the principles of conflict of laws thereof; provided, however, that the *Federal Arbitration Act*, to the extent applicable and inconsistent, will supersede the laws of New Jersey and shall govern. If any action is brought to enforce an arbitral award rendered pursuant to Section 11.2, venue for such action shall be in the courts of New Jersey located in the School's county or the courts of the United States serving Newark. The Parties hereby irrevocably waive any objection which either may now or hereafter have to the laying of venue of any actions or proceedings arising out of or in connection with this Agreement brought in the courts referred to in the preceding sentence and hereby further irrevocably waive and agree not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

11.2 Alternative Dispute Resolution.

(a) Good Faith Negotiation of Disputes. The parties agree to cooperate in good faith in all actions relating to this Agreement, to communicate openly and honestly, and generally to attempt to avoid disputes. If, nevertheless, a dispute should arise in connection with this Agreement, either Party may give notice to the other Party of intent to negotiate, and the parties agree to use their best efforts to resolve such dispute in a fair and equitable manner. In the event any dispute or claim arising out of or relating to this Agreement or the relationship resulting in or from this Agreement (a "Dispute"), except for a claim by USI relating to its intellectual property rights (including under Article 8 or Section 10.9 of this Agreement), is unable to be resolved by the Parties (or if one of the Parties refuses to participate in such negotiations) within twenty days from the notice of intent to negotiate, either Party may give written notice to the other (in accordance with Section 11.10) that the Dispute shall be resolved in accordance with the following alternative dispute resolution procedure.

(b) Binding Arbitration Except With Respect to Intellectual Property. Any Dispute, except for a claim by USI relating to its intellectual property rights (including under Article 8 or Section 10.9 of this Agreement), will be resolved by binding arbitration in accordance with the Commercial Arbitration Rules of The American Arbitration Association (the "Arbitration Rules"), except as stated below in this clause (b). A claim by USI relating to its intellectual property rights (including under Article 8 or Section 10.9 of this Agreement) shall not be subject to arbitration absent further agreement by the parties. Within ten business days following the giving by either party of a written notice to arbitrate, (1) each party shall designate its panel representative and (2) those two panel representatives shall jointly designate a third representative. The arbitrators shall convene a hearing as soon as possible thereafter. Each Party may present witnesses, documentary, and other evidence in its behalf, but strict rules of evidence shall not apply. The arbitrators shall permit the filing of briefs upon request of either Party. The arbitrators shall issue a written opinion concerning the matters in controversy together with their award. They shall issue their award within 30 days following the close of the hearing, and judgment upon the award may be entered in any court having jurisdiction thereof.

(c) Notices. All notices, arbitration claims, responses, requests and documents will be sufficiently given or served if mailed or delivered in the manner described in the Notice provision of this Agreement.

(d) Award, Confirmation. Notwithstanding anything to the contrary in the Arbitration Rules or otherwise, the arbitrators are not empowered to award punitive damages. Any award rendered by the arbitrator(s) may be entered as a judgment or order and confirmed or enforced by either Party in any State or federal court having competent jurisdiction thereof. This Agreement concerns transactions involving commerce among the several states.

(e) Expense Shifting For Arbitration Avoidance. Notwithstanding anything to the contrary in the Arbitration Rules or otherwise, and except for a claim by USI under Article 8 or Section 10.9, which claim is not subject to arbitration, no Party may seek judicial relief. In the event any Party violates this provision and brings any action for judicial relief in the first instance without pursuing arbitration prior thereto, such Party will be liable to the other Party for, among other things, all of the other Party's costs and expenses (including, without limitation, court costs and attorneys' fees) incurred to stay or dismiss such judicial action and/or remove or remand it to arbitration. It shall not be a violation of this arbitration provision for the Party entitled to collect such costs and expenses to seek to have them included in a judicial order of dismissal, removal, or remand. In the alternative, such Party may seek an immediate and separate award of such costs and expenses at the outset of the arbitration, which the arbitrators must grant, and the Party may seek immediately to confirm such award of costs and expenses. In addition, if either Party brings any judicial action to vacate or modify any award rendered pursuant to arbitration, or opposes a judicial action to confirm such award, and the Party bringing or opposing such action or opposing confirmation of such award does not prevail, such Party will pay all of the costs and expenses (including, without limitation, court costs, arbitrators fees and expenses and attorneys' fees) incurred by the other Party in defending against the action to vacate or modify such award or in pursuing confirmation of such award. The cost-shifting provisions of the preceding sentence shall apply equally to appeals of judicial decisions to which the preceding sentence applies. It shall not be a violation of this arbitration provision for the Party entitled to collect such costs and expenses to seek to have them included in a judicial order dealing with confirmation, vacation, or modification of an award, or any order on an appeal to which the preceding sentence applies.

(f) Waiver of Jury Trial. The Parties knowingly and willingly waive the right to a jury trial of any Dispute, whether or not subject to this arbitration provision, and including any Dispute included within this arbitration provision but found not to be subject to arbitration for any reason.

11.3 Breach and Waiver.

No failure on the part of any Party to enforce the provisions of this Agreement shall act as a waiver of the right to enforce any provision. Further, no waiver of any breach of this Agreement shall (a) be effective unless it is in writing and executed by the Party charged with the waiver, or (b) constitute a waiver of a subsequent breach, whether or not of the same nature. All waivers shall be strictly and narrowly construed. No delay in enforcing any right or remedy as a result of a breach of this Agreement shall constitute a waiver thereof. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision. Nor shall such waiver constitute a continuing waiver unless otherwise expressly stated.

11.4 No Third Party Beneficiary Rights.

With the exception of the Authorizer, no third party, whether a constituent of the School, a member of the community, a student or parent of a student of the School or otherwise, may enforce or rely upon any obligation of, or the exercise of or failure to exercise any right of, the School or USI in this Agreement. This Agreement is not intended to create any rights of a third party beneficiary.

11.5 Negligent, Wrongful or Unlawful Acts of a Party.

Nothing in this Agreement shall affect or alter in any way responsibility of either Party of this Agreement for the negligent, wrongful or unlawful act of that Party's employees, agents or contractors.

11.6 Delegation of Authority.

Nothing in this Agreement shall be construed as delegating to USI any of the powers or authority of the School or the School's Board of Trustees, which are not subject to delegation by the School under applicable State law or under the Charter Contract.

11.7 Compliance with Laws.

Unless specifically waived by appropriate governmental authority, USI shall comply with all applicable laws, rules, regulations, ordinances, orders or other requirements of New Jersey and any governmental authority relating to its delivery of the goods or services specified in this Agreement.

11.8 Incorporation of Recitals and Appendices.

The recitals to this Agreement and any appendices referred to in this Agreement are hereby incorporated herein as an integral part of this Agreement.

11.9 Inspection and Access to Records.

Upon reasonable notice, the Parties shall make available to each other and to the Authorizer for inspection and copying, all books, records, and documents relating to the Parties' obligations and performance under this Agreement.

11.10 Notices.

All notices, demands, consents or other communications ("notices") which either Party may be required or desire to give to the other Party shall be in writing and shall be deemed delivered when (a) personally delivered, (b) if mailed, five business days after deposit in the United States mail, postage prepaid, certified or registered mail, return receipt requested, (c) if delivered by a reputable overnight carrier, one business day after delivery to such carrier, or (d) if delivered by facsimile, on the date the facsimile transmission is confirmed, provided that, on such date, a separate copy is also delivered pursuant to clause (b) or (c). Delivery by mail, overnight carrier or facsimile shall be addressed to the Parties as follows:

USI:

Joshua J. Phillips
Uncommon Schools, Inc.
826 Broadway, 9th Floor
New York, NY 10003
Tel: (617) 593-8002
Fax: (212) 598-4076

The School:

Rick Rieder
North Star Academy Charter School

10 Washington Place
Newark, NJ 07102
Tel: (973) 642-0101
Fax: (973) 642-5800

Any Party may change its address for notice by notice given in accordance with the foregoing provisions. Notwithstanding the manner of delivery, whether or not in compliance with the foregoing provisions, any notice, demand or other communication actually received by a Party shall be deemed delivered when so received.

11.11 Defined Terms and Use of Terms.

All defined terms used in this Agreement shall be deemed to refer to the masculine, feminine, neuter, singular and/or plural, in each instance as the context and/or particular facts may require. Use of the terms "hereunder," "herein," "hereby," and similar terms refer to this Agreement.

11.12 Section Headings.

The headings in this Agreement are for the convenience of the parties only, and shall have no effect on the construction or interpretation of this Agreement and are not part of this Agreement.

11.13 Exhibits and Schedules.

Each exhibit and each schedule to this Agreement to which reference is made in this Agreement is hereby incorporated in this Agreement as an integral part thereof. In the event of a conflict between the terms and provisions of this Agreement and the terms and provisions of any exhibits or schedules, the terms and provisions of this Agreement shall control.

11.14 Entire Agreement.

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter herein, as of the Effective Date, and there are no understandings of any kind except as expressly set forth herein. Further, any and all prior understandings and agreements between the Parties, expressed or implied, written or oral, including the Term Sheet that forms a part of the Charter Contract, are superseded hereby.

11.15 Modifications and Amendments; No Parol Evidence.

This Agreement (including any exhibits and schedules to this Agreement) is the entire agreement between the Parties, and may be altered, changed, added to, deleted from or modified only by agreement in writing approved by the Board of Trustees and by USI's Board of Directors. Accordingly, no course of conduct or custom shall constitute an amendment or modification of this Agreement, and any attempt to amend or modify this Agreement orally, or in a writing not so approved, shall be void. This Agreement may not be modified, supplemented, explained, or waived by parol evidence.

11.16 Assignment.

This Agreement, including without limitation, the rights granted herein, may not be assigned, delegated, transferred, pledged, or hypothecated by either Party, whether voluntary or involuntary, without the prior written consent of the other Party. This Agreement shall inure to the benefit of and shall be binding upon the Parties and their permitted successors and assigns, and the name of a Party appearing herein shall be deemed to include the name of such Party's permitted successors and assigns to the extent necessary to carry out the intent of this Agreement.

11.17 Counterparts.

This Agreement may be executed in Counterparts, each of which shall be deemed to be an original and both together shall be deemed to be one and the same Agreement.

11.18 No Partnership.

This Agreement does not constitute, and shall not be construed as constituting, a partnership or joint venture between the Parties.

11.19 Further Assurances.

The Parties agree that they will execute and deliver or cause to be executed and delivered from time to time such other documents and will take such other actions as the other Party reasonably may require to more fully and efficiently carry out the terms of this Agreement.

11.20 Severability.

In case any one or more of the provisions or parts of a provision contained in this Agreement shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision or part of a provision of this Agreement in such jurisdiction, but this Agreement shall be reformed and construed in any such jurisdiction as if such invalid or illegal or unenforceable provision or part of a provision had never been contained herein and such provision or part shall be reformed so that it would be valid, legal, and enforceable to the maximum extent permitted in such jurisdiction.

11.21 Survival.

The provisions of Articles 2, 8 and 9, Sections 3.3, 3.4, 10.6, 10.7, 10.8, 10.9, 11.1, 11.2, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9, 11.10, 11.11, 11.12, 11.13, 11.14, 11.15, 11.16, 11.20, 11.21, this Section 11.21, and any other sections or exhibits to this Agreement that by their nature extend beyond the expiration or termination of this Agreement shall survive any expiration or termination of this Agreement; provided that any provisions that is stated to extend for a specified period of time shall survive only for such specified period of time.

11.22 Negotiated Agreement.

The provisions of this Agreement were negotiated by the Parties and this Agreement shall be deemed to have been drafted by the Parties, notwithstanding any presumptions at law to the contrary.

- SIGNATURES ARE ON THE FOLLOWING PAGE -

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES

UNCOMMON SCHOOLS, INC.

By: ______________________

Title: CFO

NORTH STAR ACADEMY CHARTER SCHOOL

By: ______________________

Title: Board Chair

APPENDIX B - 1

Financial Statements of the School
for the Fiscal Years Ended June 30, 2016 and June 30, 2015

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COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
JUNE 30, 2016
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NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
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October 18, 2016

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN 500
Trenton, NJ 08625

Dear Commissioner:

The Comprehensive Annual Financial Report of the North Star Academy Charter School of Newark for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** North Star Academy Charter School of Newark constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

10 WASHINGTON PLACE, NEWARK, NEW JERSEY 07102
TEL: 973-642-0101 FAX: 973-642-5800

North Star Academy was chartered by The New Jersey Department of Education as one of the state's very first charter schools in January 1997. The school opened its doors to its first 72 students – 36 fifth graders and 36 sixth graders – in September 1997. Since that time, the school has grown each year increasing the number of students served, as indicated in the table below.

School Year	**Grades Served**	**Student Enrollment**
1998-1999	5^{th} – 7^{th}	108
1999-2000	5^{th} – 8^{th}	144
2000-2001	5^{th} – 9^{th}	180
2001-2002	5^{th} – 10^{th}	216
2002-2003	5^{th} – 11^{th}	240
2003-2004	5^{th} – 12^{th}	270
2004-2005	5^{th} – 12^{th}	300
2005-2006	5^{th} – 12^{th}	379
2006-2007	5^{th} – 12^{th}	445
2007-2008	K; 5^{th} – 12^{th}	583
2008-2009	K-1; 5^{th} – 12^{th}	760
2009-2010	K-2; 5^{th} – 12^{th}	902
2010-2011	K-3; 5^{th} – 12^{th}	1,255
2011-2012	K – 12^{th}	1,677
2012-2013	K – 12^{th}	2,203
2013-2014	K – 12^{th}	2,733
2014-2015	K – 12^{th}	3,441
2015-2016	K – 12^{th}	3,970

North Star operates an extended school year. Students attend classes from 8:00 to 4:00, which is more than an hour longer than most public schools. In addition, programs are available from 7:30 a.m. to 5:00 p.m. There are approximately 25 students per class. Students wear uniforms. Parents are heavily involved in school activities and governance. Teachers are recruited nationally.

2) **ENROLLMENT OUTLOOK:** North Star enrolled 3,970 students, over eleven campuses; one high school, five middle schools and five elementary schools for the 2015–2016 school year.

3) **MAJOR ACCOMPLISHMENTS** – In 2015–2016, North Star students maintained an attendance rate of 95.1%. Parents and students reported a high level of satisfaction in all areas. The 3^{rd} – 11^{th} grade test scores met the academic standards, in many instances exceeding them, in all areas (math, language arts and science) as outlined in the state's Academic Performance Framework. Every member of the senior class graduated and planned to attend college. The school has more than 2,100 students on a waiting list, and was the most widely visited charter school in the state.

4) **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived: and (2) the valuation of costs and benefits requires estimates and judgments by management.

   As a recipient of federal and state financial assistance, the school also is responsible for ensuring that an adequate control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the school management.

   As part of the school's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the school has complied with applicable laws and regulations.

5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the school maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the school and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

   An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2016.

6) **ACCOUNTING SYSTEM AND REPORTS:** The Charter Schools' accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the school is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

7) **FINANCIAL INFORMATION AT FISCAL YEAR–END:** As demonstrated by the various statements and schedules included in the financial section of report, the school continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund for the fiscal year ended June 30, 2016.

Revenue	Amount	Percent of Total
Local Revenue	$ 8,488,451	11%
State Share	51,175,930	68%
State Aid	7,469,860	10%
E-rate Funding	529,613	1%
Private Funding -General Fund	807,495	1%
Federal Aid - Special Revenue	3,662,759	4%
Private Grants - Special Revenue	738,546	1%
Food Service - Federal Aid	1,597,074	2%
Food Service - State Aid	23,080	1%
Enterprise Fund - Other Income	306,649	1%
	$74,799,457	100%

The following schedule presents a summary of the General Fund, Special Revenue fund and enterprise fund expenditures for the fiscal year ended June 30, 2016.

Expenditures	Amount	Percent of Total
Current - General Fund	$ 61,810,541	85%
Capital Outlay	4,729,541	6%
Special Revenue Fund	4,401,305	6%
Enterprise Fund	1,926,803	3%
Total	$ 72,868,190	100%

8) **CASH MANAGEMENT:** The investment policy of the school is guided in large by the state Statute as detailed in "Notes to the Financial Statements," Note 2. The school had adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) **RISK MANAGEMENT:** The school carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and contents.

In addition to meeting the requirements set forth in the state statutes, the Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, *"Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

10) <u>OTHER INFORMATION:</u>

<u>Independent Audit</u> – State statutes require an annual audit by an independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Scott J. Loeffler, CPA was selected by the Charter School.

In addition to meeting the requirements set forth in the state statutes, the Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, *"Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

Respectfully submitted,

Michael Ambriz
Chief Operating Officer
Lead Person

ROSTER OF TRUSTEES AND OFFICERS
JUNE 30, 2016

CONSULTANTS AND ADVISORS

AUDIT FIRM
Scott J. Loeffler, CPA
12 Merry Lane
East Hanover, New Jersey 07936

ATTORNEYS
Nicole Bearce, Esq.
Lowenstein Sandler
65 Livingston Avenue
Roseland, NJ 07068

OFFICIAL DEPOSITORY
Sovereign Bank
905 Broad Street
Newark, New Jersey 07102

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FINANCIAL SECTION

SCOTT J. LOEFFLER
CERTIFIED PUBLIC ACCOUNTANT
12 MERRY LANE
EAST HANOVER, NEW JERSEY 07936

TELEPHONE 973-585-4989 | FAX 973-240-7318

Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
North Star Academy Charter School of Newark
County of Essex
Newark, New Jersey

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the North Star Academy Charter School of Newark, County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the North Star Academy Charter School of Newark's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Star Academy Charter School of Newark as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis and Budgetary Comparison Information* as listed in the table of contents 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the, purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information which consists of the introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not are required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

The combining and individual fund financial statement information, and the schedules of expenditures of federal awards and state financial assistance 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* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are the responsibility of management and 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly presented, in all material respects, in relation to the basis financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 18, 2016 on my consideration of the North Star Academy Charter School of Newark's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Star Academy Charter School of Newark's internal control over financial reporting and compliance.

Licensed Public School Accountant No. 870

Scott J. Loeffler CPA
October 18, 2016

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

This section of North Star Academy Charter School of Newark annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-16 fiscal year include the following:

- Total Net Position was $14,156,293 which was net of pension adjustment of $10,189,578 (Note 17).

- Total Net Position increased by $5,017,568 from July 1, 2015 to June 30, 2016.

- The General Fund balance at June 30, 2016 is $9,363,723, an increase of $1,931,267 when compared with the beginning balance at July 1, 2015.

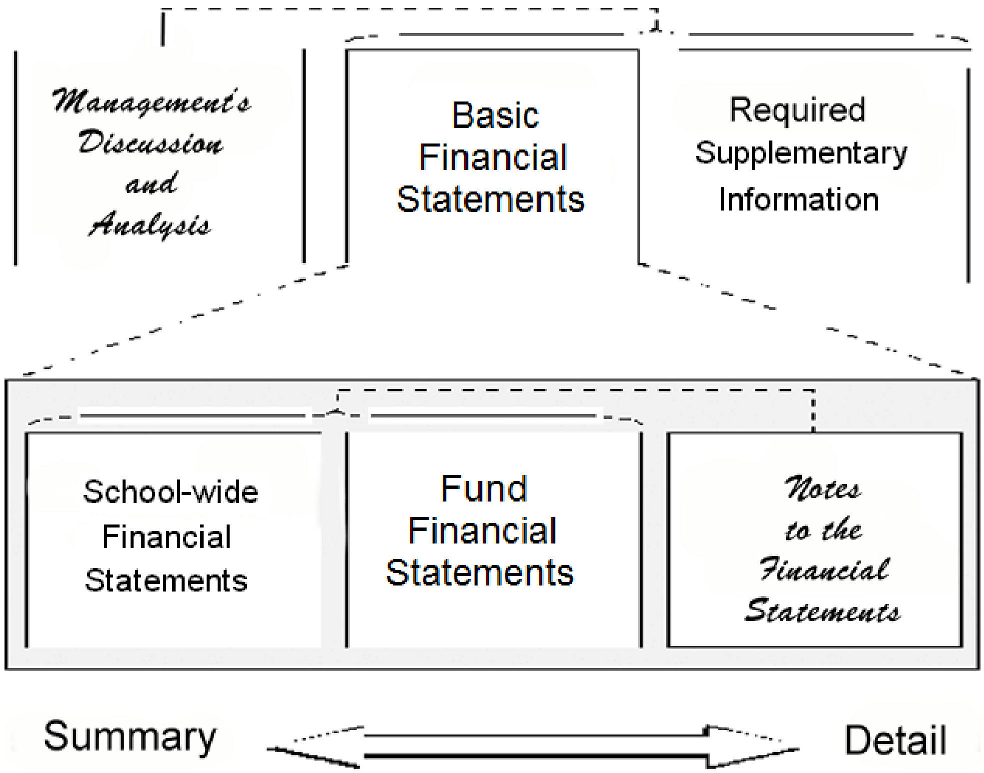
- The Enterprise Fund balance at June 30, 2016 is $8,467, the same fund balance when compared with the beginning at July 1, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the North Star Academy Charter School of Newark.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the North Star Academy Charter School of Newark's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the North Star Academy Charter School of Newark, reporting the North Star Academy Charter School of Newark's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities the North Star Academy Charter School of Newark operates like businesses, per government definition.

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the North Star Academy Charter School of Newark's financial statements, including the portion of the North Star Academy Charter School of Newark's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the School-Wide and Financial Statements

	School-wide Statements	Fund Financial Statements	
		Governmental Funds	**Proprietary Funds**
Scope	Entire school (except fiduciary funds)	The activities of the North Star Academy Charter School of Newark that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the North Star Academy Charter School of Newark operates similar to private businesses: Internal service fund
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenue expenditures and changes in fund balances	Statement of net position Statement of revenue, expenses, and changes in fund net position Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

School-wide Statements

The school-wide statements report information about the North Star Academy Charter School of Newark as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the North Star Academy Charter School of Newark's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the North Star Academy Charter School of Newark's net position and how they have changed. Net position – the difference between the North Star Academy Charter School of Newark's assets and liabilities – are one way to measure the North Star Academy Charter School of Newark's financial health or position.

- Over time, increases or decreases in the North Star Academy Charter School of Newark's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

In the school-wide financial statements, the North Star Academy Charter School of Newark's activities are shown in two categories:

- *Governmental activities*- Most of the North Star Academy Charter School of Newark's basic services are included here, such as regular and special education, transportation, administration, food services, and community education.
- *Business-type activities*- The North Star Academy Charter School of Newark's Food Service Fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the North Star Academy Charter School of Newark's funds – focusing on its most significant or "major" funds – not the North Star Academy Charter School of Newark as a whole.

Funds are accounting devices the North Star Academy Charter School of Newark uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

The North Star Academy Charter School of Newark uses other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The North Star Academy Charter School of Newark has three kinds of funds:

- **Governmental funds**- Most of the North Star Academy Charter School of Newark's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the North Star Academy Charter School of Newark's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

- **Proprietary funds**- Services for which the North Star Academy Charter School of Newark charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.

- **Fiduciary funds**- The North Star Academy Charter School of Newark is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The North Star Academy Charter School of Newark is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the North Star Academy Charter School of Newark's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. I exclude these activities from the North Star Academy Charter School of Newark's government-wide financial statements because the North Star Academy Charter School of Newark cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE NORTH STAR ACADEMY CHARTER SCHOOL AS A WHOLE

Net position. The North Star Academy Charter School of Newark's net position is $14,156,293 on June 30, 2016. (See Table A-1).

Governmental	$14,147,826
Business Activities Food Service	8,467
Total	$14,156,293

The Statement of Net Position of $14,156,293 reflects total capital assets of $14,973,681 net of assumed depreciation from inception.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The North Star Academy Charter School of Newark's financial position is the product of these factors:

- Total revenues during the 2015-16 school year were $74,799,457.
- Total expenditures during the 2015-16 school year were $72,868,190.

Table A-1
The North Star Academy Charter School
Statement of Net Position
As of June 30, 2016

	Total
Current and Other Assets	$10,368,778
Capital Assets (Including Business Activities)	14,973,697
Total Assets	**$25,342,475**
Long-Term Liabilities	-
Other Liabilities	996,588
Total Liabilities	**$996,588**
Net Assets:	
Invested In Capital Assets, Net of Related Debt	14,973,697
Unrestricted Enterprise Fund	8,467
General Fund	9,363,723
Total Net Position	**$24,345,887**
Fund Balance 06/30/16	$9,372,190
Invested In Capital Assets, Net of Related Debt	14,973,697
Net Position before Pension Adjustment	24,345,887
Less: Pension Adjustment (Note 15)	(10,189,594)
Net Position as adjusted for pension liability	$14,156,293

Total Governmental and Business Activities revenues and beginning assets minus net adjusted expenditures resulting in a calculation of net position of $14,156,293 on June 30, 2016.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Table A-2
NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2016

Revenues		**Total**	**Percentage**
Program revenues			
Charges for services	$	306,649	1%
General revenues			
Local Share		8,488,451	11%
State Aid-Unrestricted		51,175,930	68%
State Aid		7,469,860	9%
Private Funding- General Fund		807,495	1%
E-Rate Funding-General Fund		529,613	1%
Special Revenue Federal Aid		3,662,759	5%
Special Revenue- Private Funding		738,546	1%
Food Service State Aid		23,080	1%
Food Service Federal Aid		1,597,074	2%
Total Revenues	$	74,799,457	100%
Expenses			
Regular Instruction		29,593,079	44%
General Administrative		20,749,360	27%
School Administrative		11,858,508	17%
On-behalf TPAF Social Security and Pension		4,010,899	4%
Capital Outlay		4,729,541	5%
Food Service and Enrichment		1,926,803	3%
Total expenses	**$**	**72,868,190**	100%
Increase in Fund Balance		$1,931,267	
Increase in Net Capital Outlay		4,160,308	
Net Increase in Net Position		6,091,575	
Net Position - Beginning July 1		9,138,725	
Net Position - Before Pension Adjustment		15,230,300	
Pension Adjustment (Note 17)		(1,074,007)	
Net Position		$14,156,293	

Total revenues exceeded expenditures, increasing net position $1,547,887 in the General Fund.

Table A-3 (See Exhibit A-2)
The North Star Academy Charter School
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Source	Total Cost of Services	Net Cost of Services
Governmental Activities			
Instruction			
Regular	B-2	$ 29,593,079	$ 29,593,079
		-	
Support Services			
General Administrative Services	B-2	20,749,360	20,749,360
School Administrative Services	B-2	11,858,508	11,858,508
On-behalf TPAF Social Security and Pension	B-2	4,010,899	4,010,899
Capital Outlay	B-2	4,729,541	4,729,541
Food Service and Enrichment	G-2	1,926,803	1,926,803
Total Governmental Activities		$ 72,868,190	$ 72,868,190

FINANCIAL ANALYSIS OF THE NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK'S FUNDS

The financial performance of the North Star Academy Charter School of Newark as a whole is reflected in its governmental activities Exhibit A-2. As the North Star Academy Charter School of Newark completed the year, its general funds reported a combined fund balance of $9,363,723.

The business activities net position at June 30, 2016 is $8,467.

Revenues for the North Star Academy Charter School of Newark's business activities were $1,926,803 in school subsidy while total expenses were $1,926,803. (Table A-2) (Exhibit G-2)

GENERAL FUND

The General Fund includes the primary operations of the North Star Academy Charter School of Newark in providing educational services to students from kindergarten through grade 12.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The following schedule presents a summary of General Fund Revenues. The summary reflects the dollar increase (decrease) from the prior year.

Table A-4 (See Exhibit B-2)
The North Star Academy Charter School
Changes in Net Position - School Wide
For the Fiscal Years Ended June 30

General Fund Revenues	Year Ended June 30, 2016	Year Ended June 30, 2015	Amount of Increase (Decrease)
Local Sources:			
Local Share	$ 8,488,451	$ 6,187,952	$ 2,300,499
Other Local Revenue	2,382,303	2,003,820	378,483
Total Local Sources	$ 10,870,754	$ 8,191,772	$ 2,678,982
Intergovernmental			
State Sources	58,668,870	52,663,641	6,005,229
Federal Sources	5,259,833	4,765,377	494,456
Total Intergovernmental Sources	$ 63,928,703	$ 57,429,018	$ 6,499,685
Total Revenue	$ 74,799,457	$ 65,620,790	$ 9,178,667

The following schedule presents a summary of General Fund expenditures. The summary reflects the dollar increase (decrease) from the prior year.

Table A-5 (See Exhibit B-2)
The North Star Academy Charter School
Changes in Net Position - School Wide
For the Fiscal Years Ended June 30

General Fund Expenditures	Year Ended 06/30/2016	Year Ended 06/30/2015	Amount of Increase (Decrease)
Current:			
Regular Instruction	$ 29,593,079	$ 28,569,460	$ 1,023,619
General Administrative Services	20,749,360	17,573,326	3,176,034
School Administration	11,858,508	10,743,497	1,115,011
On-behalf TPAF Social Security and Pension	4,010,899	3,333,100	677,799
Capital outlay	4,729,541	1,847,881	2,881,660
Food Service and Enrichment	1,926,803	2,005,639	(78,836)
Total Expenditures	$ 72,868,190	$ 64,072,903	$ 8,795,287

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the General Fund unreserved-undesignated fund balance.

Table A-6
The North Star Academy Charter School
Changes in Fund Balance - School Wide
For the Fiscal Years Ended June 30

General Fund	2016	2015	2014	2013	2012	2011
Unreserved-Undesignated Fund Balance	9,363,723	7,432,456	5,884,567	4,563,973	3,765,557	3,148,080
Expenditures	72,868,190	64,072,903	50,332,421	41,397,610	31,069,597	21,454,050
Percentage	13%	12%	12%	11%	12%	15%

The North Star Academy Charter School of Newark values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year.

FACTORS BEARING ON THE SCHOOL'S FUTURE

At the time these financial statements were prepared and audited, the North Star Academy Charter School of Newark was aware of these existing circumstances that could significantly affect its financial health in the future:

- Future State Aid may be reduced due to the State's criteria utilized in calculating allocations of State Aid.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2016, in the General Fund, the North Star Academy Charter School of Newark had invested $17,316,741 in a broad range of capital assets, including leasehold improvements, computer and audio-visual equipment, and administrative offices, etc. (More detailed information about capital assets can be found in Note 4 to the financial statements.)

Total General Fund depreciation expense for the year was $569,233.

Table A-7
The North Star Academy Charter School
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2016

Facilities Improvement	$16,605,577
Equipment	711,164
Total - General Fund	**$17,316,741**
Less: Accumulated Depreciation	(2,343,044)
Total - Net Capital Assets General Fund	**$14,973,697**

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and contributors with a general overview of the North Star Academy Charter School of Newark's finances and to demonstrate the North Star Academy Charter School of Newark's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, North Star Academy Charter School of Newark, 10 Washington Place, Newark, New Jersey 07102.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the North Star Academy Charter School of Newark's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2016**.**

SCHOOL-WIDE FINANCIAL STATEMENTS

Exhibit A-1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Net Position
As of June 30, 2016

	Governmental Activities	Business-type Activities		Total
ASSETS				
Cash and cash equivalents	$ 9,199,124	$ (414,298)		$ 8,784,826
Receivables, net	1,161,187	422,765		1,583,952
Capital assets, net	14,973,681	-		14,973,681
Total Assets	25,333,992	8,467	-	25,342,459
Deferred outflows of resources				
Pension deferred outflows	6,238,734			6,238,734
Total assets and deferred outflows of resources	$ 31,572,726	$ 8,467		$ 31,581,193
LIABILITIES				
Cash Overdraft				-
Accounts payable	640,495	-		640,495
Due to School Districts	346,615	-		346,615
Deposits payable	-	-		-
Payable to federal government		-		-
Payable to state government	-	-		-
Deferred revenue	9,478	-		9,478
Net pension liability	16,168,356			16,168,356
Total liabilities	17,164,944	-		17,164,944
Deferred inflows of resources				
Pension deferred inflows	259,956	-		259,956
NET POSITION				
Invested in capital assets, net of related debt	14,973,681	-		14,973,681
Restricted for:				
Debt service	-	-		-
Capital projects	-	-		-
Permanent endowment - nonexpendable	-	-		-
Other purposes	-	-		-
Unrestricted (Note 17)	(825,855)	8,467		(817,388)
Total net position	$ 14,147,826	$ 8,467		$ 14,156,293

Fund Balance June 30, 2016 - B-1	$9,372,190
Cost of capital assets net accumulated depreciation	14,973,681
Net position before pension adjustments	24,345,871
Less pension adjustments net (Note 17) (Deficit)	(10,189,578)
Total net position	$14,156,293

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK **Exhibit A-2**

Statement of Activities

For the Fiscal Year Ended June 30, 2016

		Program Revenues			**Changes in Net Position**		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:							
Instruction:							
Regular	$ (28,569,460)		$ (3,370,317)		$ (26,222,762)		$ (26,222,762)
Support services:							
General administatrion	(17,573,326)		(1,030,988)		(19,718,372)		(19,718,372)
School administrative services/ operations plant serv.	(10,743,497)				(11,858,508)		(11,858,508)
On - behalf TPAF Social Security	(3,333,100)				(4,010,899)		(4,010,899)
Capital Outlay	(1,847,881)				(4,729,541)		(4,729,541)
Total governmental activities	(62,067,264)		(4,401,305)		(66,540,082)		(66,540,082)
Business-type activities:							
Food Service and Enrichment		(1,926,803)				(1,926,803)	(1,926,803)
Total business-type activities						(1,926,803)	(1,926,803)
Total primary government	(62,067,264)	$ (1,926,803)	$ (4,401,305)		$ (66,540,082)	$ (1,926,803)	$ (68,466,885)
General revenues:							
		Local Share			8,488,451		8,488,451
		State Share			51,175,930	-	51,175,930
		State Aid			7,469,860	23,080	7,492,940
		Federal Aid			-	1,597,074	1,597,074
		E-Rate funding			529,613		529,613
		Private Grant			807,495		807,495
		Board Contribution				-	0
		Miscellanous Income				306,649	306,649
		Total Revenue			68,471,349	1,926,803	70,398,152
		Net Increase in Fund balance			1,931,267	0	1,931,267
		Increase in net Capital Outlay, net of related debt			4,160,308	--	4,160,308
	Change in Net Position				6,091,575	0	6,091,575
	Increase in Pension Deficit (A-1 Net Position)				(1,074,007)		(1,074,007)
	Net Position - beginning - as restated (Note 17)				9,130,258	8,467	9,138,725
	Net Position - ending				$ 14,147,826	$ 8,467	$ 14,156,293

The accompanying Notes to Financial Statements are an integral part of this document

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FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

Exhibit B-1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Balance Sheet
Governmental Funds
As of June 30, 2016

	General Fund	Special Revenue Fund	Enterprise Project Fund	Program Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 9,567,421	$ (368,297)	$ (414,298)		$ 8,784,826
Investments					
Receivables, net	783,412	377,775	422,765		1,583,952
Inventory					
Restricted cash and cash equivalents					
Total assets	$ 10,350,833	$ 9,478	$ 8,467	$ -	$ 10,368,778
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft		-	-		0
Accounts payable	17,162	-			17,162
Due to School Districts	346,615				346,615
Payable to federal government	-				
Payable to state government	623,333				623,333
Deferred revenue	-	9,478			9,478
Total liabilities	987,110	9,478	-	-	996,588
Fund Balances:					
Reserved for:					
Encumbrances					
Legally restricted -- unexpended additional spending proposal					
Legally restricted -- designated for subsequent year's expenditures					
Capital reserve account					
Excess surplus					
Excess surplus -- designated for Subsequent year's expenditures					
Other purposes					
Unreserved, reported in:					
General fund	9,363,723		8,467		9,372,190
Capital projects fund					
Permanent fund					
Total Fund balances	9,363,723				9,372,190
Total liabilities and fund balances	$ 10,350,833	$ 9,478	$ 8,467	$ -	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:			
Capital assets used in governmental activities are not financial rescources and therefore are not reported in the funds. The cost of the assets is	17,316,725		
and the accumulated depreciation	($2,343,044)		
		14,973,681	
Net position before pension adjustments			24,345,871
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore, are not reported in the fund statements. (See Note 7)			6,238,734
Deferred Inflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)			(259,956)
Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 7)			(16,168,356)
Net position of governmental activities			$ 14,156,293

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit B-2

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local Share	$ 8,488,451	$ -	$ -		$ 8,488,451
State Share	51,175,930	-	-	-	51,175,930
Other Restricted Miscellaneous Revenues	529,613				529,613
Philanthropic Support	807,495	738,546		-	1,546,041
Total - Local Sources	61,001,489	738,546	-	-	61,740,035
State Sources	7,469,860			-	7,469,860
Federal Sources	-	3,662,759	-	-	3,662,759
Total Revenues	68,471,349	4,401,305	-	-	72,872,654
EXPENDITURES					
Current:					
Regular instruction	$ 26,222,762	$ 3,370,317	$ -	$ -	$ 29,593,079
Support Services- General Administrative	19,718,372	1,030,988	-	-	20,749,360
Support Services- School Admin/ operations plant se	11,858,508				11,858,508
On-behalf TPAF Social Security and Pension	4,010,899				4,010,899
Capital outlay	4,729,541			-	4,729,541
Total expenditures	66,540,082	4,401,305	-	-	70,941,387
Excess of revenues over expenditures	1,931,267	-	-	-	1,931,267
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Capital leases (non-budgeted)	-	-	-	-	-
Transfer - Contribution to Whole School Reform	-	-	-	-	-
Transfer to Special Revenue Fund - ECPA	-				
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	1,931,267	-	-	-	1,931,267
Fund balance—July 1	7,432,456	-	-	-	7,432,456
Fund balance—June 30	$ 9,363,723	$ -	$ -	$ -	$ 9,363,723

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit B-3

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Total net change in fund balances - governmental funds (from B-2)			$ 1,931,267
Amounts reported for governmental activities in the statement of activities (A-2) are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.			
	Depreciation expense	$ (569,233)	
	Capital outlays	4,729,541	
			4,160,308
Pension contributions are reported in governmental funds as expenditures; however, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.			
Change in net position of governmental activities			$ 6,091,575

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

Exhibit B-4

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Net Position
Proprietary Funds
As of June 30, 2016

	Business-type Activities Enterprise funds Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	$ -
Investments	
Accounts receivable - Federal Aid	416,793
Accounts receivables - State Aid	5,972
Other receivables	-
Total current assets	422,765
Noncurrent assets:	
Restricted cash and cash equivalents	-
Furniture, machinery & equipment	-
Less accumulated depreciation	-
Total noncurrent assets	-
Total assets	422,765
LIABILITIES	
Current liabilities:	
Cash overdraft	414,298
Accounts payable	-
Deferred Revenue	-
Total current liabilities	414,298
Total liabilities	414,298
NET POSITION	
Invested in capital assets net of related debt	-
Restricted for:	
Capital projects	-
Unrestricted	8,467
Total net position	$ 8,467

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit B-5

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-type Activities Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - Reimbursable programs and Special Lunch Program	$ 80,384
Miscellaneous Revenue	226,265
Total operating revenues	306,649
Operating expenses:	
Cost of sales	1,926,803
Salaries and Benefits	-
Transportation	-
Supplies, Materials and Other Expenses	-
Depreciation	-
Total Operating Expenses	1,926,803
Operating income (loss)	(1,620,154)
Nonoperating revenues (expenses):	
Board Subsidy	0
State sources:	
State Breakfast Program	-
State school lunch program	23,080
Federal sources:	
National school breakfast program	336,207
National school lunch program	1,225,090
National snack program	35,777
Total nonoperating revenues (expenses)	1,620,154
Income (loss) before contributions & transfers	-
Capital contributions	-
Transfers in (out)	-
Change in net position	-
Total net position - beginning	8,467
Total net position - ending	$ 8,467

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit B-6

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-type Activities Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 73,185
Miscellaneous Revenue	218,454
Payments to suppliers	(1,951,212)
Net cash provided by (used for) operating activities	(1,659,573)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Federal Sources	0
Board Contribution	1,446,781
Net cash provided by (used for) non-capital financing activities	1,446,781
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase In Fixed Assets	-
Proceeds from sale/maturities of investments	-
Net cash provided by (used for) investing activities	-
Net increase (decrease) in cash and cash equivalents	(212,792)
Cash Balances—beginning of year	(201,506)
Cash Balances—end of year	$ (414,298)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and net amortization	
(Increase) decrease in accounts receivable, net	(181,183)
(Increase) decrease in inventories	-
(Increase) decrease in USDA Commonities	-
Increase (decrease) in accounts payable	(24,410)
Increase (decrease) in Deferred Revenue	(7,199)
Total adjustments	(212,792)
Net cash provided by (used for) operating activities	$ (212,792)

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

Exhibit B-7

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2016

	Unemployment Compensation Trust	Gear Up Scholarship Fund	Agency Fund	Total
ASSETS				
Cash and cash equivalents	$ 5,176	$ 31,204	$ 7,844	$ 44,224
Investments, at fair value:				
U.S. government obligations		-	-	-
NJ municipal bonds		-	-	-
Total investments	-	-	-	-
Total assets	$ 5,176	$ 31,204	$ 7,844	$ 44,224
LIABILITIES				
Accounts payable		-	-	-
Payable to district	-	-		
Payable to student groups	-	-		
Payroll deductions and withholdings	-	-	7,844	13,798
Total liabilities	-	-	$ 7,844	$ 7,844
NET ASSETS				
Held in trust for unemployment claims and other purposes	$ 5,176			$ 36,380
Reserved for scholarships		$ 31,204		

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit B-8

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Trust	GEAR UP Scholarship Fund
ADDITIONS		
Contributions:		
Plan member		
Other	105,044	
Total Contributions	105,044	
Investment earnings:		
Net increase (decrease) in fair value of investments		
Interest		7
Dividends		
Less investment expense		
Net investment earnings		7
Total additions	105,044	7
DEDUCTIONS		
Quarterly contribution reports		
Unemployment claims	100,143	-
Scholarships awarded		
Refunds of contributions		
Administrative expenses		
Total deductions	100,143	-
Change in net assets	4,901	7
Net position - beginning of the year	275	31,197
Net position - end of the year	$ 5,176	$ 31,204

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

North Star Academy Charter School of Newark (the "Charter School") was incorporated in the State of New Jersey as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School's Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. Under the existing the statutes, the Charter School's duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities of the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

The North Star Academy Charter School of Newark Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Its mission is to establish a charter school to serve as a neighborhood resource and as a model for other similar schools. The North Star Academy Charter School of Newark is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of North Star Academy Charter School of Newark is presented to assist in understanding the Charter School's financial statements and notes are a representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

The financial statements of the North Star Academy Charter School of Newark (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity.

The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the school over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School is not includable in any other reporting entity on the basis of such criteria.

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

A. Basis of Presentation

The Charter School's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Charter School Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and 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 of the Charter School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Charter Schools financial reporting in the State of New Jersey.

B Fund Accounting

The Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter Schools' major governmental funds:

***General Fund* -** The General Fund is the primary operating fund of the Charter School. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

***Special Revenue Fund* -** The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2016 there was no Capital Projects Fund.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those to similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter School:

Enterprise Funds - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Charter School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing basis be financed or recovered primarily through user charges; or where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

***Trust Funds* -** Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims.

***Agency Funds* –** Agency funds (P*ayroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. ***Basis of accounting*** refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or non-current, associated with their activities are included on the balance sheet. Fund equity (i.e., net total position) is classified as net position.

Basis of Accounting

In the government wide statement of net position and statements of activities, both governmental and business like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i. e the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determine and "available" means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by Charter School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial reports.

E Cash, Cash Equivalent and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investment with a maturity of three months or less at the time of purchases and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchases are stated at cost. All other investments are stated at fair value.

New Jersey Charter Schools are limited as to the types of the investments and types of financial institution they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investment that may be purchased by New Jersey Charter Schools.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public fund in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. established the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan Institutions, bank (both state and national banks) and saving bank the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposit of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F Short-Term Interfund Receivables/Payables

On the fund financial statement, receivable and payables resulting from short-term (due within one year) interfund loans are classified as interfund Receivable/Payable. interfund balances within governmental activities and within business-type activities are eliminated on the Government Wide Statements of Net Position.

G Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

H Capital Assets

Capital assets, which include leasehold improvements, equipment, furniture & fixtures and vehicles are reported in the applicable governmental or business-type activities columns of the Government-wide financial statements. Capital assets are defined by the Charter School as assets with initial, individual cost of more than $2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of capital assets is computed and recorded by the straight-line method. The following estimated useful lives are used to compute depreciation:

Description of Capital Cost	Estimated Lives (Years)
Leasehold improvements	25
Equipment	10

I Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific event that is outside the control of the Charter School and its employees, are accounted for in the period in winch such services are rendered or in which such events take place.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The entire sick leave and vacation leave liabilities are reported on the school-wide financial statements.

The Charter School had no compensated absences as of June 30, 2016.

J Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, the non-current portion of compensated absences and mortgage payable (if any) that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K Deferred Revenue

Deferred Revenue represents funds which have been received but not yet earned.

Special Revenue – deferred revenue to be utilized in 2015-2016.

Gear Up	$2,121
ACE Programs	7,357
Total Special Revenue	$9,472

L Fund Balance and Equity

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54"). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Charter School's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

N On-Behalf Payments

Revenues and expenditures of the General Fund include payments made by the State of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School's annual budget.

O Net Position

A deferred outflow of resources is a consumption of net position by the North Star Academy Charter School of Newark that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the North Star Academy Charter School of Newark that is applicable to a future reporting period. The North Star Academy Charter School of Newark did not have any deferred inflows or outflows of resources at June 30, 2016.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

P New Accounting Standards

During the prior fiscal year 2015, the Charter School adopted the following GASB statements:

GASB 68, Accounting and Financial Reporting for Pensions The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P New Accounting Standards (continued)

It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

3 DEPOSITS AND INVESTMENTS

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least 5% of the average daily balance of collected funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

3 DEPOSITS AND INVESTMENTS (continued)

The Charter School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School's deposits and investments are exposed to custodial credit risk. As of June 30, 2016, the Charter School's carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency	Total
Operating A/C	$9,467,421	($368,297)	($414,298)	$44,195	$8,729,021

Operating cash accounts are held in the Charter School's name by one banking institution. At June 30, 2016, the Charter School's bank balance was $6,138,763.

Of the bank balance, $250,000 of the Charter School's cash deposits on June 30, 2016 were secured by federal deposit insurance and $8,479,021 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit protection Act ("GUDPA").

GASB Statement No. 40 requires that the Charter School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Charter School would not be able to recover the value of its deposit or investment). In general deposits are considered to be exposed to custodial risk by three categories described below:

Category 1

Insured or collateralized with securities held by the Charter School or by its agent in the Charter School's name.

Category 2

Collateralized with securities held by the pledging public depository's trust department or agent in the Charter School's name.

Category 3

Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Charter School's name.

The Charter School does not have a policy for the management of the custodial risk, other than depositing all of its funds in banks covered by GUDPA.

3 DEPOSITS AND INVESTMENTS (continued)

Investments

New Jersey statutes permit the Charter School to purchase the following types of securities:

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.

2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal national Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.

3. Bonds or other obligations of the Charter School.

4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2016, the Charter School did not hold any investments.

4 CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2016:

	Beginning Balance July 1, 2015	Net Additions (Deletions)	Ending Balance June 30, 2016
Governmental Activities			
Capital assets, being depreciated:			
Leasehold improvements	$11,876,036	$4,729,541	$16,605,571
Equipment	711,164	---	711,154
Total capital assets being depreciated	$12,587,200	$4,729,541	$17,316,725
Less accumulated depreciation for:			
Leasehold improvements	$1,326,617	$522,337	$1,848,954
Equipment	447,194	46,896	494,090
Total accumulated depreciation	$1,773,811	$569,233	$2,343,044
Total capital assets net	$10,813,389	$4,160,308	$14,973,681

5. RENTAL EXPENSE

The school leases its premises under the terms of non-cancelable leases from Uncommon Schools, Inc. and the Newark Board of Education. Rent expense for the year ended June 30, 2016 amounted to $4,637,016.

The renewal of leases after June 30, 2016 are currently being determined.

6. RELATED PARTY AND MANAGEMENT AGREEMENT

Uncommon Schools Inc. (USI), a nonprofit charter management organization, provided management services to the school during the school year. In addition, the school leases 6 facilities from USI. In the opinion of management, the rental payments under the lease approximate the market.

7 PENSION PLANS

Description of Plans - All required employees of the Charter School are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at http://www.state.nj .us/treasury/pensions/annrprts.shtrnl.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - 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 Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

7 PENSION PLANS (continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the Charter Schools are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was measured on June 30, 2015 was $86,503,790 and $49,807,078 as measured on June 30, 2014.

For the year ended June 30, 2016, the Charter School recognized pension expense of $5,281,835 and revenue of $5,281,835 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2016 is based upon changes in the collective net pension liability with a measurement period of June 30, 2014 through June 30, 2015. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2014 and June 30, 2015.

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule· illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	6/30/2014	6/30/2015
Collective deferred outflows of resources	$2,306,623,861	$7,521,378,257
Collective deferred inflows of resources	$1,763,205,593	$554,399,005
Collective net pension liability (Nonemployer-State of New Jersey)	$53,446,745,367	$63,204,270,305
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	.093190%	.136863%

7 PENSION PLANS (continued)

Actuarial assumptions - The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases:	Varies based on experience
Investment Rate of Return:	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

7 PENSION PLANS (continued)

Assets Class	Target Allocation	Long Term Expected Real Rate of Return
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreing-Developed Equity	12.00%	6.22%
Emerging Market Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount rate - The discount rate used to measure the State's total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.8% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit pay.

7 PENSION PLANS (continued)

Sensitivity of the Charter School's proportionate share of the net pension liability to changes in the discount rate. Since the Charter School has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpafl5.pdf

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies - 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2016, the Charter School a liability of $16,168,356 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. At June 30, 2015, the Charter School's proportion was. .072026%, which was an increase of .012512% from its proportion measured as of June 30, 2014.

7 PENSION PLANS (continued)

For the year ended June 30, 2016, the Charter School recognized pension expense of $619,229. At June 30, 2016, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:		
Changes of assumptions	1,736,352	$---
Net difference between projected and actual earnings on pension plan investments	385,720	259,956
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	3,497,433	
Charter School contributions subsequent to the measurement date.	619,229	---
Total	$6,238,734	$259,956

$619,229 reported as deferred outflows of resources related to pensions resulting from the Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability measured as of June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30:
2016	620,438
2017	620,438
2018	620,438
2019	931,343
2020	526,372
Thereafter	---
Total:	$3,319,029

7 PENSION PLANS (continued)

	6/30/14	6/30/15
Collective deferred outflows of resources	$952,194,675	$3,578,755,666
Collective deferred inflows of resources	$1,479,224,662	$993,410,455
Collective net pension liability (Non State- Local Group)	$18,722,735,003	$22,447,996,119
Charter schools proportion of net pension liability	11,142,652	16,168,356
Charter School proportion percentage	.059514%	.072026%

Actuarial assumptions. The total pension liability in the July l, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases:	
2012-2012	2.12%-4.40% based on age
Thereafter	3.15%-5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of2012 Based on Projection Scale AA.

The actuarial assumptions used in the July l, 2014 valuation were based on the results of an actuarial experience study for the period July l, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

7 PENSION PLANS (continued)

Assets Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	5.00%	1.04%
US Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount rate. The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.8% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Charter School's proportionate share of the net pension liability to changes in the discount rate. The following presents the Charter School's proportionate share of the net pension liability measured as of June 30, 2015 and 2014, calculated using the discount rate of 4.9% and 5.39%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

7 PENSION PLANS (continued)

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the net pension liability	$19,468,020	$16,168,356	$12,870,011

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml.

The sensitivity analysis was based on the proportionate share of the Charter School's net pension liability at June 30, 2015. A sensitivity analysis specific to the Charter School's net pension liability was not provided by the pension system.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-l et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-l et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.38, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

7 PENSION PLANS (continued)

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation **-** Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43: 15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

7 PENSION PLANS (continued)

TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

During the fiscal year ended June 30, 2016, the State of New Jersey did contribute $2,297,145 to the TPAF for post-retirement benefits on behalf of the Charter School. Also, in accordance with NJ.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School $1,513,754 during the year ended June 30, 2016, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the Charter School’s financial statements in accordance with GASB Statement No. 68.

8 POST RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits and the State contributed $1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid $214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2014.

9 COMPENSATED ABSENCES

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years.

Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

As of June 30, 2016, Charter School-wide compensated absences amounted to $-0-.

10 ECONOMIC DEPENDENCY

The Charter School receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Charter School's programs and activities.

11 CONTINGENT LIABILITIES

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government.

If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School's attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Charter School and which might materially affect the Charter School's financial position.

12 RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Comprehensive Annual Financial Report.

13 RECEIVABLES

Receivables as of June 30, 2016 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

	General	Special Revenue	Food Service	Total
Receivables:				
Accounts	$783,412	$377,775	$422,765	$1,583,952
Gross Receivables	$783,412	$377,775	$422,765	$1,583,952

14. LINE OF CREDIT

The school had entered into a Revolving Line of Credit with Santander Bank, N.A. in the amount of $5,000,000 to finance cash flow during the school year for the maturity date May 6, 2016. The Revolving Line of Credit was fully paid at May 5, 2016 thus the amount outstanding under the line of credit was zero. The line of credit was renewed to May 2017. The term is not to exceed 12 months. Interest is payable at the prime rate plus 1.50% and interest expense amounted to $21,563 including fees for the period ended June 30, 2016. The loan is subject to certain guarantees and security interests on assets of the school.

15. SUBSEQUENT EVENTS

The school has evaluated subsequent events occurring in the Independent Auditors Report of October 18, 2016, which is the date the financial statements were available to be issued. Based on this evaluation, the school has determined no subsequent events require disclosure in the financial statements.

16. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds. The reconciliation is as follows:

Fund balance per B-1	$9,372,190
Cost of capital assets net accumulated depreciation	10,291,451
Pension deferred outflows	6,238,734
Pension deferred inflows	(259,956)
Deferred pension liability as of June 30, 2016	(16,168,356)
Net position (per A-1) as of June 30, 2016	$9,474,063

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REQUIRED SUPPLEMENTARY INFORMATION
PART II

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BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

NORTHSTAR ACADEMY CHARTER SCHOOL OF NEWARK
Budgetary Comparison Schedule
General Fund
For The Fiscal Year Ended June 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Share	$ 2,360,744	$ 6,127,707	$ 8,488,451	$ 8,488,451	-
State Share	55,803,930	(4,628,000)	$ 51,175,930	51,175,930	-
Other Restricted Miscellaneous Revenues	-	-	$ -		-
Miscellaneous	2,934,245	(1,597,137)	1,337,108	1,337,108	-
Total - Local Sources	61,098,919	(97,430)	61,001,489	61,001,489	-
Categorical Aid					
Special Education Aid	1,027,600	164,449	1,192,049	1,192,049	-
Security Aid	2,160,157	106,755	2,266,912	2,266,912	-
TPAF Medical(On-Behalf - Non-Budgeted)				1,357,273	(1,357,273)
TPAF Pension (On-Behalf - Non-Budgeted)	-		-	1,139,872	(1,139,872)
TPAF Social Security (Reimbursed - Non-Budgeted)			-	1,513,754	(1,513,754)
Total State Sources	3,187,757	271,204	3,458,961	7,469,860	(4,010,899)
Federal Sources:					
Impact Aid					
Medical Assistance Program					
Total - Federal Sources					
Total Revenues	64,286,676	173,774	64,460,450	68,471,349	(4,010,899)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	$ 19,927,823	41,777	19,969,600	19,969,600	-
Other Salaries	1,667,646	202,452	1,870,098	1,870,098	-
Prof/Tech Services	554,550	(25,073)	529,477	529,477	-
Other Purchased Services	544,200	(124,960)	419,240	419,240	-
General Supplies	3,072,428	(271,041)	2,801,387	2,801,387	-
Textbooks	137,845	(56,863)	80,982	80,982	-
Other Objects	495,614	56,364	551,978	551,978	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	26,400,106	(177,344)	26,222,762	26,222,762	-

NORTHSTAR ACADEMY CHARTER SCHOOL OF NEWARK
Budgetary Comparison Schedule
General Fund
For The Fiscal Year Ended June 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administative Salaries	3,673,506	(475,249)	3,198,257	3,198,257	-
Salaries of Secretarial and Clerical Assistants	1,798,080	(20,633)	1,777,447	1,777,447	-
Cost of Benefits	4,722,701	204,724	4,927,425	4,927,425	-
Contracted Management Services	5,552,217	187,321	5,739,538	5,739,538	-
Consultants	62,500	35,652	98,152	98,152	-
Purchased Professional and Technical Services	2,521,038	(520,478)	2,000,560	2,000,560	-
Communications/Telephone	459,669	(44,980)	414,689	414,689	-
Interest on Current Loans	-	-	-	-	-
Supplies and Materials	1,547,737	(101,491)	1,446,246	1,446,246	-
Other Objects	141,027	(24,969)	116,058	116,058	-
	20,478,475	(760,103)	19,718,372	19,718,372	-
Support Services - School Admin/Operation Plant Services					
Salaries	2,730,073	(3,629)	2,726,444	2,726,444	-
Purchased Professional and Technical Services	696,783	(4,326)	692,457	692,457	-
Other Purchased Services	1,927,504	(345,689)	1,581,815	1,581,815	-
Rental of Land and Building- other than Lease Purchase Agreements	5,052,728	(415,713)	4,637,015	4,637,015	-
Insurance	213,437	63,211	276,648	276,648	-
General Supplies	312,842	(66,905)	245,937	245,937	-
Transportation- Trips	535,043	(140,826)	394,217	394,217	-
Energy (Energy and Electricity)	1,116,786	(252,821)	863,965	863,965	-
Other Objects	415,717	24,293	440,010	440,010	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant	13,000,913	(1,142,405)	11,858,508	11,858,508	-
Food Service					
Board Subsudy	-	-	-	-	-
Other Purchsed Services			-		
Total Food Services	-	-	-	-	
On-behalf TPAF Medical Contributions (non-budgeted)				1,357,273	(1,357,273)
On-behalf TPAF Pension Contributions (non-budgeted)				1,139,872	(1,139,872)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,513,754	(1,513,754)
TOTAL ON-BEHALF CONTRIBUTIONS	-		-	4,010,899	4,010,899
TOTAL UNDISTRIBUTED EXPENDITURES	33,479,388	(1,902,508)	31,576,880	35,587,779	(4,010,899)
TOTAL GENERAL CURRENT EXPENSE	59,879,494	(2,079,852)	57,799,642	61,810,541	(4,010,899)

NORTHSTAR ACADEMY CHARTER SCHOOL OF NEWARK
Budgetary Comparison Schedule
General Fund
For The Fiscal Year Ended June 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Instructional Equipment	-	-	-	-	-
Non-Instructional Equipment	25,000	9,586	34,586	34,586	-
Miscellaneous	4,604,105	2,022,118	6,626,223	4,694,955	1,931,268
Total Equipment	4,629,105	2,031,704	6,660,809	4,729,541	1,931,268
TOTAL EXPENDITURES- GENERAL FUND	64,508,599	(48,148)	64,460,451	66,540,082	(2,079,631)
Excess of Revenues (Deficiency)					
Over (Under) Expenditures				1,931,267	(1,931,267)
				-	
Other Financing Sources:					
Operating Transfer In:	-	-	-	-	-
Total Other Financing Sources:	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	1,931,267	(1,931,267)
Fund Balance, July 1	-	-	7,432,456	7,432,456	
Fund Balance, June 30	$ -	$ -	$ 7,432,456	$ 9,363,723	$ (1,931,267)

Exhibit C-2
Page 1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	$ 738,546		$ 738,546	$ 738,546	
State Sources	-		-	-	
Federal Sources	3,662,759		3,662,759	3,662,759	
Total Revenues	4,401,305		4,401,305	4,401,305	
EXPENDITURES:					
Instruction					
Salaries of Teachers	2,291,081		2,291,081	2,291,081	
Other Salaries for Instruction	10,307		10,307	10,307	
Purchased Professional -Educational Services	130,170		130,170	130,170	
Other Purchased Services					
Technical Supplies					
Instructional Supplies	297,672		297,672	297,672	
Textbooks	1,166		1,166	1,166	
General Supplies	-		-	-	
Personal Services- Employee Benefits	639,322		639,322	639,322	
Administrative Costs					
Miscellaneous	599		599	599	
Total Instruction	3,370,317		3,370,317	3,370,317	
Support Services					
Salaries of Supervisor of Instruction	215,000		215,000	215,000	
Salaries of Program Directors	180,672		180,672	180,672	
Salaries of Other Professional Staff					
Salaries of Secretaries & Clerical Assistants	9,750		9,750	9,750	
Supplies and Materials	395,417		395,417	395,417	
Transportation	3,251		3,251	3,251	
Communication	34,951		34,951	34,951	
Graduation Expense					
Other Purchase Services	77,206		77,206	77,206	
Scholarship Aid	114,741		114,741	114,741	
Security					
Student Enrichment	-		-	-	
Total Support Services	1,030,988		1,030,988	1,030,988	

Exhibit C-2 Pg 2

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Buildings Improvements		-	-	-	-
Instructional Equipment	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-
Transfer to Charter School	-	-	-	-	-
Total Expenditures	4,401,305	-	4,401,305	4,401,305	-
Other Financing Sources (Uses)					
Transfer in from General Fund	-	-	-	-	-
Transfer Out to Whole School Reform (General Fund)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	4,401,305	-	4,401,305	4,401,305	-
Excess of Revenues (Deficiency) Over (Under) Expenditures and Other Financing Sources (Uses)	$ 4,401,305	$ -	$ 4,401,305	$ 4,401,305	$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

Exhibit L-1

NORTH STAR ACADEMY CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30*

Public Employees' Retirement System (PERS)

	2016	2015	2014
Charter School Proportion of the net pension liability (asset)	.048054	.048054	.059514
Charter School Proportionate share of the net pension liability (asset)	9,184,123	9,184,123	11,142,652
Charter School Covered employee payroll	$3,449,571	$3,449,571	$4,503,990
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	266.2%	266.2%	247.4%
Plan fiduciary net position as a percentage of the total pension liability	37.56%	37.56%	40.4%

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

Exhibit L-2

NORTH STAR ACADEMY CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30*

Public Employees' Retirement System (PERS)

	2016	2015	2014
Contractually required contribution	$497,300	$497,300	$668,883
Contributions in relation to the contractually required contribution	(497,300)	(497,300)	(668,886)
Contribution deficiency (excess)	0	0	0
Charter School Covered employee payroll	3,449,571	3,449,571	4,503,090
Contributions as a percentage of covered employee payroll	14.4%	14.4%	14.9%

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

Exhibit L-3

NORTH STAR ACADEMY CHARTER SCHOOL
SCHEDULE OF THE CHARTER SCHOOL PROPORTIONATE SHARE
OF NET PENSION LIABILITY - TPAF
FOR THE FISCAL YEARS ENDED JUNE 30

Teachers' Pension and Annuity Fund (TPAF)

	2016	2015	2014
Charter School Proportion of the net pension liability (asset)**	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the Charter School	32,662,588	32,662,588	49,807,078
Total	32,662,588	32,662,588	49,807,078
Charter School Covered employee payroll	11,389,985	11,389,985	13,676,988
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A

**NOTE: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the charter school (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the charter school.

Exhibit L-4

NORTH STAR ACADEMY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for the proceeds of special revenue resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Exhibit E-1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	TOTAL	IDEA PART B-Basic Reg. Prog.	TITLE I	FEDERAL CSP	SEMI Grant	Gear up	ACE Grant	Private Grants
REVENUES								
Intergovernmental								
State								
Federal	3,662,759	755,066	2,259,183	550,824	97,686			
Other Sources								
Miscellaneous	738,546					114,741	273,805	350,000
Total Revenues	4,401,305	755,066	2,259,183	550,824	97,686	114,741	273,805	350,000
EXPENDITURES								
Instruction								
Salaries	2,291,081	509,259	1,775,072				6,750	
Other Instructional Salaries	10,307		10,307					
Purchased Prof. and Tech. Services	130,170			32,484	97,686			
Other Purchased Services	0		0					
Instructional Supplies	297,672			269,551			28,121	0
Textbooks	1,166			1,166				
Personal Services - Employee Benefits	639,322	155,807	464,054				19,461	
Miscellaneous	599						599	
Total Instruction	3,370,317	665,066	2,249,433	303,201	97,686	0	54,931	0
Support Services								
Salaries of Supervisors of Instruction	215,000	90,000		125,000			0	
Salaries of Program Directors	180,672						180,672	
Salaries of Secretarial and Clerical Ass't	9,750		9,750					
Transportation	34,951						34,951	
Communication	3,251						3,251	
Scholarships Aid	114,741					114,741		
Other Purchase Services	77,206			77,206				
Supplies and Materials	395,417			45,417				350,000
Total Support Services	1,030,988	90,000	9,750	247,623	0	114,741	218,874	350,000
TOTAL EXPENDITURES	4,401,305	755,066	2,259,183	550,824	97,686	114,741	273,805	350,000

PROPRIETARY FUNDS

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service Fund - The fund provides for the operation of food services in all schools.

Exhibit G-1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Net Position
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities Enterprise Fund Food Services
ASSETS	
Current Assets	
Cash	$0
Intergovernmental Receivable	
Federal	$416,793
State	5,972
Accounts Receivable	
Total Current Assets	422,765
Total Assets	422,765
LIABILITIES	
Cash Overdraft	(414,298)
Accounts Payable	
Deferred Revenue	
Total Current Liabilities	(414,298)
Net Position	
Unrestricted	8,467
Invested in capital assets net of related debt	0
Total Net Position	$8,467

Exhibit G-2

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities Enterprise Fund Food Services	**Business-Type Activities** Erichment Program	**Business-Type Activities** Total
OPERATING REVENUES			
Local Sources			
Daily Sales - Reimbursable Programs	$80,384		$80,384
Special Lunch and Breakfast Program	$7,811		$7,811
Miscellaneous Revenue		218,454	218,454
Total Operating Revenues	88,195	218,454	306,649
OPERATING EXPENSES			
Salaries, wages and employee benefits		77,782	77,782
Supplies, Materials & Other	1,708,349	65,158	1,773,507
Transportation		75,514	75,514
Depreciation			
Cost of Sales			
Total Operating Expenses	1,708,349	218,454	1,926,803
Income (Loss) From Operations	(1,620,154)	0	(1,620,154)
Nonoperating Revenues			
Board Subsidy	0		0
State Sources			
State Lunch	23,080		23,080
Federal Sources			
School Breakfast Program	336,207		336,207
National School Lunch Program	1,225,090		1,225,090
National Snack Program	35,777		35,777
Total Nonoperating Revenues	1,620,154	0	1,620,154
Net Income (Loss)	0	0	0
Total Net Position- Beginning of Year	8,467		8,467
Total Net Position- End of Year	$8,467	$0	$8,467

Exhibit G-3

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

Cash flows from operating activities	
Cash Received from Customers	73,185
Miscellaneous Revenue	218,454
Cash Payments to Suppliers for Goods and Services	(1,951,212)
Net Cash (Used) by Operating Activities	(1,659,573)
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund Transfer (Contribution)	0
Cash Received from State and Federal Subsidy Reimbursements	1,446,781
Net Cash Provided by Noncapital Financing Activities	1,446,781
Cash Flows from Investing Activities	---
Net Cash Provided by Investing Activities	---
Net Increase in Cash and Cash Equivalents	(212,792)
Cash and Cash Equivalents, Beginning of Year	(201,506)
Cash and Cash Equivalents, End of Year	($414,298)
Reconcilliation of Operating (Loss) to Net Cash Used by Operating Activities	
Operating Profit (Loss)	$0
Adjustments to Reconcile Operating (Loss) to Net Cash Used by Operating Activities	
Depreciation	
Increase in Accounts Receivable	(181,183)
USDA Commodities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	(24,410)
Increase/(Decrease) in Deferred Revenue	(7,199)
Increase/(Decrease) in Compensated Absences	
Increase/(Decrease) in Inventory	
Total Adjustment	(212,792)
Net Cash Used by Operating Activities	($212,792)

FIDUCIARY FUNDS

Exhibit H-1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Fiduciary Funds
Combining Statement of Agency Fund Net Position
As of June 30, 2016

	Unemployment Insurance	Gear Up Scholarships	Parent Council	Payroll Account	Payroll Agency	TOTAL
ASSETS						
Cash	$5,176	$31,204	$107,502	$1,672	$6,142	$151,696
Total Assets	$5,176	$31,204	$107,502	$1,672	$6,142	$151,696
LIABILITIES AND FUND BALANCES						
Liabilities						
Intergovernmental Payble - State						
Payroll Deductions and Withholdings				1,672	6,142	7,814
College Trust Fund		31,204				31,204
Due to Student Groups			107,502			107,502
Total Liabilities	0	31,204	107,502	1,672	6,142	146,520
Net Position						
Reserve For Unemploy. Trust Fund	5,176	0	0	0	0	5,176
Total Net Position	5,176	0	0	0	0	5,176
Total Liabilities and Net Position	$5,176	$31,204	$107,502	$1,672	$6,142	$151,696

Exhibit H-2

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2016

NOT APPLICABLE

Exhibit H-3

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Parent Council Funds
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
Parent Council Fund	$88,564	$309,833	($290,895)	$107,502
Total	$88,564	$309,833	($290,895)	$107,502

Exhibit H-4

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
Cash and Cash Equivalents	$0	$36,298,690	$36,298,690	$0
Total Liabilities	0	36,298,690	36,298,690	0
LIABILITIES				
Payroll Deductions and Withholdings	0	14,143,019	14,143,019	
Accrued Salaries and Wages		22,155,671	22,155,671	
Total Liabilities	$0	$36,298,690	$36,298,690	$0

Exhibit H-5

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
Cash and Cash Equivalents	$15,874	$63,918	$79,517	$275
Total Assets	$15,874	$63,918	$79,517	$275
LIABILITIES	$0	$0	$0	$0
FUND BALANCE				
Reserve for Unemployment Compensation	$15,874	$63,918	$79,517	$275
Total Liabilities and Net Position	$15,874	$63,918	$79,517	$275

FINANCIAL TRENDS

Exhibit J-1

NORTH STAR ACADEMY CHARTER SCHOOL
NET POSITION BY COMPONENT
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2016	2015	2014	2013	2012	2011
Governmental activities						
Invested in capital assets, net of related debt	$ 14,973,681	$ 10,813,389	$ 9,472,461	$ 7,251,540	$ 5,024,166	$ 2,854,690
Restricted						
Unrestricted	(825,855)	(1,674,664)	(3,222,551)	4,563,973	3,765,557	3,148,080
Total governmental activities net position	$ 14,147,826	$ 9,138,725	$ 6,249,910	$ 11,815,513	$ 8,789,723	$ 6,002,770
Business-type activities						
Invested in capital assets, net of related debt						
Restricted						
Unrestricted	8,467	8,467	8,467	8,467	8,467	8,078
Total business-type activities net position	$ 8,467	$ 8,467	$ 8,467	$ 8,467	$ 8,467	$ 8,078
School-wide						
Invested in capital assets, net of related debt	$ 14,973,681	$ 10,813,389	$ 9,472,461	$ 7,251,540	$ 5,024,166	$ 2,854,690
Restricted						
Unrestricted	(817,389)	(1666197)*	(3,214,084)	4,572,440	3,774,024	3,156,158
Total school net position	$ 14,156,292	$ 9,147,192	$ 6,258,377	$ 11,823,980	$ 8,798,190	$ 6,010,848

*As restated

Source: School Financial Statements

Exhibit J-2

NORTH STAR ACADEMY CHARTER SCHOOL
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2016	2015	2014	2013	2012	2011
Expenses						
Governmental activities						
Instruction						
Regular	$ 29,593,079	$ 28,569,460	$ 22,353,327	$ 18,661,363	$ 13,319,253	$ 10,361,359
Support Services:						
General administration	20,749,360	17,573,326	13,392,668	10,944,715	8,008,480	5,506,704
School Administrative Services	11,858,508	10,743,497	8,372,729	6,105,589	5,218,176	3,150,008
On-behalf TPAF Social Security	4,010,899	3,333,100	2,211,170	1,887,819	1,274,360	824,460
Capital outlay	4,729,541	1,847,881	2,590,690	2,543,174	2,315,040	939,964
Unallocated depreciation	569,233	485,411	368,075	315,800	121,351	75,478
Total governmental activities expenses	71,510,620	62,552,675	49,288,659	40,458,460	30,256,660	20,857,973
Business-type activities:						
Food service	1,926,803	2,005,639	1,411,837	1,254,950	934,288	671,555
Child Care	-	-	-	-	-	-
Total business-type activities expense	1,926,803	2,005,639	1,411,837	1,254,950	934,288	671,555
Total school expenses	$ 73,437,423	$ 64,558,314	$ 50,700,496	$ 41,713,410	$ 31,190,948	$ 21,529,528
Program Revenues						
Governmental activities:						
Charges for services:						
Instruction (tuition)	$ -	$ -	$ -	$ -	$ -	$ -
Pupil transportation	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-
Operating grants and contributions	4,401,305	4,130,710	3,741,155	4,092,714	3,627,756	1,964,866
Capital grants and contributions	-	-	-	-	-	-
Total governmental activities program revenues	4,401,305	4,130,710	3,741,155	4,092,714	3,627,756	1,964,866
Business-type activities:						
Charges for services						
Food service	1,926,803	2,005,659	1,411,837	1,254,950	934,677	671,902
Child care	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-
Total business type activities program revenues	1,926,803	2,005,659	1,411,837	1,254,950	934,677	671,902
Total school program revenues	$ 6,328,108	$ 6,136,369	$ 5,152,992	$ 5,347,664	$ 4,562,433	$ 2,636,768
Net (Expense)/Revenue						
Governmental activities	$ (67,109,315)	$ (58,421,965)	$ (45,547,504)	$ (36,365,746)	$ (26,628,904)	$ (19,564,662)
Business-type activities	-	-	-	-	389	347
Total school-wide net expense	$ (67,109,315)	$ (58,421,965)	$ (45,547,504)	$ (36,365,746)	$ (26,628,515)	$ (19,564,315)

Exhibit J-2
Page 2

NORTH STAR ACADEMY CHARTER SCHOOL
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2016	2015	2014	2013	2012	2011
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Local share	$ 8,488,451	$ 6,187,952	$ 5,739,383	$ 4,363,898	$ 3,046,200	$ 2,178,570
State Share	51,175,930	46,354,725	35,548,577	27,930,177	20,400,537	14,493,444
State Aid	7,469,860	6,288,156	4,780,707	3,490,180	2,655,976	1,840,605
Miscellaneous income	1,337,108	653,608	431,356	1,064,107	1,022,317	646,615
Increase in Net Capital Outlay	4,729,541	1,826,339	2,588,996	2,543,174	2,290,827	919,355
Investment earnings	-	-	-	-	-	95
Miscellaneous income	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Total governmental activities	73,200,890	61,310,780	49,089,019	39,391,536	29,415,857	20,078,684
Business-type activities:						
Investment earnings					-	-
Transfers					-	-
Total business-type activities					-	-
Total school-wide	$ 73,200,890	$ 61,310,780	$ 49,089,019	$ 39,391,536	$ 29,415,857	$ 20,078,684
Change in Net Position						
Governmental activities	$ 6,091,575	$ 2,888,815	$ 3,541,515	$ 3,025,790	$ 2,786,953	$ 514,022
Business-type activities	-	-	-	-	389	347
Total school	$ 6,091,575	$ 2,888,815	$ 3,541,515	$ 3,025,790	$ 2,787,342	$ 514,369

Source: School Financial Statements

EXHIBIT J-3

NORTH STAR ACADEMY CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2016	2015	2014	2013	2012	2011
General Fund						
Reserved						
Unreserved	$ 9,363,723	$ 7,432,456	$ 5,884,567	$ 4,563,973	$ 3,765,557	$ 3,148,080
Total General Fund	$ 9,363,723	$ 7,432,456	$ 5,884,567	$ 4,563,973	$ 3,765,557	$ 3,148,080
All Other Governmental Funds						
Reserved						
Unreserved, reported in:						
Special revenue fund						
Capital projects fund						
Debt service fund						
Permanent fund						
Total all other governmental funds						

Source: School Financial Statements

Exhibit J-4

NORTH STAR ACADEMY CHARTER SCHOOL
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2016	2015	2014	2013	2012	2011
Revenues						
Local tax Levy	$8,488,451	$6,187,952	$5,739,383	$4,363,898	$3,046,200	$2,178,570
Other local revenue	2,382,303	2,003,820	1,594,353	2,520,843	2,234,821	899,710
State sources	58,668,870	52,663,641	40,346,110	31,436,235	23,070,322	16,344,231
Federal sources	5,259,833	4,765,377	3,973,169	3,875,050	3,336,120	2,373,586
Total revenue	74,799,457	65,620,790	51,653,015	42,196,026	31,687,463	21,796,097
Expenditures						
Instruction						
Regular Instruction	26,222,762	24,897,873	19,006,149	15,532,877	9,279,438	7,660,203
Undistributed Instruction					-	
Support Services:						
General administration	19,718,372	17,114,203	12,998,691	9,980,487	8,420,539	6,242,454
School administrative services/Plant	11,858,508	10,743,497	8,372,729	6,105,589	5,218,176	3,150,008
TPAF Social Security	4,010,899	3,333,100	2,211,170	1,887,819	1,274,360	824,460
Food Service	1,926,803	2,005,639	1,411,837	1,254,950	934,288	671,555
Capital outlay	4,729,541	1,847,881	2,590,690	2,543,174	2,315,040	939,964
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Special Revenue	4,401,305	4,130,710	3,741,155	4,092,714	3,627,756	1,964,866
Total expenditures	72,868,190	64,072,903	50,332,421	41,397,610	31,069,597	21,453,510
Excess (Deficiency) of revenues over (under) expenditures	1,931,267	1,547,887	1,320,594	798,416	617,866	342,587
Other Financing sources (uses)						
Proceeds from borrowing	-	-	-	-	-	-
Capital leases (non-budgeted)	-	-	-	-	-	-
Proceeds from refunding	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	$1,931,267	$1,547,887	$1,320,594	$798,416	$617,866	$342,587
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School Financial Statements

REVENUE CAPACITY

Exhibit J-5

NORTH STAR ACADEMY CHARTER SCHOOL
General Fund - Other Local Revenue By Source
For the Fiscal Years Ended June 30
(Unaudited)

	E-Rate	Donations	Other Local	Totals
2011		646,618	92	646,710
2012		1,022,317	--	1,022,317
2013	345,049	719,058	--	1,064,107
2014	239,646	191,710	--	431,356
2015	315,008	338,600		653,608
2016	529,613	807,495		1,337,108

Source: School Financial Statements

NORTH STAR ACADEMY CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Fiscal Year Ended June 30, 2016
(Unaudited)

NOT APPLICABLE

Exhibit J-7

NORTH STAR ACADEMY CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Fiscal Year Ended June 30, 2016
(Unaudited)

NOT APPLICABLE

Exhibit J-8

NORTH STAR ACADEMY CHARTER SCHOOL
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2016
(Unaudited)

NOT APPLICABLE

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DEBT CAPACITY

Exhibit J-9

NORTH STAR ACADEMY CHARTER SCHOOL
Property Tax Levies and Collections
For the Fiscal Year Ended June 30, 2016
(Unaudited)

NOT APPLICABLE

Exhibit J-10

NORTH STAR ACADEMY CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2016
(Unaudited)

NOT APPLICABLE

Exhibit J-11

NORTH STAR ACADEMY CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Fiscal Year Ended June 30, 2016
(Unaudited)

NOT APPLICABLE

Exhibit J-12

NORTH STAR ACADEMY CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2016
(Unaudited)

NOT APPLICABLE

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DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

NORTH STAR ACADEMY CHARTER SCHOOL
Legal Debt Margin Information
For the Fiscal Year Ended June 30, 2016
(Unaudited)

NOT APPLICABLE

Exhibit J-14

NORTH STAR ACADEMY CHARTER SCHOOL
Demographic and Economic Statistics
For the Fiscal Year Ended June 30, 2016
(Unaudited)

NOT APPLICABLE

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OPERATING INFORMATION
(UNAUDITED)

Exhibit J-15

NORTH STAR ACADEMY CHARTER SCHOOL
Principal Employers
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Employer	**Employees**	**Rank**	**Percentage of Total Municipal Employment**
Newark Liberty International Airport	24,000	1	17.14%
Verizon Communications	17,100	2	12.21%
Prudential Financial, Inc.	16,850	3	12.04%
Continental Airline	11,000	4	7.86%
University of Medicines/Dentistry	11,000	5	7.86%
Public Service Enterprise Group	10,800	6	7.71%
Prudential Insurance	4,492	7	3.21%
City of Newark	3,984	8	2.85%
Horizon Blue Cross & Blue Shield	3,900	9	2.79%

Exhibit J-16

NORTH STAR ACADEMY CHARTER SCHOOL
Full-time Equivalent School Employees by Function/Program
For the Fiscal Years Ended June 30
(Unaudited)

Function/Program	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Instruction						
Regular	305	289	241	226	160	123
Special education						
Other special education						
Vocational						
Other instruction						
Nonpublic school programs						
Adult/continuing education programs						
Support Services:						
Student & instruction related services						
General administration	34	34	28			
School administrative services						
Other administrative services						
Central services						
Administrative Information Technology						
Plant operations and maintenance						
Pupil transportation						
Other support services	75	61	60			
Special Schools						
Food Service						
Child Care						
Total	414	384	329	226	160	123

Source: School Personnel Records

Exhibit J-17

NORTH STAR ACADEMY CHARTER SCHOOL
Operating Statistics
For the Fiscal Years Ended June 30
(Unaudited)

Fiscal Year	Enroll	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio Elementary	Pupil/Teacher Ratio Middle School	Pupil/Teacher Ratio Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	1,247	20,110,036	16,127	1%	123	37	54	32	1257	1209	38.7%	96.2%
2012	1,677	30,421,990	18,141	12%	160	61	71	28	1671	1625	33.0%	96.9%
2013	2,203	40,326,665	18,305	1%	226	91	100	35	2187	2090	30.9%	95.6%
2014	2,733	49,435,078	18,088	-1%	241	104	100	37	2711	2570	24.0%	95.0%
2015	3,441	64,072,903	18,620	3%	289	158	87	44	3436	3281	26.7%	95.5%
2016	3,970	$60,677,252	15,284	-18%	305	166	94	45	4016	3,818	16.37%	95.1%

Sources: School records

Exhibit J-18

NORTH STAR ACADEMY CHARTER SCHOOL
School Building Information
For the Fiscal Years Ended June 30
(Unaudited)

School Building	2016	2015	2014	2013	2012	2011
Downtown Campus (MS#1, HS and Network Office)						
Square Feet	109,200	109,200	109,200	109,200	104,900	43,000
Capacity (students)	900	900	900	900	900	500
Enrollment	851	722	679	624	539	465
Vailsburg Campus (ES#1, MS#3)						
Square Feet	89,000	89,000	81,000	81,000	81,000	80,000
Capacity (students)	850	800	800	800	735	800
Enrollment	805	762	757	673	576	473
Clinton Hill Campus (MS#2)						
Square Feet	40,000	40,000	40,000	40,000	40,000	40,000
Capacity (students)	400	400	400	400	400	400
Enrollment	376	333	308	293	300	308
West Side Park Campus (ES#2, MS#4)						
Square Feet	86,000	86,000	86,000	86,000	85,000	-
Capacity (students)	850	850	735	735	735	-
Enrollment	858	709	536	348	174	-
Fairmount Campus (ES#3, ES#4)						
Square Feet	118,888	118,888	118,888	118,888	12,637	-
Capacity (students)	1,000	1,000	1,000		87	-
Enrollment	837	625	453	265	87	-
Alexander Campus (ES#5)						
Square Feet	75,000	75,000				
Capacity (students)	700	700				
Enrollment	380	290				
Central Campus (MS#5)						
Square Feet	48,000					
Capacity (students)	400					
Enrollment	96					

Number of Schools at June 30
Elementary = 5
Middle School = 5

Exhibit J-19

NORTH STAR ACADEMY CHARTER SCHOOL
General Fund - Schedule of Required Maintenance
For the Fiscal Year Ended June 30, 2016
(Unaudited)

NON APPLICABLE

Exhibit J-20

NORTH STAR ACADEMY CHARTER SCHOOL
Insurance Schedule
For the Fiscal Year Ended June 30, 2016
(Unaudited)

	Coverage	Deductible
School Package Policy (1)		
Commercial Property	$ 61,274,200	$ 5,000
Boiler and Machinery	100,000,000	5,000
General Automobile Liability	16,000,000	-
School Board Legal Liability	16,000,000	
Umbrella	24,000,000	-
Workers' Compensation	2,000,000	-
Student Medical Accident	1,000,000	
Surety Bonds (3)		
Faitful Perfomance Bond	50,000	
Public Official Bond	100,000	

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CHARTER SCHOOL PERFORMANCE FRAMEWORK FINANCIAL INDICATORS

Exhibit J-21

NORTHSTAR ACADEMY CHARTER SCHOOL OF NEWARK
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30
Unaudited

Charter School Performance Framework Financial Indicators
Sustainability Indicators

	2016	2015	2014	2013	2012
Cash	8,784,826	6,093,493	5,779,792	4,789,709	3,513,214
Current Assets	10,368,778	8,389,045	6,586,756	5,554,760	4,647,671
Capital Assets-Net	14,973,697	10,813,389	9,472,461	7,251,540	5,024,166
Total Assets	25,342,475	19,202,434	16,059,217	12,806,300	9,671,837
Current Liabilities	996,588	948,122	693,722	982,320	873,647
Long Term Liabilities	0	0	0	0	0
Total Liabilities					
Net Position	24,345,887	18,254,312	15,365,495	11,823,980	8,798,190
Total Revenue	74,799,457	65,620,790	51,653,015	42,196,026	31,687,463
Total Expenses	(72,868,190)	(64,072,903)	(50,332,421)	(41,397,610)	(31,069,597)
Change in Net Position	1,931,267	1,547,887	1,320,594	798,416	617,866
Depreciation	569,233	485,411	368,075	315,800	121,351
Principal Payments	0	0	0	0	0
Interest payments	0	0	0	0	0
Final average daily enrollment	3,970	3,441	2,733	2,203	1,677
March 30th budgeted Enrollment	3,900	3,400	2,700	2,000	1,600

Near term indicators	2016	2015	2014	2013	2012
CURRENT RATIO	10.41	8.85	9.49	5.65	5.32
Unrestricted days cash	51.94	34.72	41.91	42.23	41.27
Enrollment variance	100%	100%	100%	100%	100%
Default	N/A	N/A	N/A	N/A	N/A

Exhibit J-22

NORTHSTAR ACADEMY CHARTER SCHOOL OF NEWARK
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30
Unaudited

Charter School Performance Framework Financial Indicators
Sustainability Indicators

	2016	2015	2014	2013	2012
Cash	8,784,826	6,093,493	5,779,792	4,789,709	3,513,214
Current Assets	10,368,778	8,389,045	6,586,756	5,554,760	4,647,671
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Current Liabilities	996,588	948,122	693,722	982,320	873,647
Long Term Liabilities	0	0	0	0	0
Total Liabilities					
Net Position	24,345,887	18,254,312	15,365,495	11,823,980	8,798,190
Total Revenue	74,799,457	65,620,790	51,653,015	42,196,026	31,687,463
Total Expenses	(72,868,190)	(64,072,903)	50,332,421	(41,397,610)	(31,069,597)
Change in Net Position	1,931,267	1,547,887	1,320,594	798,416	617,866
Depreciation	569,233	485,411	368,075	315,800	121,351
Principal Payments	0	0	0	0	0
Interest payments	0	0	0	0	0
Final average daily enrollment	3,970	3,441	2,733	2,203	1,677
March 30th budgeted Enrollment	3,900	3,400	2,700	2,000	1,600

Sustainability Indicators	2015	2015	2014	2013	2012
Total margin	3%	3%	3%	2%	2%
Debt to Asset	N/A	N/A	N/A	N/A	N/A
cash flow	2,691,333	313,701	990,083	1,276,495	1,506,693
Debt Service Coverage ratio	N/A	N/A	N/A	N/A	N/A

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SINGLE AUDIT SECTION K

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CERTIFIED PUBLIC ACCOUNTANT
12 MERRY LANE
EAST HANOVER, NEW JERSEY 07936

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EXHIBIT K-1

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable President and
Members of the Board of Trustees
North Star Academy Charter School of Newark
County of Essex
Newark, New Jersey

I have audited, 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 *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Star Academy Charter School of Newark ("the Charter School"), in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued my report thereon, dated October 18, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

I also noted certain matters that I reported to management of the North Star Academy Charter School of Newark in a separate report entitled, "Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance" dated October 18, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Licensed Public School Accountant No. 870

Scott J Loeffler, CPA
October 18, 2016

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12 MERRY LANE
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EXHIBIT K-2

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF NEW JERSEY OMG'S CIRCULAR LETTER 15-08

The Honorable President and
Members of the Board of Trustees
North Star Academy Charter School of Newark
County of Essex
Newark, New Jersey

Compliance

I have audited the North Star Academy Charter School of Newark, in the County of Essex, State of New Jersey's ("the Charter School") with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2016. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

My responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, The Uniform Guidance and State of New Jersey Department of Treasury Circular 15-08-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In my opinion, the Charter School 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 and state program for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with The Uniform Guidance and State of New Jersey Department of Treasury Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of The Uniform Guidance and State of New Jersey Department of Treasury Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Licensed Public School Accountant No. 870

Scott J. Loeffler, CPA

Scott J. Loeffler, CPA
October 18, 2016

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2016

Federal/Grantor Program Title	FEDERAL CFDA Number	Grant Period	Award Amount	Balance July 1, 2015	Prior Carry over	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Deferred Revenue/ (Accounts Receivable) June 30, 2016	Due to Grantor at June 30, 2016
Food Subsidy											
Federal School Lunch	10.555	07/01/15-06/30/16	1,225,090	(181,425)		$1,086,993	$1,225,090			(319,522)	
Federal Breakfast	10.553	07/01/15-06/30/16	336,207	(40,998)		287,513	336,207			(89,692)	
National Snack Program	10.558	07/01/15-06/30/16	35,777	(7,463)		35,662	35,777			(7,578)	
Special Revenue Fund											
NCLB											
Title I Part A	84.010 A	07/01/15-06/30/16	2,259,183	(927,842)		3,187,025	2,259,183			0	
Medicaid Semi Grant	93.778	07/01/15-06/30/16	97,686	0		71,107	97,686			(26,579)	
Charter School Program	84.282	07/01/15-06/30/16	550,824	0		201,157	550,824			(349,667)	
IDEA Basic	84.027	07/01/15-06/30/16	755,066	(227,211)		982,277	755,066			0	
Total Special Revenue				(1,155,053)		4,441,566	3,662,759			(376,246)	---
				($1,384,939)		$5,851,734	$5,259,833			($793,038)	

See accompanying notes to schedules of expenditures of Federal and State awards.

EXHIBIT - K-4

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2015	Cash Received	Budgetary Expenditures	Prior Years' Balances	Adjust.	Receivable at June 30, 2016
GENERAL FUND									
TPAF Social Security	16-495-034-5095-002	7/1/15-06/30/16	1,513,754		1,513,754	1,513,754			
Equalization Aid - Local	16-495-034-5120-078	7/1/15-06/30/16	8,488,451		8,488,451	8,488,451			
Equalization Aid - State	16-495-034-5120-078	7/1/15-06/30/16	51,175,930		51,175,930	51,175,930			
Special Education	16-495-034-5120-089	7/1/15-06/30/16	1,192,049		1,192,049	1,192,049			
Security Aid	16-495-034-5120-084	7/1/15-06/30/16	2,266,912		2,266,912	2,266,912			
Total General Fund				--	64,637,096	64,637,096			
ENTERPRISE FUND									
State School Lunch	16-100-010-3350-023	7/1/15-06/30/16	23,080	(3,545)	20,652	23,080			(5,973)
Total Enterprise				(3,545)	20,652	23,080			(5,973)
Total State Financial Aid Subject to OMB 04-04				(3,545)	64,657,748	64,660,176			(5,973)
On Behalf TPAF Pension/Medical	16-495-034-5095-050	7/1/15-06/30/16			$2,497,145	$2,497,145			
Total State Financial Assistance					$67,154,893	$67,157,321			

See accompanying notes to schedules of expenditures of Federal and State Awards.

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NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. GENERAL

The accompanying schedules present the activity of all federal and state assistance programs of the Board of Trustees of the North Star Academy Charter School of Newark. The Board of Trustees is defined in the Notes to the school's basic financial statements. All federal and state assistance received directly from federal and state agencies, as well as federal assistance and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting revenue is not recognized until the subsequent year or expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is $-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

GAAP basis is $-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	$ ---	$64,637,096	$64,637,096
Special Revenue Fund	4,441,566	---	4,441,566
Food Service Fund	1,410,168	23,080	1,433,248
Total Awards and Financial Assistance	$5,851,734	$64,660,176	$70,511,910

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

The TPAF Social Security Contributions of $1,513,754 represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

The amount reported as TPAF Pension System Contributions in the amount of $1,547,049 and TPAF Post-Retirement Medical Benefits Contributions in the amount of $2,497,145 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the schools basic financial statements and the amount subject to State single audit and major program determination.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PART 1 – SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

	YES	NO	
Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified:		**X**	
Significant deficiencies identified not considered to be material weakness(es)?		**X**	None Reported
Noncompliance material to financial statements noted?		**X**	

Federal Awards

	YES	NO	
Internal control over compliance:			
Material weakness(es) identified?		**X**	
Significant deficiencies identified not considered to be material weakness(es)?		**X**	None Reported
Type of auditor's report on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be Reported in accordance with the Uniform Guidance?		**X**	

Identification of major programs:

CDFA Number(s)	Name of Federal Program or Cluster
84.010 A	No Child Left Behind – Title I Part A
84.282	Charter School Program
84.027 A	IDEA Part B
10.555	Federal Lunch Program

	YES	NO
Dollar threshold used to distinguish between type A and type B programs (.520)	$750,000	
Auditee qualified as low risk auditee:	**X**	

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PART 1 – SUMMARY OF AUDITOR'S RESULTS (Continued)

State Awards	YES	NO	
Dollar threshold used to distinguish between type A and type B programs (.520)	$1,708,110		
Auditee qualified as low risk auditee:	X		
Type of auditor's report issued:	Unmodified		
Internal control over major programs:			
Material weakness(es) identified:		X	
Significant deficiencies identified not considered to be material weakness(es)?		X	None Reported
Type of auditor's report on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08?		X	

Identification of major programs:

GMIS Number(s)	Name of State Program or Cluster
16-495-034-5120-078	Charter School Aid Local and State
16-495-034-5095-002	TPAF Social Security
16-495-034-5120-084	Security Aid
16-495-034-5120-089	Special Education

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

No financial statement findings noted that are required to be reported under Government Auditing Standards.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

No federal and state award findings and questioned costs noted that are required to be reported in accordance of U.S. Uniform Guidance or with NJOMB Circular 15-08.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year findings.

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COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
NORTH STAR ACADEMY CHARTER
SCHOOL OF NEWARK
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
JUNE 30, 2015
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NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
JUNE 30, 2015
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October 2, 2015

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN 500
Trenton, NJ 08625

Dear Commissioner:

The Comprehensive Annual Financial Report of the North Star Academy Charter School of Newark for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** North Star Academy Charter School of Newark constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

10 WASHINGTON PLACE, NEWARK, NEW JERSEY 07102
TEL: 973-642-0101 FAX: 973-642-5800

North Star Academy was chartered by The New Jersey Department of Education as one of the state's very first charter schools in January 1997. The school opened its doors to its first 72 students – 36 fifth graders and 36 sixth graders – in September 1997. Since that time, the school has grown each year increasing the number of students served, as indicated in the table below.

School Year	Grades Served	Student Enrollment
1998-1999	5^{th} – 7^{th}	108
1999-2000	5^{th} – 8^{th}	144
2000-2001	5^{th} – 9^{th}	180
2001-2002	5^{th} – 10^{th}	216
2002-2003	5^{th} – 11^{th}	240
2003-2004	5^{th} – 12^{th}	270
2004-2005	5^{th} – 12^{th}	300
2005-2006	5^{th} – 12^{th}	379
2006-2007	5^{th} – 12^{th}	445
2007-2008	K; 5^{th} – 12^{th}	583
2008-2009	K-1; 5^{th} – 12^{th}	760
2009-2010	K-2; 5^{th} – 12^{th}	902
2010-2011	K-3; 5^{th} – 12^{th}	1,255
2011-2012	K – 12^{th}	1,677
2012-2013	K – 12^{th}	2,203
2013-2014	K – 12^{th}	2,733
2014-2015	K – 12^{th}	3,441

North Star operates an extended school year. Students attend classes from 8:00 to 4:00, which is more than an hour longer than most public schools. In addition, programs are available from 7:30 a.m. to 5:00 p.m. There are approximately 25 students per class. Students wear uniforms. Parents are heavily involved in school activities and governance. Teachers are recruited nationally.

2) **ENROLLMENT OUTLOOK:** North Star enrolled 3,441 students, over ten campuses; one high school, four middle schools and five elementary schools for the 2014–2015 school year.

3) **MAJOR ACCOMPLISHMENTS** – In 2014–2015, North Star students maintained an attendance rate of 95.5%. Parents and students reported a high level of satisfaction in all areas. The 3^{rd}-8^{th} and 11^{th} grade test scores met the academic standards, in many instances exceeding them, in all areas (math, language arts, and science) as outlined in the state's Academic Performance Framework. Every member of the senior class graduated and planned to attend college. The school has more than 2,500 students on a waiting list, and was the most widely visited charter school in the state.

4) **<u>INTERNAL ACCOUNTING CONTROLS:</u>** Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived: and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the school also is responsible for ensuring that an adequate control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the school management.

As part of the school's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the school has complied with applicable laws and regulations.

5) **<u>BUDGETARY CONTROLS:</u>** In addition to internal accounting controls, the school maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the school and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2015.

6) **<u>ACCOUNTING SYSTEM AND REPORTS:</u>** The Charter Schools' accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the school is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

7) **FINANCIAL INFORMATION AT FISCAL YEAR–END:** As demonstrated by the various statements and schedules included in the financial section of report, the school continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund for the fiscal year ended June 30, 2015.

Revenue	Amount	Percent of Total
Local Revenue	$ 6,187,952	9%
State Share	46,354,725	70%
State Aid	6,288,156	9%
E-rate Funding	315,008	1%
Private Funding -General Fund	338,600	1%
Federal Aid - Special Revenue	3,436,201	5%
Private Grants - Special Revenue	694,509	1%
Food Service - Federal Aid	1,329,176	1%
Food Service - State Aid	20,760	1%
Enterprise Fund - Other Income	266,436	1%
Food Service - Board Subsidy	389,267	1%
	$65,620,790	100%

The following schedule presents a summary of the General Fund, Special Revenue fund and enterprise fund expenditures for the fiscal year ended June 30, 2015.

Expenditures	Amount	Percent of Total
Current - General Fund	$ 56,088,673	88%
Capital Outlay	1,847,881	2%
Special Revenue Fund	4,130,710	7%
Enterprise Fund	2,005,639	3%
Total	$ 64,072,903	100%

8) **CASH MANAGEMENT:** The investment policy of the school is guided in large by the state Statute as detailed in "Notes to the Financial Statements," Note 2. The school had adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) **RISK MANAGEMENT:** The school carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and contents.

10) <u>OTHER INFORMATION:</u>

<u>Independent Audit</u> – State statutes require an annual audit by an independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Scott J. Loeffler, CPA was selected by the Charter School. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations,* and New Jersey OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,

Michael Ambriz
Chief Operating Officer
Lead Person

ROSTER OF TRUSTEES AND OFFICERS
JUNE 30, 2015

CONSULTANTS AND ADVISORS

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East Hanover, New Jersey 07936

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Newark, New Jersey 07102

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FINANCIAL SECTION

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Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
North Star Academy Charter School of Newark
County of Essex
Newark, New Jersey

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the North Star Academy Charter School of Newark, County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the North Star Academy Charter School of Newark's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Star Academy Charter School of Newark as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 6 to the financial statements, in the fiscal year ended June 30, 2015, the North Star Academy Charter School of Newark adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. My opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis and Budgetary Comparison Information* as listed in the table of contents 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Star Academy Charter School of Newark's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly presented, in all material respects, in relation to the basis financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 2, 2015 on my consideration of the North Star Academy Charter School of Newark's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Star Academy Charter School of Newark's internal control over financial reporting and compliance.

Licensed Public School Accountant No. 870

Scott Loeffler CPA

Scott J. Loeffler CPA
October 2, 2015

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

This section of North Star Academy Charter School of Newark annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-15 fiscal year include the following:

- Total Net Position was $9,138,725 which was net of pension adjustment of $9,115,587 (Notes 17 and 18).

- Total Net Position increased by $2,888,815 from July 1, 2014 to June 30, 2015.

- The General Fund balance at June 30, 2015 is $7,432,456, an increase of $1,547,887 when compared with the beginning balance at July 1, 2014.

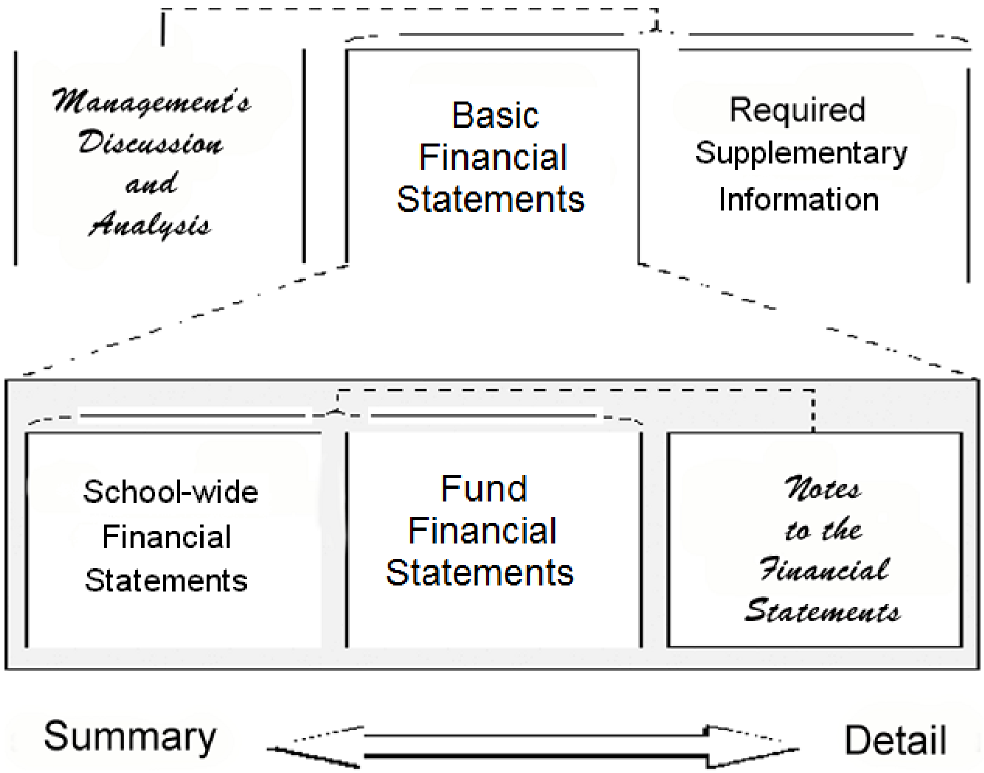
- The Enterprise Fund balance at June 30, 2015 is $8,467, the same fund balance when compared with the beginning at July 1, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the North Star Academy Charter School of Newark.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the North Star Academy Charter School of Newark's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the North Star Academy Charter School of Newark, reporting the North Star Academy Charter School of Newark's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities the North Star Academy Charter School of Newark operates like businesses, per government definition.

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the North Star Academy Charter School of Newark's financial statements, including the portion of the North Star Academy Charter School of Newark's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the School-Wide and Financial Statements

	School-wide Statements	**Fund Financial Statements**	
		Governmental Funds	**Proprietary Funds**
Scope	Entire school (except fiduciary funds)	The activities of the North Star Academy Charter School of Newark that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the North Star Academy Charter School of Newark operates similar to private businesses: Internal service fund
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenue expenditures and changes in fund balances	Statement of net position Statement of revenue, expenses, and changes in fund net position Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

School-wide Statements

The school-wide statements report information about the North Star Academy Charter School of Newark as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the North Star Academy Charter School of Newark's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the North Star Academy Charter School of Newark's net position and how they have changed. Net position – the difference between the North Star Academy Charter School of Newark's assets and liabilities – are one way to measure the North Star Academy Charter School of Newark's financial health or position.

- Over time, increases or decreases in the North Star Academy Charter School of Newark's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

In the school-wide financial statements, the North Star Academy Charter School of Newark's activities are shown in two categories:

- *Governmental activities*- Most of the North Star Academy Charter School of Newark's basic services are included here, such as regular and special education, transportation, administration, food services, and community education.
- *Business-type activities*- The North Star Academy Charter School of Newark's Food Service Fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the North Star Academy Charter School of Newark's funds – focusing on its most significant or "major" funds – not the North Star Academy Charter School of Newark as a whole.

Funds are accounting devices the North Star Academy Charter School of Newark uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

The North Star Academy Charter School of Newark uses other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The North Star Academy Charter School of Newark has three kinds of funds:

- **Governmental funds**- Most of the North Star Academy Charter School of Newark's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the North Star Academy Charter School of Newark's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

- **Proprietary funds**- Services for which the North Star Academy Charter School of Newark charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.

- **Fiduciary funds**- The North Star Academy Charter School of Newark is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The North Star Academy Charter School of Newark is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the North Star Academy Charter School of Newark's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. I exclude these activities from the North Star Academy Charter School of Newark's government-wide financial statements because the North Star Academy Charter School of Newark cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE NORTH STAR ACADEMY CHARTER SCHOOL AS A WHOLE

Net position. The North Star Academy Charter School of Newark's net position is $9,138,725 on June 30, 2015. (See Table A-1).

Governmental	$9,130,258
Business Activities Food Service	8,467
Total	$9,138,725

The Statement of Net Position of $9,138,725 reflects total capital assets of $10,813,389 net of assumed depreciation from inception.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

The North Star Academy Charter School of Newark's financial position is the product of these factors:

- Total revenues during the 2014-15 school year were $65,620,790.
- Total expenditures during the 2014-15 school year were $64,072,903.

Table A-1
The North Star Academy Charter School
Statement of Net Position
As of June 30, 2015

	Total
Current and Other Assets	$8,389,045
Capital Assets (Including Business Activities)	10,813,389
Total Assets	**$19,202,434**
Long-Term Liabilities	-
Other Liabilities	916,513
Total Liabilities	**$916,513**
Net Assets:	
Invested In Capital Assets, Net of Related Debt	10,813,389
Unrestricted Enterprise Fund	8,467
General Fund	7,432,456
Total Net Position	**$18,254,312**
Fund Balance 06/30/15	$7,440,923
Invested In Capital Assets, Net of Related Debt	10,813,389
Net Position before Pension Adjustment	18,254,312
Less: Pension Adjustment (Note 15)	(9,115,587)
Net Position as adjusted for pension liability	$9,138,725

Total Governmental and Business Activities revenues and beginning assets minus net adjusted expenditures resulting in a calculation of net position of $9,138,725 on June 30, 2015.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Table A-2
NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2015

Revenues	**Total**	**Percentage**
Program revenues		
Charges for services	$ 266,436	1%
Board Subsidy	389,267	1%
General revenues		
Local Share	6,187,952	10%
State Aid-Unrestricted	46,354,725	67%
State Aid	6,288,156	9%
Private Funding- General Fund	338,600	1%
E-Rate Funding-General Fund	315,008	2%
Special Revenue Federal Aid	3,436,201	5%
Special Revenue- Private Funding	694,509	1%
Food Service State Aid	20,760	1%
Food Service Federal Aid	1,329,176	2%
Total Revenues	$ 65,620,790	100%
Expenses		
Regular Instruction	28,569,460	44%
General Administrative	17,573,326	27%
School Administrative	10,743,497	17%
On-behalf TPAF Social Security and Pension	3,333,100	4%
Capital Outlay	1,847,881	5%
Food Service and Enrichment	2,005,639	3%
Total expenses	**$ 64,072,903**	100%
Increase in Fund Balance	$1,547,887	
Increase in Net Capital Outlay	1,340,928	
Net Increase in Net Position	2,888,815	
Net Position - Beginning July 1	15,365,497	
Net Position - Before Pension Adjustment	18,254,312	
Pension Adjustment	(9,115,587)	
Net Position	$9,138,725	

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Total revenues exceeded expenditures, increasing net position $1,547,887 in the General Fund.

Table A-3 (See Exhibit A-2)
The North Star Academy Charter School
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Source	Total Cost of Services	Net Cost of Services
Governmental Activities			
Instruction			
Regular	B-2	$ 28,569,460	$ 28,569,460
Support Services			
General Administrative Services	B-2	17,573,326	17,573,326
School Administrative Services	B-2	10,743,497	10,743,497
On-behalf TPAF Social Security and Pension	B-2	3,333,100	3,333,100
Capital Outlay	B-2	1,847,881	1,847,881
Food Service and Enrichment	G-2	2,005,639	2,005,639
Total Governmental Activities		$ 64,072,903	$ 64,072,903

FINANCIAL ANALYSIS OF THE NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK'S FUNDS

The financial performance of the North Star Academy Charter School of Newark as a whole is reflected in its governmental activities Exhibit A-2. As the North Star Academy Charter School of Newark completed the year, its general funds reported a combined fund balance of $7,432,456.

The business activities net position at June 30, 2015 is $8,467.

Revenues for the North Star Academy Charter School of Newark's business activities were $1,616,372 and $389,267 in school subsidy while total expenses were $2,005,639. (Table A-2) (Exhibit G-2)

GENERAL FUND

The General Fund includes the primary operations of the North Star Academy Charter School of Newark in providing educational services to students from kindergarten through grade 12.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

The following schedule presents a summary of General Fund Revenues. The summary reflects the dollar increase (decrease) from the prior year.

Table A-4 (See Exhibit B-2)
The North Star Academy Charter School
Changes in Net Position - School Wide
For the Fiscal Years Ended June 30

General Fund Revenues	Year Ended June 30, 2015	Year Ended June 30, 2014	Amount of Increase (Decrease)
Local Sources:			
Local Share	$ 6,187,952	$ 5,739,383	$ 448,569
Other Local Revenue	2,003,820	1,594,353	409,467
Total Local Sources	$ 8,191,772	$ 7,333,736	$ 858,036
Intergovernmental			
State Sources	52,663,641	40,346,110	12,317,531
Federal Sources	4,765,377	3,973,169	792,208
Total Intergovernmental Sources	$ 57,429,018	$ 44,319,279	$ 13,109,739
Total Revenue	$ 65,620,790	$ 51,653,015	$ 13,967,775

The following schedule presents a summary of General Fund expenditures. The summary reflects the dollar increase (decrease) from the prior year.

Table A-5 (See Exhibit B-2)
The North Star Academy Charter School
Changes in Net Position - School Wide
For the Fiscal Years Ended June 30

General Fund Expenditures	Year Ended 06/30/2015	Year Ended 06/30/2014	Amount of Increase (Decrease)
Current:			
Regular Instruction	$ 28,569,460	$ 22,353,327	$ 6,216,133
General Administrative Services	17,573,326	13,392,668	4,180,658
School Administration	10,743,497	8,372,729	2,370,768
On-behalf TPAF Social Security and Pension	3,333,100	2,211,170	1,121,930
Capital outlay	1,847,881	2,590,690	(742,809)
Food Service and Enrichment	2,005,639	1,411,837	593,802
Total Expenditures	$ 64,072,903	$ 50,332,421	$ 13,740,482

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the General Fund unreserved-undesignated fund balance.

Table A-6
The North Star Academy Charter School
Changes in Fund Balance - School Wide
For the Fiscal Years Ended June 30

General Fund	2015	2014	2013	2012	2011	2010
Unreserved-Undesignated Fund Balance	7,432,456	5,884,567	4,563,973	3,765,557	3,148,080	2,806,380
Expenditures	64,072,903	50,332,421	41,397,610	31,069,597	21,454,050	14,910,846
Percentage	12%	12%	11%	12%	15%	19%

The North Star Academy Charter School of Newark values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year.

FACTORS BEARING ON THE SCHOOL'S FUTURE

At the time these financial statements were prepared and audited, the North Star Academy Charter School of Newark was aware of these existing circumstances that could significantly affect its financial health in the future:

- Future State Aid may be reduced due to the State's new criteria utilized in calculating allocations of State Aid.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2015, in the General Fund, the North Star Academy Charter School of Newark had invested $10,813,389 in a broad range of capital assets, including leasehold improvements, computer and audio-visual equipment, and administrative offices, etc. (More detailed information about capital assets can be found in Note 4 to the financial statements.)

Total General Fund depreciation expense for the year was $368,075.

Table A-7
The North Star Academy Charter School
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2015

Facilities Improvement	$11,876,036
Equipment	711,164
Total - General Fund	**$12,587,200**
Less: Accumulated Depreciation	(1,773,811)
Total - Net Capital Assets General Fund	**$10,813,389**

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and contributors with a general overview of the North Star Academy Charter School of Newark's finances and to demonstrate the North Star Academy Charter School of Newark's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, North Star Academy Charter School of Newark, 10 Washington Place, Newark, New Jersey 07102.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the North Star Academy Charter School of Newark's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2015**.**

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SCHOOL-WIDE FINANCIAL STATEMENTS

Exhibit A-1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Net Position
As of June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 6,294,999	$ (201,506)	$ 6,093,493
Receivables, net	2,053,970	241,582	2,295,552
Capital assets, net	10,813,389	-	10,813,389
Total Assets	19,162,358	40,076 -	19,202,434
Deferred outflows of resources			
Pension deferred outflows	2,691,107		2,691,107
Total assets and deferred outflows of resources	$ 21,853,465	$ 40,076	$ 21,893,541
LIABILITIES			
Cash Overdraft			-
Accounts payable	735,116	24,410	759,526
Due to School Districts	138,874	-	138,874
Deposits payable	-	-	-
Payable to federal government		-	-
Payable to state government	-	-	-
Deferred revenue	42,523	7,199	49,722
Net pension liability	11,142,652		11,142,652
Total liabilities	12,059,165	31,609	12,090,774
Deferred inflows of resources			
Pension deferred inflows	664,042	-	664,042
NET POSITION			
Invested in capital assets, net of related debt	10,813,389	-	10,813,389
Restricted for:			
Debt service	-	-	-
Capital projects	-	-	-
Permanent endowment - nonexpendable	-	-	-
Other purposes	-	-	-
Unrestricted (Note 17)	(1,683,131)	8,467	(1,674,664)
Total net position	$ 9,130,258	$ 8,467	$ 9,138,725

Fund Balance June 30, 2015 - B-1	$7,440,923
Cost of capital assets net accumulated depreciation	10,813,389
Net position before pension adjustments	18,254,312
Less pension adjustments net (Note 18) (Deficit)	(9,115,587)
Total net position	$9,138,725

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK **Exhibit A-2**

Statement of Activities

For the Fiscal Year Ended June 30, 2015

		Program Revenues			Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:							
Instruction:							
Regular	$ (28,569,460)		$ (3,671,587)		$ (24,897,873)		$ (24,897,873)
Support services:							
General administatrion	(17,573,326)		(459,123)		(17,114,203)		(17,114,203)
School administrative services/ operations plant serv.	(10,743,497)				(10,743,497)		(10,743,497)
On - behalf TPAF Social Security	(3,333,100)				(3,333,100)		(3,333,100)
Capital Outlay	(1,847,881)				(1,847,881)		(1,847,881)
Total governmental activities	(62,067,264)		(4,130,710)		(57,936,554)		(57,936,554)
Business-type activities:							
Food Service and Enrichment		(2,005,639)				(2,005,639)	(2,005,639)
Total business-type activities						(2,005,639)	(2,005,639)
Total primary government	(62,067,264)	$ (2,005,639)	$ (4,130,710)		$ (57,936,554)	$ (2,005,639)	$ (59,942,193)
General revenues:							
Local Share					6,187,952		6,187,952
State Share					46,354,725	-	46,354,725
State Aid					6,288,156	20,760	6,308,916
Federal Aid					-	1,329,176	1,329,176
E-Rate funding					315,008		315,008
Private Grant					338,600		338,600
Board Contribution						389,267	389,267
Miscellanous Income						266,436	266,436
Total Revenue					59,484,441	2,005,639	61,490,080
Net Increase in Fund balance					1,547,887	0	1,547,887
Increase in net Capital Outlay, net of related debt					1,340,928	--	1,340,928
Change in Net Position					2,888,815	0	2,888,815
Net Position - beginning - as restated (Note 17)					6,241,443	8,467	62,499
Net Position - ending					$ 9,130,258	$ 8,467	$ 9,138,725

The accompanying Notes to Financial Statements are an integral part of this document

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

Exhibit B-1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Balance Sheet
Governmental Funds
As of June 30, 2015

	General Fund	Special Revenue Fund	Capital Project Fund	Program Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 7,425,964	$ (1,130,965)			$ 6,294,999
Investments					
Receivables, net	873,219	1,180,751			2,053,970
Inventory					
Restricted cash and cash equivalents					
Total assets	$ 8,299,183	$ 49,786	$ -	$ -	$ 8,348,969
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft		-	-		0
Accounts payable	727,853	7,263			735,116
Due to School Districts	138,874				138,874
Payable to federal government	-				
Payable to state government	-				
Deferred revenue	-	42,523			42,523
Total liabilities	866,727	49,786	-	-	916,513
Fund Balances:					
Reserved for:					
Encumbrances					
Legally restricted -- unexpended additional spending proposal					
Legally restricted -- designated for subsequent year's expenditures					
Capital reserve account					
Excess surplus					
Excess surplus -- designated for Subsequent year's expenditures					
Other purposes					
Unreserved, reported in:					
General fund	7,432,456		8,467		7,440,923
Capital projects fund					
Permanent fund					
Total Fund balances	7,432,456				7,440,923
Total liabilities and fund balances	$ 8,299,183	$ 49,786	$ 8,467	$ -	

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

Capital assets used in governmental activities are not financial rescources and therefore are not reported in the funds. The cost of the assets is $12,587,190 and the accumulated depreciation	($916,147)	10,813,389	
Net position before pension adjustments			18,254,312
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore, are not reported in the fund statements. (See Note 7)			2,691,107
Deferred Inflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)			(664,042)
Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 7)			(11,142,652)
Net position of governmental activities			$ 9,138,725

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit B-2

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local Share	$ 6,187,952	$ -	$ -		$ 6,187,952
State Share	46,354,725	-	-	-	46,354,725
Other Restricted Miscellaneous Revenues	315,008				315,008
Philanthropic Support	338,600	694,509		-	1,033,109
Total - Local Sources	53,196,285	694,509	-	-	53,890,794
State Sources	6,288,156			-	6,288,156
Federal Sources	-	3,436,201	-	-	3,436,201
Total Revenues	59,484,441	4,130,710	-	-	63,615,151
EXPENDITURES					
Current:					
Regular instruction	$ 24,897,873	$ 3,671,587	$ -	$ -	$ 28,569,460
Support Services- General Administrative	17,114,203	459,123	-	-	17,573,326
Support Services- School Admin/ operations plant se	10,743,497				10,743,497
On-behalf TPAF Social Security and Pension	3,333,100				3,333,100
Capital outlay	1,847,881			-	1,847,881
Total expenditures	57,936,554	4,130,710	-	-	62,067,264
Excess of revenues over expenditures	1,547,887	-	-	-	1,547,887
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Capital leases (non-budgeted)	-	-	-	-	-
Transfer - Contribution to Whole School Reform	-	-	-	-	-
Transfer to Special Revenue Fund - ECPA	-				
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	1,547,887	-	-	-	1,547,887
Fund balance—July 1	5,884,569	-	-	-	5,884,569
Fund balance—June 30	$ 7,432,456	$ -	$ -	$ -	$ 7,432,456

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit B-3

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Total net change in fund balances - governmental funds (from B-2)			$ 1,547,887
Amounts reported for governmental activities in the statement of activities (A-2) are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.			
	Depreciation expense	$ (485,411)	
	Capital outlays	1,826,339	
			1,340,928
Pension contributions are reported in governmental funds as expenditures; however, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.			
Change in net position of governmental activities			$ 2,888,815

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

Exhibit B-4

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Net Position
Proprietary Funds
As of June 30, 2015

	Business-type Activities Enterprise funds
	Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	$ -
Investments	
Accounts receivable - Federal Aid	229,886
Accounts receivables - State Aid	3,545
Other receivables	8,151
Total current assets	241,582
Noncurrent assets:	
Restricted cash and cash equivalents	-
Furniture, machinery & equipment	-
Less accumulated depreciation	-
Total noncurrent assets	-
Total assets	241,582
LIABILITIES	
Current liabilities:	
Cash overdraft	201,506
Accounts payable	24,410
Deferred Revenue	7,199
Total current liabilities	233,115
Total liabilities	233,115
NET POSITION	
Invested in capital assets net of related debt	-
Restricted for:	
Capital projects	-
Unrestricted	8,467
Total net position	$ 8,467

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit B-5

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-type Activities Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - Reimbursable programs and Special Lunch Program	$ 95,899
Miscellaneous Revenue	170,537
Total operating revenues	266,436
Operating expenses:	
Cost of sales	1,923,895
Salaries and Benefits	19,505
Transportation	62,239
Supplies, Materials and Other Expenses	-
Depreciation	-
Total Operating Expenses	2,005,639
Operating income (loss)	(1,739,203)
Nonoperating revenues (expenses):	
Board Subsidy	389,267
State sources:	
State Breakfast Program	-
State school lunch program	20,760
Federal sources:	
National school breakfast program	244,584
National school lunch program	1,053,787
National snack program	30,805
Total nonoperating revenues (expenses)	1,739,203
Income (loss) before contributions & transfers	-
Capital contributions	-
Transfers in (out)	-
Change in net position	-
Total net position - beginning	8,467
Total net position - ending	$ 8,467

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit B-6

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-type Activities Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 80,549
Miscellaneous Revenue	170,537
Payments to suppliers	(1,981,229)
Net cash provided by (used for) operating activities	(1,730,143)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Federal Sources	389,267
Board Contribution	1,293,289
Net cash provided by (used for) non-capital financing activities	1,682,556
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase In Fixed Assets	-
Proceeds from sale/maturities of investments	-
Net cash provided by (used for) investing activities	-
Net increase (decrease) in cash and cash equivalents	(47,587)
Cash Balances—beginning of year	(168,317)
Cash Balances—end of year	$ (215,904)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and net amortization	
(Increase) decrease in accounts receivable, net	(64,798)
(Increase) decrease in inventories	-
(Increase) decrease in USDA Commonities	-
Increase (decrease) in accounts payable	24,410
Increase (decrease) in Deferred Revenue	(7,199)
Total adjustments	(47,587)
Net cash provided by (used for) operating activities	$ (47,587)

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

Exhibit B-7

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2015

	Unemployment Compensation Trust	Gear Up Scholarship Fund	Agency Fund	Total
ASSETS				
Cash and cash equivalents	$ 275	$ 31,197	$ 13,798	$ 45,270
Investments, at fair value:				
U.S. government obligations		-	-	-
NJ municipal bonds		-	-	-
Total investments	-	-	-	-
Total assets	$ 275	$ 31,197	$ 13,798	$ 45,270
LIABILITIES				
Accounts payable		-	-	-
Payable to district	-	-		
Payable to student groups	-	-		
Payroll deductions and withholdings	-	-	13,798	13,798
Total liabilities	-	-	$ 13,798	$ 13,798
NET ASSETS				
Held in trust for unemployment claims and other purposes	$ 275			$ 31,472
Reserved for scholarships		$ 31,197		$ 31,472

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit B-8

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	Unemployment Compensation Trust	GEAR UP Scholarship Fund
ADDITIONS		
Contributions:		
Plan member		
Other	63,918	
Total Contributions	63,918	
Investment earnings:		
Net increase (decrease) in fair value of investments		
Interest		7
Dividends		
Less investment expense		
Net investment earnings		7
Total additions	63,918	7
DEDUCTIONS		
Quarterly contribution reports		
Unemployment claims	79,517	51,519
Scholarships awarded		
Refunds of contributions		
Administrative expenses		
Total deductions	79,517	51,519
Change in net assets	(15,599)	(51,512)
Net position - beginning of the year	15,874	82,709
Net position - end of the year	$ 275	$ 31,197

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

North Star Academy Charter School of Newark (the "Charter School") was incorporated in the State of New Jersey as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School's Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A Chief Executive Officer (CEO) is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the statutes, the Charter School's duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities of the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

The North Star Academy Charter School of Newark Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Its mission is to establish a charter school to serve as a neighborhood resource and as a model for other similar schools. The North Star Academy Charter School of Newark is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of North Star Academy Charter School of Newark is presented to assist in understanding the Charter School's financial statements and notes are a representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

The financial statements of the North Star Academy Charter School of Newark (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity.

The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the school over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School is not includable in any other reporting entity on the basis of such criteria.

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

A. Basis of Presentation

The Charter School's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Charter School Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and 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 of the Charter School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Charter Schools financial reporting in the State of New Jersey.

B Fund Accounting

The Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter Schools' major governmental funds:

***General Fund* -** The General Fund is the primary operating fund of the Charter School. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

***Special Revenue Fund* -** The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2015 there was no Capital Projects Fund.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those to similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter School:

Enterprise Funds - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Charter School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing basis be financed or recovered primarily through user charges; or where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Trust Funds **-** Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims.

Agency Funds – Agency funds (P*ayroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. ***Basis of accounting*** refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or non-current, associated with their activities are included on the balance sheet. Fund equity (i.e., net total position) is classified as net position.

Basis of Accounting

In the government wide statement of net position and statements of activities, both governmental and business like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i. e the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determine and "available" means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by Charter School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial reports.

E Cash, Cash Equivalent and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investment with a maturity of three months or less at the time of purchases and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchases are stated at cost. All other investments are stated at fair value.

New Jersey Charter Schools are limited as to the types of the investments and types of financial institution they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investment that may be purchased by New Jersey Charter Schools.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public fund in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. established the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan Institutions, bank (both state and national banks) and saving bank the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposit of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F Short-Term Interfund Receivables/Payables

On the fund financial statement, receivable and payables resulting from short-term (due within one year) interfund loans are classified as interfund Receivable/Payable. interfund balances within governmental activities and within business-type activities are eliminated on the Government Wide Statements of Net Position.

G Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

H Capital Assets

Capital assets, which include leasehold improvements, equipment, furniture & fixtures and vehicles are reported in the applicable governmental or business-type activities columns of the Government-wide financial statements. Capital assets are defined by the Charter School as assets with initial, individual cost of more than $2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of capital assets is computed and recorded by the straight-line method. The following estimated useful lives are used to compute depreciation:

Description of Capital Cost	Estimated Lives (Years)
Leasehold improvements	25
Equipment	10

I Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific event that is outside the control of the Charter School and its employees, are accounted for in the period in winch such services are rendered or in which such events take place.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The entire sick leave and vacation leave liabilities are reported on the school-wide financial statements.

The Charter School had no compensated absences as of June 30, 2015.

J Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, the non-current portion of compensated absences and mortgage payable (if any) that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K Deferred Revenue

Deferred Revenue represents funds which have been received but not yet earned.

General fund - Uncommon Schools, Inc. $550,000

Special Revenue – deferred revenue to be utilized in 2015-2016.

Gear Up	$2,121
ACE Programs	40,402
Total Special Revenue	$42,523
Enterprise State Aid Grant	7,199
Total Enterprise Fund	$7,199

L Fund Balance and Equity

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54"). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Charter School's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

N On-Behalf Payments

Revenues and expenditures of the General Fund include payments made by the State of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School's annual budget.

O Net Position

The North Star Academy Charter School of Newark implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

The North Star Academy Charter School of Newark implemented GASB No. 65, I*tems Previously Reported as Assets and Liabilities*, during the current fiscal year. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

A deferred outflow of resources is a consumption of net position by the North Star Academy Charter School of Newark that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the North Star Academy Charter School of Newark that is applicable to a future reporting period. The North Star Academy Charter School of Newark did not have any deferred inflows or outflows of resources at June 30, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

3 DEPOSITS AND INVESTMENTS

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least 5% of the average daily balance of collected funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

3 DEPOSITS AND INVESTMENTS (continued)

The Charter School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School's deposits and investments are exposed to custodial credit risk. As of June 30, 2015, the Charter School's carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency	Total
Operating A/C	$7,425,964	($1,130,965)	($201,506)	$45,270	$6,138,763

Operating cash accounts are held in the Charter School's name by one banking institution. At June 30, 2015, the Charter School's bank balance was $6,138,763.

Of the bank balance, $250,000 of the Charter School's cash deposits on June 30, 2015 were secured by federal deposit insurance and $5,888,763 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit protection Act ("GUDPA").

GASB Statement No. 40 requires that the Charter School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Charter School would not be able to recover the value of its deposit or investment). In general deposits are considered to be exposed to custodial risk by three categories described below:

Category 1

Insured or collateralized with securities held by the Charter School or by its agent in the Charter School's name.

Category 2

Collateralized with securities held by the pledging public depository's trust department or agent in the Charter School's name.

Category 3

Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Charter School's name.

The Charter School does not have a policy for the management of the custodial risk, other than depositing all of its funds in banks covered by GUDPA.

3 DEPOSITS AND INVESTMENTS (continued)

Investments

New Jersey statutes permit the Charter School to purchase the following types of securities:

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.

2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal national Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.

3. Bonds or other obligations of the Charter School.

4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2015, the Charter School did not hold any investments.

4 CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2015:

	Beginning Balance July 1, 2014	Net Additions (Deletions)	Ending Balance June 30, 2015
Governmental Activities			
Capital assets, being depreciated:			
Leasehold improvements	$10,049,697	$1,826,339	$11,876,036
Equipment	711,164	---	711,154
Total capital assets being depreciated	$10,760,861	$1,826,339	$12,587,190
Less accumulated depreciation for:			
Leasehold improvements	$888,102	$438,411	$1,326,513
Equipment	400,298	46,896	447,194
Total accumulated depreciation	$1,288,400	$485,307	$1,773,707
Total capital assets net	$9,472,461	$1,341,032	$10,813,483

5. RENTAL EXPENSE

The school leases its premises under the terms of non-cancelable leases from Uncommon Schools, Inc. and the Newark Board of Education. Rent expense for the year ended June 30, 2015 amounted to $3,674,451.

The renewal of leases after June 30, 2015 are currently being determined.

6. RELATED PARTY AND MANAGEMENT AGREEMENT

Uncommon Schools Inc. (USI), a nonprofit charter management organization, provided management services to the school during the school year. In addition, the school leases 6 facilities from USI. In the opinion of management, the rental payments under the lease approximate the market.

7 PENSION PLANS

Description of Plans - All required employees of the Charter School are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at http://www.state.nj .us/treasury/pensions/annrprts.shtrnl.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - 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 Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

7 PENSION PLANS (continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the Charter Schools are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was $49,807,078 measured on June 30, 2014 and $32,662,588 as measured on June 30, 2013.

For the year ended June 30, 2015, the Charter School recognized pension expense of $2,680,088 and revenue of $2,680,088 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2013 and June 30, 2014.

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule· illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	6/30/2013	6/30/2014
Collective deferred outflows of resources	---	$2,306,623,861
Collective deferred inflows of resources	---	$1,763,205,593
Collective net pension liability (Nonemployer-State of New Jersey)	$50,539,213,484	$53,446,745,367
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	.064629%	.093190%

7 PENSION PLANS (continued)

Actuarial assumptions - The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases:	Varies based on experience
Investment Rate of Return:	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

7 PENSION PLANS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount rate - The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit pay.

7 PENSION PLANS (continued)

Sensitivity of the Charter School's proportionate share of the net pension liability to changes in the discount rate. Since the Charter School has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpafl5.pdf

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies - 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2015, the Charter School a liability of $11,142,652 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the Charter School's proportion was .0595140%, which was an increase of .011464% from its proportion measured as of June 30, 2013.

7 PENSION PLANS (continued)

For the year ended June 30, 2015, the Charter School recognized pension expense of $912,963. At June 30, 2015, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources.

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience		
Changes of assumptions	$350,385	$
Net difference between projected and actual earnings on pension plan investments		664,042
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	1,850,097	
Charter School contributions subsequent to the measurement date.	490,625	
Total	$2,691,107	$664,042

$490,625 reported as deferred outflows of resources related to pensions resulting from the Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30:
2015	(101,601)
2016	(101,601)
2017	(101,601)
2018	(101,601)
2019	64,309
Thereafter	38,637
Total:	($303,458)

7 PENSION PLANS (continued)

	6/30/13	6/30/14
Collective deferred outflows of resources	-	$952,194,675
Collective deferred inflows of resources	-	$1,479,224,662
Collective net pension liability (Non State- Local Group)	$19,111,986,911	$18,722,735,003
Charter schools proportion of net pension liability	9,184,123	11,142,652
Charter School proportion percentage	.0480542%	.0595140%

Actuarial assumptions. The total pension liability in the July l, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.01%
Salary Increases:	
2012-2012	2.15%-4.40% based on age
Thereafter	3.15%-5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of2012 Based on Projection Scale AA.

The actuarial assumptions used in the July l, 2013 valuation were based on the results of an actuarial experience study for the period July l, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

7 PENSION PLANS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount rate. The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Charter School's proportionate share of the net pension liability to changes in the discount rate. The following presents the Charter School's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.3 %, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

7 PENSION PLANS (continued)

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Charter School's proportionate share of the net pension liability	13,259,756	11,142,652	9,363,573

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml.

The sensitivity analysis was based on the proportionate share of the Charter School's net pension liability at June 30, 2014. A sensitivity analysis specific to the Charter School's net pension liability was not provided by the pension system.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-l et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-l et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.38, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

7 PENSION PLANS (continued)

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation **-** Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43: 15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

7 PENSION PLANS (continued)

TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information tor PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2015	490,625	100%	-0-
6/30/2014	403,178	100%	-0-
6/30/2013	294,704	100%	-0-

During the fiscal year ended June 30, 2015, the State of New Jersey did contribute $1,914,584 to the TPAF for post-retirement benefits on behalf of the Charter School. Also, in accordance with NJ.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School $1,418,516 during the year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the Charter School’s financial statements in accordance with GASB Statement No. 68.

8 POST RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits and the State contributed $1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid $165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

9 COMPENSATED ABSENCES

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years.

Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

As of June 30, 2015, Charter School-wide compensated absences amounted to $-0-.

10 DEFERRED COMPENSATION

The Charter School offers its employees a deferred compensation plan created in accordance with the IRS code 403(b). The plan permits participants to defer a portion of their salaries until future years.

11 ECONOMIC DEPENDENCY

The Charter School receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Charter School's programs and activities.

12 CONTINGENT LIABILITIES

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government.

If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

12 CONTINGENT LIABILITIES (continued)

The Charter School's attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Charter School and which might materially affect the Charter School's financial position.

13 RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Comprehensive Annual Financial Report.

14 RECEIVABLES

Receivables as of June 30, 2015 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

	General	Special Revenue	Food Service	Total
Receivables:				
Accounts	$873,219	$1,180,751	$241,582	$2,295,552
Gross Receivables	$873,219	$1,180,751	$241,582	$2,295,552

15. LINE OF CREDIT

The school had entered into a Revolving Line of Credit with Sovereign Bank in the amount of $3,000,000 to finance cash flow during the school year for the maturity date December 31, 2015. The Revolving Line of Credit was fully paid at June 30, 2015 thus the amount outstanding under the line of credit was zero. The term is not to exceed 12 months. Interest is payable at the prime rate plus 1.50% and interest expense amounted to $20,578 for the period ended June 30, 2015. The loan is subject to certain guarantees and security interests on assets of the school.

16. SUBSEQUENT EVENTS

The school has evaluated subsequent events occurring after the balance sheet through the date of October 2, 2015, which is the date the financial statements were available to be issued. Based on this evaluation, the school has determined no subsequent events require disclosure in the financial statements.

17. RETROACTIVE RESTATEMENT OF NET POSITION

Restatement of Prior Period

The Charter School adopted GASB No. 68 - *Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27* during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the Charter School to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the Charter School was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2014 (as described in the Notes to the Financial Statements), the restatement adjustments to Net Position relate to the *beginning* net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date,* The Charter School restated its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Governmental Activities Net Position

Net Position (per A-1), June 30,2014	$15,365,495
Restatement of Net Pension Liability	(9,184,123)
Restatement of Deferred Outflows-Pension	68,538
Net Position (per A-1), June 30, 2014, as Restated	$6,249,910

18. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds. The reconciliation is as follows:

Fund balance per B-1	$7,440,923
Cost of capital assets net accumulated depreciation	10,813,389
Pension deferred outflows	2,691,107
Pension deferred inflows	(664,042)
Deferred pension liability as of June 30, 2015	(11,142,652)
Net position (per A-1) as of June 30, 2015	$9,138,725

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REQUIRED SUPPLEMENTARY INFORMATION
PART II

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BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

NORTHSTAR ACADEMY CHARTER SCHOOL OF NEWARK
Budgetary Comparison Schedule
General Fund
For The Fiscal Year Ended June 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Share	$ 50,156,263	$ (43,968,311)	$ 6,187,952	$ 6,187,952	-
State Share	2,057,354	44,297,371	$ 46,354,725	46,354,725	-
Other Restricted Miscellaneous Revenues	-	-	$ -		-
Miscellaneous	2,942,743	(2,289,135)	653,608	653,608	-
Total - Local Sources	55,156,360	(1,960,075)	53,196,285	53,196,285	-
Categorical Aid					
Special Education Aid	911,312	156,719	1,068,031	1,068,031	-
Security Aid	1,885,483	1,542	1,887,025	1,887,025	-
TPAF Medical(On-Behalf - Non-Budgeted)				1,174,648	(1,174,648)
TPAF Pension (On-Behalf - Non-Budgeted)	-		-	739,936	(739,936)
TPAF Social Security (Reimbursed - Non-Budgeted)			-	1,418,516	(1,418,516)
Total State Sources	2,796,795	158,261	2,955,056	6,288,156	(3,333,100)
Federal Sources:					
Impact Aid					
Medical Assistance Program					
Total - Federal Sources					
Total Revenues	57,953,155	(1,801,814)	56,151,341	59,484,441	(3,333,100)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	$ 18,989,839	(1,033,752)	17,956,087	17,956,087	-
Other Salaries	1,138,005	1,023,328	2,161,333	2,161,333	-
Prof/Tech Services	-	-	-	-	-
Other Purchased Services	420,150	129,389	549,539	549,539	-
Prof/Tech Services	99,857	(15,615)	84,242	84,242	-
General Supplies	4,140,334	(608,080)	3,532,254	3,532,254	-
Textbooks	160,720	15,254	175,974	175,974	-
Other Objects	434,375	4,069	438,444	438,444	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	25,383,280	(485,407)	24,897,873	24,897,873	-

NORTHSTAR ACADEMY CHARTER SCHOOL OF NEWARK
Budgetary Comparison Schedule
General Fund
For The Fiscal Year Ended June 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administative Salaries	2,870,850	(277,593)	2,593,257	2,593,257	-
Salaries of Secretarial and Clerical Assistants	1,667,805	3,053	1,670,858	1,670,858	-
Cost of Benefits	3,816,608	224,088	4,040,696	4,040,696	-
Contracted Management Services	5,083,777	54,993	5,138,770	5,138,770	-
Consultants	53,094	32,457	85,551	85,551	-
Purchased Professional and Technical Services	2,605,966	(752,089)	1,853,877	1,853,877	-
Communications/Telephone	545,400	(163,766)	381,634	381,634	-
Interest on Current Loans	-	-	-	-	-
Supplies and Materials	1,580,436	(312,980)	1,267,456	1,267,456	-
Other Objects	57,469	24,635	82,104	82,104	-
	18,281,405	(1,167,202)	17,114,203	17,114,203	-
Support Services - School Admin/Operation Plant Services					
Salaries	1,940,665	410,106	2,350,771	2,350,771	-
Purchased Professional and Technical Services	444,815	(4,372)	440,443	440,443	-
Other Purchased Services	1,912,399	197,452	2,109,851	2,109,851	-
Rental of Land and Building- other than Lease Purchase Agreements	5,710,365	(2,035,914)	3,674,451	3,674,451	-
Insurance	181,000	22,274	203,274	203,274	-
General Supplies	238,037	32,803	270,840	270,840	-
Transportation- Trips	445,566	(102,123)	343,443	343,443	-
Energy (Energy and Electricity)	933,490	(57,398)	876,092	876,092	-
Other Objects	318,832	(284,769)	34,063	34,063	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant	12,125,169	(1,821,941)	10,303,228	10,303,228	-
Food Service					
Board Subsudy	-	389,267	389,267	389,267	-
Other Purchsed Services		51,002	51,002	51,002	
Total Food Services	-	440,269	440,269	440,269	
On-behalf TPAF Medical Contributions (non-budgeted)				1,174,648	(1,174,648)
On-behalf TPAF Pension Contributions (non-budgeted)				739,936	(739,936)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,418,516	(1,418,516)
TOTAL ON-BEHALF CONTRIBUTIONS	-		-	3,333,100	3,333,100
TOTAL UNDISTRIBUTED EXPENDITURES	30,406,574	(2,548,874)	27,857,700	31,190,800	(3,333,100)
TOTAL GENERAL CURRENT EXPENSE	55,789,854	(3,034,281)	52,755,573	56,088,673	(3,333,100)

NORTHSTAR ACADEMY CHARTER SCHOOL OF NEWARK
Budgetary Comparison Schedule
General Fund
For The Fiscal Year Ended June 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Instructional Equipment	-	1,164	1,164	1,164	-
Non-Instructional Equipment	20,120	258	20,378	20,378	-
Miscellaneous	2,143,181	1,231,045	3,374,226	1,826,339	1,547,887
Total Equipment	2,163,301	1,232,467	3,395,768	1,847,881	1,547,887
TOTAL EXPENDITURES- GENERAL FUND	57,953,155	(1,801,814)	56,151,341	57,936,554	(1,785,213)
Excess of Revenues (Deficiency) Over (Under) Expenditures				1,547,887	(1,547,887)
				-	
Other Financing Sources:					
Operating Transfer In:	-	-	-	-	-
Total Other Financing Sources:	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	1,547,887	(1,547,887)
Fund Balance, July 1	-	-	5,884,569	5,884,569	
Fund Balance, June 30	$ -	$ -	$ 5,884,569	$ 7,432,456	$ (1,547,887)

Exhibit C-2
Page 1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	$ 694,509		$ 694,509	$ 694,509	
State Sources	-		-	-	
Federal Sources	3,436,201		3,436,201	3,436,201	
Total Revenues	4,130,710		4,130,710	4,130,710	
EXPENDITURES:					
Instruction					
Salaries of Teachers	2,098,253		2,098,253	2,098,253	
Other Salaries for Instruction					
Purchased Professional -Educational Services	75,422		75,422	75,422	
Other Purchased Services	10,113		10,113	10,113	
Technical Supplies					
Instructional Supplies	893,283		893,283	893,283	
Textbooks	13,868		13,868	13,868	
General Supplies	-		-	-	
Personal Services- Employee Benefits	579,551		579,551	579,551	
Administrative Costs					
Miscellaneous	1,097		1,097	1,097	
Total Instruction	3,671,587		3,671,587	3,671,587	
Support Services					
Salaries of Supervisor of Instruction	77,000		77,000	77,000	
Salaries of Program Directors	159,651		159,651	159,651	
Salaries of Other Professional Staff					
Salaries of Secretaries & Clerical Assistants	9,750		9,750	9,750	
Supplies and Materials	14,156		14,156	14,156	
Transportation	34,794		34,794	34,794	
Communication	3,234		3,234	3,234	
Graduation Expense					
Other Purchase Services	328		328	328	
Scholarship Aid	160,210		160,210	160,210	
Security					
Student Enrichment	-		-	-	
Total Support Services	459,123		459,123	459,123	

Exhibit C-2 Pg 2

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Buildings Improvements		-	-	-	-
Instructional Equipment	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-
Transfer to Charter School	-	-	-	-	-
Total Expenditures	4,130,710	-	4,130,710	4,130,710	-
Other Financing Sources (Uses)					
Transfer in from General Fund	-	-	-	-	-
Transfer Out to Whole School Reform (General Fund)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	4,130,710	-	4,130,710	4,130,710	-
Excess of Revenues (Deficiency) Over (Under) Expenditures and Other Financing Sources (Uses)	$ 4,130,710	$ -	$ 4,130,710	$ 4,130,710	$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

REQUIRED SUPPLEMENTARY INFORMATION - PART III

Exhibit L-1

NORTH STAR ACADEMY CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30*

Public Employees' Retirement System (PERS)

	2013	**2014**
Charter School Proportion of the net pension liability (asset)	.048054	.059514
Charter School Proportionate share of the net pension liability (asset)	9,184,123	11,142,652
Charter School Covered employee payroll	$3,449,571	$4,503,990
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	266.2%	247.4%
Plan fiduciary net position as a percentage of the total pension liability	37.56%	40.4%

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

Exhibit L-2

NORTH STAR ACADEMY CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30*

Public Employees' Retirement System (PERS)

	2013	2014
Contractually required contribution	$497,300	$668,883
Contributions in relation to the contractually required contribution	(497,300)	(668,886)
Contribution deficiency (excess)	0	0
Charter School Covered employee payroll	3,449,571	4,503,090
Contributions as a percentage of covered employee payroll	14.4%	14.9%

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

Exhibit L-3

NORTH STAR ACADEMY CHARTER SCHOOL
SCHEDULE OF THE CHARTER SCHOOL PROPORTIONATE SHARE
OF NET PENSION LIABILITY - TPAF
FOR THE FISCAL YEARS ENDED JUNE 30

Teachers' Pension and Annuity Fund (TPAF)

	2013	2014
Charter School Proportion of the net pension liability (asset)**	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A
State's proportionate share of the net pension liability		
(asset) associated with the Charter School	32,662,588	49,807,078
Total	32,662,588	49,807,078
Charter School Covered employee payroll	11,389,985	13,676,988
Charter School Proportionate share of the net pension liability (asset) as a		
percentage of its covered-employee payroll	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A

**NOTE: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the charter school (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the charter school.

Exhibit L-4

NORTH STAR ACADEMY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for the proceeds of special revenue resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Exhibit E-1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	TOTAL	IDEA PART B-Basic Reg. Prog.	TITLE I	TITLE II	FEDERAL CSP	SEMI Grant	Gear up	ACE Grant	Private Grants
REVENUES									
Intergovernmental									
State									
Federal	3,436,201	545,305	2,199,918	11,550	607,275	72,153			
Other Sources									
Miscellaneous	694,509						18,661	325,848	350,000
Total Revenues	4,130,710	545,305	2,199,918	11,550	607,275	72,153	18,661	325,848	350,000
EXPENDITURES									
Instruction									
Salaries	2,098,253	356,782	1,732,080	9,391					
Purchased Prof. and Tech. Services	75,422				3,269	72,153			
Other Purchased Services	10,113		10,113						
Instructional Supplies	893,283				506,718			36,565	350,000
Textbooks	13,868				13,868				
Personal Services - Employee Benefits	579,551	112,523	447,975	2,159				16,894	
Miscellaneous	1,097							1,097	
Total Instruction	3,671,587	469,305	2,190,168	11,550	523,855	72,153	0	54,556	350,000
Support Services									
Salaries of Supervisors of Instruction	77,000	76,000						1,000	
Salaries of Program Directors	159,651							159,651	
Salaries of Secretarial and Clerical Ass't	9,750		9,750						
Transportation	34,794							34,794	
Communication	3,234							3,234	
Scholarships Aid	160,210				68,936		18,661	72,613	
Other Purchase Services	328				328				
Supplies and Materials	14,156				14,156				
Total Support Services	459,123	76,000	9,750	0	83,420	0	18,661	271,292	0
TOTAL EXPENDITURES	4,130,710	545,305	2,199,918	11,550	607,275	72,153	18,661	325,848	350,000

PROPRIETARY FUNDS

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ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service Fund - The fund provides for the operation of food services in all schools.

Exhibit G-1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Net Position
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities Enterprise Fund Food Services
ASSETS	
Current Assets	
Cash	$0
Intergovernmental Receivable	
Federal	$229,886
State	3,545
Accounts Receivable	8,151
Total Current Assets	241,582
Total Assets	241,582
LIABILITIES	
Cash Overdraft	201,506
Accounts Payable	24,410
Deferred Revenue	7,199
Total Current Liabilities	233,115
Net Position	
Unrestricted	8,467
Invested in capital assets net of related debt	0
Total Net Position	$8,467

Exhibit G-2

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities Enterprise Fund Food Services	**Business-Type Activities** Erichment Program	**Business-Type Activities** Total
OPERATING REVENUES			
Local Sources			
Daily Sales - Reimbursable Programs	$95,899		$95,899
Special Lunch and Breakfast Program			
Miscellaneous Revenue		170,537	170,537
Total Operating Revenues	95,899	170,537	266,436
OPERATING EXPENSES			
Salaries, wages and employee benefits		19,505	19,505
Supplies, Materials & Other	1,835,102	88,793	1,923,895
Transportation		62,239	62,239
Depreciation			
Cost of Sales			
Total Operating Expenses	1,835,102	170,537	2,005,639
Income (Loss) From Operations	(1,739,203)	0	(1,739,203)
Nonoperating Revenues			
Board Subsidy	389,267		389,267
State Sources			
State Lunch	20,760		20,760
Federal Sources			
School Breakfast Program	244,584		244,584
National School Lunch Program	1,053,787		1,053,787
National Snack Program	30,805		30,805
Total Nonoperating Revenues	1,739,203	0	1,739,203
Net Income (Loss)	0	0	0
Total Net Position- Beginning of Year	8,467		8,467
Total Net Position- End of Year	$8,467	$0	$8,467

Exhibit G-3

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

Cash flows from operating activities	
Cash Received from Customers	80,549
Miscellaneous Revenue	170,537
Cash Payments to Suppliers for Goods and Services	(1,981,229)
Net Cash (Used) by Operating Activities	(1,730,143)
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund Transfer (Contribution)	389,267
Cash Received from State and Federal Subsidy Reimbursements	1,293,289
Net Cash Provided by Noncapital Financing Activities	1,682,556
Cash Flows from Investing Activities	---
Net Cash Provided by Investing Activities	---
Net Increase in Cash and Cash Equivalents	(47,587)
Cash and Cash Equivalents, Beginning of Year	(168,317)
Cash and Cash Equivalents, End of Year	($215,904)
Reconcilliation of Operating (Loss) to Net Cash Used by Operating Activities	
Operating Profit (Loss)	$0
Adjustments to Reconcile Operating (Loss) to Net Cash Used by Operating Activities	
Depreciation	
Decrease in Accounts Receivable	(64,798)
USDA Commodities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	24,410
Increase/(Decrease) in Deferred Revenue	(7,199)
Increase/(Decrease) in Compensated Absences	
Increase/(Decrease) in Inventory	
Total Adjustment	(47,587)
Net Cash Used by Operating Activities	($47,587)

FIDUCIARY FUNDS

Exhibit H-1

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Fiduciary Funds
Combining Statement of Agency Fund Net Position
As of June 30, 2015

	Unemployment Insurance	Gear Up Scholarships	Parent Council	Payroll Account	Payroll Agency	TOTAL
ASSETS						
Cash	$275	$31,197	$88,564	$6,516	$7,282	$133,834
Total Assets	$275	$31,197	$88,564	$6,516	$7,282	$133,834
LIABILITIES AND FUND BALANCES						
Liabilities						
Intergovernmental Payble - State						
Payroll Deductions and Withholdings				6,516	7,282	13,798
College Trust Fund		31,197				31,197
Due to Student Groups			88,564			88,564
Total Liabilities	0	31,197	88,564	6,516	7,282	133,559
Net Position						
Reserve For Unemploy. Trust Fund	275	0	0	0	0	275
Total Net Position	275	0	0	0	0	275
Total Liabilities and Net Position	$275	$31,197	$88,564	$6,516	$7,282	$133,834

Exhibit H-2

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2015

NOT APPLICABLE

Exhibit H-3

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Parent Council Funds
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
Parent Council Fund	$76,148	$166,800	($154,384)	$88,564
Total	$76,148	$166,800	($154,384)	$88,564

Exhibit H-4

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash and Cash Equivalents	$0	$34,296,463	$34,296,463	$0
Total Liabilities	0	34,296,463	34,296,463	0
LIABILITIES				
Payroll Deductions and Withholdings	0	19,191,711	19,191,711	
Accrued Salaries and Wages		15,104,752	15,104,752	
Total Liabilities	$0	$34,296,463	$34,296,463	$0

Exhibit H-5

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash and Cash Equivalents	$15,874	$63,918	$79,517	$275
Total Assets	$15,874	$63,918	$79,517	$275
LIABILITIES	$0	$0	$0	$0
FUND BALANCE				
Reserve for Unemployment Compensation	$15,874	$63,918	$79,517	$275
Total Liabilities and Net Position	$15,874	$63,918	$79,517	$275

FINANCIAL TRENDS

Exhibit J-1

NORTH STAR ACADEMY CHARTER SCHOOL
NET POSITION BY COMPONENT
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2015	2014	2013	2012	2011	2010
Governmental activities						
Invested in capital assets, net of related debt	$ 10,813,389	$ 9,472,461	$ 7,251,540	$ 5,024,166	$ 2,854,690	$ 2,010,813
Restricted						
Unrestricted	(1,674,664)	(3,222,551)	4,563,973	3,765,557	3,148,080	2,806,380
Total governmental activities net position	$ 9,138,725	$ 6,249,910	$ 11,815,513	$ 8,789,723	$ 6,002,770	$ 4,817,193
Business-type activities						
Invested in capital assets, net of related debt						
Restricted						
Unrestricted	8,467	8,467	8,467	8,467	8,078	7,731
Total business-type activities net position	$ 8,467	$ 8,467	$ 8,467	$ 8,467	$ 8,078	$ 7,731
School-wide						
Invested in capital assets, net of related debt	$ 10,813,389	$ 9,472,461	$ 7,251,540	$ 5,024,166	$ 2,854,690	$ 2,010,813
Restricted						
Unrestricted	(1666197)*	(3,214,084)	4,572,440	3,774,024	3,156,158	2,814,111
Total school net position	$ 9,147,192	$ 6,258,377	$ 11,823,980	$ 8,798,190	$ 6,010,848	$ 4,824,924

*As restated

Source: School Financial Statements

Exhibit J-2

NORTH STAR ACADEMY CHARTER SCHOOL
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2015	2014	2013	2012	2011	2010
Expenses						
Governmental activities						
Instruction						
Regular	$ 28,569,460	$ 22,353,327	$ 18,661,363	$ 13,319,253	$ 10,361,359	$ 7,234,698
Support Services:						
General administration	17,573,326	13,392,668	10,944,715	8,008,480	5,506,704	3,983,827
School Administrative Services	10,743,497	8,372,729	6,105,589	5,218,176	3,150,008	2,272,879
On-behalf TPAF Social Security	3,333,100	2,211,170	1,887,819	1,274,360	824,460	475,850
Capital outlay	1,847,881	2,590,690	2,543,174	2,315,040	939,964	450,513
Unallocated depreciation	485,411	368,075	315,800	121,351	75,478	64,147
Total governmental activities expenses	62,552,675	49,288,659	40,458,460	30,256,660	20,857,973	14,481,914
Business-type activities:						
Food service	2,005,639	1,411,837	1,254,950	934,288	671,555	493,079
Child Care	-	-	-	-	-	-
Total business-type activities expense	2,005,639	1,411,837	1,254,950	934,288	671,555	493,079
Total school expenses	$ 64,558,314	$ 50,700,496	$ 41,713,410	$ 31,190,948	$ 21,529,528	$ 14,974,993
Program Revenues						
Governmental activities:						
Charges for services:						
Instruction (tuition)	$ -	$ -	$ -	$ -	$ -	$ -
Pupil transportation	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-
Operating grants and contributions	4,130,710	3,741,155	4,092,714	3,627,756	1,964,866	1,451,693
Capital grants and contributions	-	-	-	-	-	-
Total governmental activities program revenues	4,130,710	3,741,155	4,092,714	3,627,756	1,964,866	1,451,693
Business-type activities:						
Charges for services						
Food service	2,005,659	1,411,837	1,254,950	934,677	671,902	493,551
Child care	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-
Total business type activities program revenues	2,005,659	1,411,837	1,254,950	934,677	671,902	493,551
Total school program revenues	$ 6,136,369	$ 5,152,992	$ 5,347,664	$ 4,562,433	$ 2,636,768	$ 1,945,244
Net (Expense)/Revenue						
Governmental activities	$ (58,421,965)	$ (45,547,504)	$ (36,365,746)	$ (26,628,904)	$ (19,564,662)	$ (13,523,300)
Business-type activities	-	-	-	389	347	472
Total school-wide net expense	$ (58,421,965)	$ (45,547,504)	$ (36,365,746)	$ (26,628,515)	$ (19,564,315)	$ (13,522,828)

NORTH STAR ACADEMY CHARTER SCHOOL
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2015
(Unaudited)

	2015	2014	2013	2012	2011	2010
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Local share	$ 6,187,952	$ 5,739,383	$ 4,363,898	$ 3,046,200	$ 2,178,570	$ 1,610,416
State Share	46,354,725	35,548,577	27,930,177	20,400,537	14,493,444	10,557,444
State Aid	6,288,156	4,780,707	3,490,180	2,655,976	1,840,605	1,235,873
Miscellaneous income	653,608	431,356	1,064,107	1,022,317	646,615	724,688
Increase in Net Capital Outlay	1,826,339	2,588,996	2,543,174	2,290,827	919,355	457,151
Investment earnings	-	-	-	-	95	-
Miscellaneous income	-	-	-	-	-	157
Transfers	-	-	-	-	-	-
Total governmental activities	61,310,780	49,089,019	39,391,536	29,415,857	20,078,684	14,585,729
Business-type activities:						
Investment earnings				-	-	-
Transfers				-	-	-
Total business-type activities				-	-	-
Total school-wide	$ 61,310,780	$ 49,089,019	$ 39,391,536	$ 29,415,857	$ 20,078,684	$ 14,585,729
Change in Net Position						
Governmental activities	$ 2,888,815	$ 3,541,515	$ 3,025,790	$ 2,786,953	$ 514,022	$ 1,062,429
Business-type activities	-	-	-	389	347	472
Total school	$ 2,888,815	$ 3,541,515	$ 3,025,790	$ 2,787,342	$ 514,369	$ 1,062,901

Source: School Financial Statements

EXHIBIT J-3

NORTH STAR ACADEMY CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2015	2014	2013	2012	2011	2010
General Fund						
Reserved						
Unreserved	$ 7,432,456	$ 5,884,567	$ 4,563,973	$ 3,765,557	$ 3,148,080	$ 2,806,380
Total General Fund	$ 7,432,456	$ 5,884,567	$ 4,563,973	$ 3,765,557	$ 3,148,080	$ 2,806,380
All Other Governmental Funds						
Reserved						
Unreserved, reported in:						
Special revenue fund						
Capital projects fund						
Debt service fund						
Permanent fund						
Total all other governmental funds						

Source: School Financial Statements

Exhibit J-4

NORTH STAR ACADEMY CHARTER SCHOOL
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2015	2014	2013	2012	2011	2010
Revenues						
Local tax Levy	$6,187,952	$5,739,383	$4,363,898	$3,046,200	$2,178,570	$1,610,416
Other local revenue	2,003,820	1,594,353	2,520,843	2,234,821	899,710	926,800
State sources	52,663,641	40,346,110	31,436,235	23,070,322	16,344,231	11,793,317
Federal sources	4,765,377	3,973,169	3,875,050	3,336,120	2,373,586	1,249,738
Total revenue	65,620,790	51,653,015	42,196,026	31,687,463	21,796,097	15,580,271
Expenditures						
Instruction						
Regular Instruction	24,897,873	19,006,149	15,532,877	9,279,438	7,660,203	5,261,755
Undistributed Instruction				-		
Support Services:						
General administration	17,114,203	12,998,691	9,980,487	8,420,539	6,242,454	4,505,077
School administrative services/Plant	10,743,497	8,372,729	6,105,589	5,218,176	3,150,008	2,272,879
TPAF Social Security	3,333,100	2,211,170	1,887,819	1,274,360	824,460	475,850
Food Service	2,005,639	1,411,837	1,254,950	934,288	671,555	
Capital outlay	1,847,881	2,590,690	2,543,174	2,315,040	939,964	450,513
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Special Revenue	4,130,710	3,741,155	4,092,714	3,627,756	1,964,866	1,451,693
Total expenditures	64,072,903	50,332,421	41,397,610	31,069,597	21,453,510	14,417,767
Excess (Deficiency) of revenues over (under) expenditures	1,547,887	1,320,594	798,416	617,866	342,587	1,162,504
Other Financing sources (uses)						
Proceeds from borrowing	-	-	-	-	-	-
Capital leases (non-budgeted)	-	-	-	-	-	-
Proceeds from refunding	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	$1,547,887	$1,320,594	$798,416	$617,866	$342,587	$1,162,504
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School Financial Statements

REVENUE CAPACITY

Exhibit J-5

NORTH STAR ACADEMY CHARTER SCHOOL
General Fund - Other Local Revenue By Source
For the Fiscal Years Ended June 30
(Unaudited)

	E-Rate	Donations	Other Local	Totals
2010		724,688	157	724,845
2011		646,618	92	646,710
2012		1,022,317	--	1,022,317
2013	345,049	719,058	--	1,064,107
2014	239,646	191,710	--	431,356
2015	315,008	338,600		653,608

Source: School Financial Statements

Exhibit J-6

NORTH STAR ACADEMY CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Fiscal Year Ended June 30, 2015
(Unaudited)

NOT APPLICABLE

Exhibit J-7

NORTH STAR ACADEMY CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Fiscal Year Ended June 30, 2015
(Unaudited)

NOT APPLICABLE

Exhibit J-8

NORTH STAR ACADEMY CHARTER SCHOOL
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2015
(Unaudited)

NOT APPLICABLE

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DEBT CAPACITY

Exhibit J-9

NORTH STAR ACADEMY CHARTER SCHOOL
Property Tax Levies and Collections
For the Fiscal Year Ended June 30, 2015
(Unaudited)

NOT APPLICABLE

Exhibit J-10

NORTH STAR ACADEMY CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2015
(Unaudited)

NOT APPLICABLE

Exhibit J-11

NORTH STAR ACADEMY CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Fiscal Year Ended June 30, 2015
(Unaudited)

NOT APPLICABLE

Exhibit J-12

NORTH STAR ACADEMY CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2015
(Unaudited)

NOT APPLICABLE

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DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

NORTH STAR ACADEMY CHARTER SCHOOL
Legal Debt Margin Information
For the Fiscal Year Ended June 30, 2015
(Unaudited)

NOT APPLICABLE

Exhibit J-14

NORTH STAR ACADEMY CHARTER SCHOOL
Demographic and Economic Statistics
For the Fiscal Years Ended June 30
(Unaudited)

NOT APPLICABLE

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OPERATING INFORMATION
(UNAUDITED)

Exhibit J-15

NORTH STAR ACADEMY CHARTER SCHOOL
Principal Employers
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Employer	Employees	Rank	Percentage of Total Municipal Employment
Newark Liberty International Airport	24,000	1	17.14%
Verizon Communications	17,100	2	12.21%
Prudential Financial, Inc.	16,850	3	12.04%
Continental Airline	11,000	4	7.86%
University of Medicines/Dentistry	11,000	5	7.86%
Public Service Enterprise Group	10,800	6	7.71%
Prudential Insurance	4,492	7	3.21%
City of Newark	3,984	8	2.85%
Horizon Blue Cross & Blue Shield	3,900	9	2.79%

Exhibit J-16

NORTH STAR ACADEMY CHARTER SCHOOL
Full-time Equivalent School Employees by Function/Program
For the Fiscal Years Ended June 30
(Unaudited)

Function/Program	2015	2014	2013	2012	2011	2010
Instruction						
Regular	289	241	226	160	123	99
Special education						
Other special education						
Vocational						
Other instruction						
Nonpublic school programs						
Adult/continuing education programs						
Support Services:						
Student & instruction related services						
General administration	34	28				
School administrative services						
Other administrative services						
Central services						
Administrative Information Technology						
Plant operations and maintenance						
Pupil transportation						
Other support services	61	60				
Special Schools						
Food Service						
Child Care						
Total	384	329	226	160	123	99

Source: School Personnel Records

Exhibit J-17

NORTH STAR ACADEMY CHARTER SCHOOL
Operating Statistics
For the Fiscal Years Ended June 30
(Unaudited)

Fiscal Year	Enroll	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio: Elementary	Pupil/Teacher Ratio: Middle School	Pupil/Teacher Ratio: Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2010	902	14,460,330	16,031	5%	99	10	10	10	906	875	28.7%	96.6%
2011	1,247	20,110,036	16,127	1%	123	37	54	32	1257	1209	38.7%	96.2%
2012	1,677	30,421,990	18,141	12%	160	61	71	28	1671	1625	33.0%	96.9%
2013	2,203	40,326,665	18,305	1%	226	91	100	35	2187	2090	30.9%	95.6%
2014	2,733	49,435,078	18,088	-1%	241	104	100	37	2711	2570	24.0%	95.0%
2015	3,441	64,072,903	18,620	3%	289	158	87	44	3436	3281	26.7%	95.5%

Sources: School records

Exhibit J-18

NORTH STAR ACADEMY CHARTER SCHOOL
School Building Information
For the Fiscal Years Ended June 30
(Unaudited)

School Building	2015	2014	2013	2012	2011	2010
Downtown Campus (MS#1, HS and Network Office)						
Square Feet	109,200	109,200	109,200	104,900	43,000	25,220
Capacity (students)	900	900	900	900	500	300
Enrollment	722	679	624	539	465	
Vailsburg Campus (ES#1, MS#3)						
Square Feet	89,000	81,000	81,000	81,000	80,000	9,000
Capacity (students)	800	800	800	735	800	230
Enrollment	762	757	673	576	473	221
Clinton Hill Campus (MS#2)						
Square Feet	40,000	40,000	40,000	40,000	40,000	40,000
Capacity (students)	400	400	400	400	400	300
Enrollment	333	308	293	300	308	
West Side Park Campus (ES#2, MS#4)						
Square Feet	86,000	86,000	86,000	85,000	-	-
Capacity (students)	850	735	735	735	-	-
Enrollment	709	536	348	174	-	-
Fairmount Campus (ES#3, ES#4)						
Square Feet	118,888	118,888	118,888	12,637	-	-
Capacity (students)	1,000	1,000		87	-	-
Enrollment	625	453	265	87	-	-
Alexander Campus (ES#5)						
Square Feet	75,000					
Capacity (students)	700					
Enrollment	290					

Number of Schools at June 30
Elementary = 5
Middle School = 4

Exhibit J-19

NORTH STAR ACADEMY CHARTER SCHOOL
General Fund - Schedule of Required Maintenance
For the Fiscal Year Ended June 30, 2015
(Unaudited)

NON APPLICABLE

Exhibit J-20

NORTH STAR ACADEMY CHARTER SCHOOL
Insurance Schedule
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Coverage	Deductible
School Package Policy (1)		
Commercial Property	$ 37,112,500	$ 5,000
Boiler and Machinery	1,000,000	5,000
General Automobile Liability	16,000,000	-
School Board Legal Liability	6,000,000	
Umbrella	16,000,000	-
Workers' Compensation	2,000,000	-
Surety Bonds (3)		
School Board Legal Liability	50,000	
Public Official Bond	100,000	

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CHARTER SCHOOL PERFORMANCE FRAMEWORK FINANCIAL INDICATORS

Exhibit J-21

NORTHSTAR ACADEMY CHARTER SCHOOL OF NEWARK
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30
Unaudited

Charter School Performance Framework Financial Indicators
Sustainability Indicators

	2015	2014	2013	2012
Cash	6,093,493	5,779,792	4,789,709	3,513,214
Current Assets	8,389,045	6,586,756	5,554,760	4,647,671
Capital Assets-Net	10,813,389	9,472,461	7,251,540	5,024,166
Total Assets	19,202,434	16,059,217	12,806,300	9,671,837
Current Liabilities	948,122	693,722	982,320	873,647
Long Term Liabilities	0	0	0	0
Total Liabilities				
Net Position	18,254,312	15,365,495	11,823,980	8,798,190
Total Revenue	65,620,790	51,653,015	42,196,026	31,687,463
Total Expenses	(64,072,903)	(50,332,421)	(41,397,610)	(31,069,597)
Change in Net Position	1,547,887	1,320,594	798,416	617,866
Depreciation	485,411	368,075	315,800	121,351
Principal Payments	0	0	0	0
Interest payments	0	0	0	0
Final average daily enrollment			2,090	1,625
March 30th budgeted Enrollment			2,000	1,600

Near term indicators	2014	2014	2013	2012
CURRENT RATIO	8.85	9.49	5.65	5.32
Unrestricted days cash	41.91	41.91	42.23	41.27
Enrollment variance	100%	100%	100%	100%
Default	N/A	N/A	N/A	N/A

Exhibit J-22

NORTHSTAR ACADEMY CHARTER SCHOOL OF NEWARK
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30
Unaudited

Charter School Performance Framework Financial Indicators
Sustainability Indicators

	2015	2014	2013	2012
Cash	6,093,493	5,779,792	4,789,709	3,513,214
Current Assets	8,389,045	6,586,756	5,554,760	4,647,671
Capital Assets-Net	10,813,389	9,472,461	7,251,540	5,024,166
Total Assets	19,202,434	16,059,217	12,806,300	9,671,837
Current Liabilities	948,122	693,722	982,320	873,647
Long Term Liabilities	0	0	0	0
Total Liabilities				
Net Position	18,254,312	15,365,495	11,823,980	8,798,190
Total Revenue	65,620,790	51,653,015	42,196,026	31,687,463
Total Expenses	(64,072,903)	50,332,421	(41,397,610)	(31,069,597)
Change in Net Position	1,547,887	1,320,594	798,416	617,866
Depreciation	485,411	368,075	315,800	121,351
Principal Payments	0	0	0	0
Interest payments	0	0	0	0
Final average daily enrollment			2,090	1,625
March 30th budgeted Enrollment			2,000	1,600

Sustainability Indicators	2015	2014	2013	2012
Total margin	3%	3%	2%	2%
Debt to Asset	N/A	N/A	N/A	N/A
cash flow	313,701	990,083	1,276,495	1,506,693
Debt Service Coverage ratio	N/A	N/A	N/A	N/A

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SINGLE AUDIT SECTION K

SCOTT J. LOEFFLER
CERTIFIED PUBLIC ACCOUNTANT
12 MERRY LANE
EAST HANOVER, NEW JERSEY 07936
TELEPHONE 973-585-4989 FAX 973-240-7318

EXHIBIT K-1

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable President and
Members of the Board of Trustees
North Star Academy Charter School of Newark
County of Essex
Newark, New Jersey

I have audited, 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 *and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Star Academy Charter School of Newark ("the Charter School"), in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued my report thereon, dated October 2, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

I also noted certain matters that I reported to management of the North Star Academy Charter School of Newark in a separate report entitled, "Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance" dated October 2, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Licensed Public School Accountant No. 870

Scott Loeffler CPA

Scott J Loeffler, CPA
October 2, 2015

SCOTT J. LOEFFLER
CERTIFIED PUBLIC ACCOUNTANT
12 MERRY LANE
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EXHIBIT K-2

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR NJOMB 15-08

The Honorable President and
Members of the Board of Trustees
North Star Academy Charter School of Newark
County of Essex
Newark, New Jersey

Compliance

I have audited the North Star Academy Charter School of Newark, in the County of Essex, State of New Jersey's ("the Charter School") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2015. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

My responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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; *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey;* OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*; and State of New Jersey Department of Treasury Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, OMB Circular A-133 and State of New Jersey Department of Treasury Circular 15-08-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In my opinion, the Charter School 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 and state program for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Department of Treasury Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Department of Treasury Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Licensed Public School Accountant No. 870

Scott J. Loeffler, CPA
October 2, 2015

EXHIBIT K-3

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2015

Federal/Grantor Program Title	FEDERAL CFDA Number	Grant Period	Award Amount	Balance July 1, 2014	Prior Carry over	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Deferred Revenue/ (Accounts Receivable) June 30, 2015	Due to Grantor at June 30, 2015
Food Subsidy											
Federal School Lunch	10.555	07/01/14-06/30/15	1,053,787	(143,003)		$1,015,365	$1,053,787			(181,425)	
Federal Breakfast	10.553	07/01/14-06/30/15	244,584	(23,376)		226,962	244,584			(40,998)	
National Snack Program	10.558	07/01/14-06/30/15	50,805	(7,544)		30,886	30,805			(7,463)	
Special Revenue Fund											
NCLB											
Title I Part A	84.010 A	07/01/14-06/30/15	2,199,918	(8,124)		1,280,200	2,199,918			(927,842)	
Title II Part A	84-367A	07/01/14-06/30/15	11,550			11,550	11,550				
Medicaid Semi Grant	93.778	07/01/14-06/30/15	72,153			72,153	72,153				
Charter School Program	84.282	07/01/14-06/30/15	607,275	(13,077)		620,352	607,275			0	
IDEA Basic	84.027	07/01/14-06/30/15	545,305	(151,248)		469,342	545,305			(227,211)	
Total Special Revenue				(172,449)		2,453,597	3,436,201			(1,155,053)	---
				($346,372)		$3,726,810	$4,765,377			($1,384,939)	

See accompanying notes to schedules of expenditures of Federal and State awards.

EXHIBIT - K-4

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2014	Cash Received	Budgetary Expenditures	Prior Years' Balances	Adjust.	Receivable at June 30, 2015
GENERAL FUND									
TPAF Social Security	15-495-034-5095-002	7/1/14-06/30/15	1,418,516		1,418,516	1,418,516			
Equalization Aid - Local	15-495-034-5120-078	7/1/14-06/30/15	6,187,952		6,187,952	6,187,952			
Equalization Aid - State	15-495-034-5120-078	7/1/14-06/30/15	46,354,725		46,354,725	46,354,725			
Special Education	15-495-034-5120-089	7/1/14-06/30/15	1,068,031		1,068,031	1,068,031			
Security Aid	15-495-034-5120-084	7/1/14-06/30/15	1,887,025		1,887,025	1,887,025			
Total General Fund				--	56,916,249	56,916,249			
ENTERPRISE FUND									
State School Lunch	15-100-010-3350-023	7/1/14-06/30/15	20,760	(2,861)	20,076	20,760			(3,545)
Total Enterprise				(2,861)	20,076	20,760			(3,545)
Total State Financial Aid Subject to OMB 04-04				(2,861)	56,936,325	56,937,009			(3,545)
On Behalf TPAF Pension/Medical	15-495-034-5095-050	7/1/14-06/30/15			$1,914,584	$1,914,584			
Total State Financial Assistance					$58,850,909	$58,851,593			

See accompanying notes to schedules of expenditures of Federal and State Awards.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. GENERAL

The accompanying schedules present the activity of all federal and state assistance programs of the Board of Trustees of the North Star Academy Charter School of Newark. The Board of Trustees is defined in the Notes to the school's basic financial statements. All federal and state assistance received directly from federal and state agencies, as well as federal assistance and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the school's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and NJOMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting revenue is not recognized until the subsequent year or expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is $-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

GAAP basis is $-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:

	Federal	**State**	**Total**
General Fund	$ ---	$58,830,833	$58,830,833
Special Revenue Fund	3,436,201	---	3,436,201
Food Service Fund	1,329,176	20,760	1,046,192
Total Awards and Financial Assistance	$4,765,377	$58,851,593	$63,313,226

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

The amount paid as TPAF Pension and Medical Contributions represents the state on behalf of the Charter School for the year ended June 30, 2015 was $1,914,584. TPAF Social Security Contributions represents the amount of $1,418,516 reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the schools basic financial statements and the amount subject to State single audit and major program determination.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PART 1 – SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

	YES	NO	
Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified:		X	
Significant deficiencies identified not considered to be material weakness(es)?		X	None Reported
Noncompliance material to financial statements noted?		X	

Federal Awards

	YES	NO	
Internal control over compliance:			
Material weakness(es) identified?		X	
Significant deficiencies identified not considered to be material weakness(es)?		X	None Reported
Type of auditor's report on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be Reported in accordance with Circular A-133 (section .510a)?		X	

Identification of major programs:

CDFA Number(s)	Name of Federal Program
84.010 A	No Child Left Behind – Title I Part A
84.282	Charter School Program
84.027 A	IDEA Part B
10.555	Federal Lunch Program

	YES	NO
Dollar threshold used to distinguish between type A and type B programs (.520)	$300,000	
Auditee qualified as low risk auditee:	X	

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PART 1 – SUMMARY OF AUDITOR'S RESULTS (Continued)

State Awards	**YES**	**NO**	
Dollar threshold used to distinguish between type A and type B programs (.520)	$1,708,110		
Auditee qualified as low risk auditee:	**X**		
Type of auditor's report issued:	Unmodified		
Internal control over major programs:			
Material weakness(es) identified:		**X**	
Significant deficiencies identified not considered to be material weakness(es)?		**X**	None Reported
Type of auditor's report on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08?		**X**	

Identification of major programs:

GMIS Number(s)	Name of State Program
15-495-034-5120-078	Charter School Aid Local and State
15-495-034-5095-002	TPAF Social Security
15-495-034-5120-084	Security Aid
15-495-034-5120-089	Special Education

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

No financial statement findings noted that are required to be reported under Government Auditing Standards.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

No federal and state award findings and questioned costs noted that are required to be reported in accordance of OMB Circular A-133 or with NJOMB Circular 15-08.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year findings.

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APPENDIX B - 2

Consolidated Financial Statements of Uncommon Schools, Inc. and Affiliates for the Fiscal Years Ended June 30, 2016 and June 30, 2015

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Uncommon Schools | Change History.

UNCOMMON SCHOOLS, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Contents
June 30, 2016 and 2015

AAFCPAs
great minds | great hearts

21 East Main Street
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Independent Auditor's Report

To the Boards of Trustees of
Uncommon Schools, Inc. and Affiliates:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Uncommon Schools, Inc. (a New Jersey corporation, not for profit) and its Affiliates (collectively, the Organization), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Uncommon Schools, Inc. and Affiliates as of June 30, 2016 and 2015, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on pages 31 through 49 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Alexander, Aronson, Finning & Co., P.C.

Boston, Massachusetts
November 21, 2016

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidated Statements of Financial Position
June 30, 2016 and 2015

Assets	**2016**	**2015**
Current Assets:		
Cash and cash equivalents	$ 25,856,776	$ 27,391,019
Current portion of grants and pledges receivable	4,665,494	2,171,896
Accounts and other receivables	6,233,194	4,088,193
Interest receivable	1,026,822	1,922,969
Prepaid expenses and other	651,240	226,994
Total current assets	38,433,526	35,801,071
Other Assets:		
Restricted deposits	50,025,736	18,711,042
Grants and pledges receivable, net of current portion and discount	739,426	881,057
Bonds receivable	64,732,384	36,706,817
Loans receivable	20,259,717	8,453,113
Property and equipment, net	108,759,777	107,361,641
Construction in process	25,352,324	745,160
Pledge receivable - property	23,944,310	25,122,496
Financing fees, net	3,803,657	1,766,476
Total assets	$ 336,050,857	$ 235,548,873

Liabilities and Net Assets		
Current Liabilities:		
Current portion of notes and bonds payable	$ 7,969,316	$ 6,767,195
Current portion of capital lease obligation	67,883	-
Accounts payable and accrued expenses	2,286,922	2,762,615
Accounts payable - construction	6,091,593	233,066
Accrued interest	1,940,573	1,112,477
Deferred revenue	19,804	250,000
Total current liabilities	18,376,091	11,125,353
Notes and Bonds Payable, net of current portion	199,755,740	119,305,543
Capital Lease Obligation, net of current portion	2,972,218	-
Financing Obligation	23,944,310	25,122,496
Total liabilities	245,048,359	155,553,392
Net Assets:		
Unrestricted	78,968,582	70,643,365
Temporarily restricted	12,033,916	9,352,116
Total net assets	91,002,498	79,995,481
Total liabilities and net assets	$ 336,050,857	$ 235,548,873

The accompanying notes are an integral part of these consolidated statements.

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidated Statements of Activities
For the Years Ended June 30, 2016 and 2015

	2016	2015
Unrestricted Net Assets:		
Operating revenues:		
Management fees	$ 19,472,549	$ 16,313,915
Contributions	11,305,507	6,333,085
Rental income	4,870,884	3,896,230
Real estate reimbursement	4,634,935	2,226,858
Interest and other	3,863,934	3,823,186
Training and program fees	3,775,592	2,704,479
Subsidy income	2,482,421	2,076,324
Grants	575,499	1,325,129
Net assets released from purpose restrictions	360,200	2,033,857
Total operating revenues	51,341,521	40,733,063
Operating expenses:		
Personnel and related	15,848,769	13,488,945
Program and grant expenses	11,536,061	12,269,653
Interest	7,857,227	7,186,706
Depreciation and amortization	3,503,185	3,079,945
Occupancy	2,510,300	3,007,884
Administrative	2,046,276	2,052,312
Total operating expenses	43,301,818	41,085,445
Changes in unrestricted net assets from operations	8,039,703	(352,382)
Other income (loss):		
Net gain on extinguishment of debt	567,409	-
Change in discount on loans receivable	462,354	194,619
Capital grant	-	25,920,032
Write-off of financing fees	-	(99,877)
Loss on fair value adjustment to notes payable	-	(456,450)
Construction impairment	(185,070)	(1,399,932)
Loss from disposal of property and equipment	(759,179)	-
Net assets released from capital restrictions	200,000	-
Total other income (loss)	285,514	24,158,392
Changes in unrestricted net assets	8,325,217	23,806,010
Temporarily Restricted Net Assets:		
Grants and contributions	2,972,000	7,134,750
Capital grants	270,000	-
Net assets released from restrictions	(560,200)	(2,033,857)
Changes in temporarily restricted net assets	2,681,800	5,100,893
Changes in net assets	$ 11,007,017	$ 28,906,903

The accompanying notes are an integral part of these consolidated statements.

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidated Statements of Changes in Net Assets
For the Years Ended June 30, 2016 and 2015

	Unrestricted	Temporarily Restricted	Total
Net Assets, June 30, 2014	$ 46,837,355	$ 4,251,223	$ 51,088,578
Changes in net assets	23,806,010	5,100,893	28,906,903
Net Assets, June 30, 2015	70,643,365	9,352,116	79,995,481
Changes in net assets	8,325,217	2,681,800	11,007,017
Net Assets, June 30, 2016	$ 78,968,582	$ 12,033,916	$ 91,002,498

The accompanying notes are an integral part of these consolidated statements.

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Changes in net assets	$ 11,007,017	$ 28,906,903
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,503,185	3,079,945
Bad debt	74,221	-
Net gain on extinguishment of debt	(567,409)	-
Change in discount on loans receivable	(462,354)	(194,619)
Net amortized interest on bond discounts	98,933	79,205
Loss from disposal of property and equipment	759,179	-
Write-off of financing fees	-	99,877
Construction impairment	185,070	1,399,932
Capital grants	(270,000)	(25,920,032)
Loss on fair value adjustment to notes payable	-	456,450
Changes in operating assets and liabilities:		
Grants and pledges receivable	(2,351,967)	2,600,419
Accounts and other receivables	(2,219,222)	2,237,634
Interest receivable	896,147	4,997
Prepaid expenses and other	(424,246)	80,644
Accounts payable and accrued expenses	(475,693)	193,799
Accrued interest	828,096	(172,622)
Deferred revenue	(230,196)	(6,665)
Net cash provided by operating activities	10,350,761	12,845,867
Cash Flows from Investing Activities:		
Issuance of loans receivable	(14,929,250)	(250,000)
Principal payments of loans receivable	3,585,000	-
(Increase) decrease in restricted deposits	(31,314,694)	12,187,298
Purchase of bonds receivable	(27,752,843)	(752,659)
Purchase of construction in process	(20,297,510)	(835,978)
Purchase of property and equipment	(972,890)	(16,782,092)
Net cash used in investing activities	(91,682,187)	(6,433,431)
Cash Flows from Financing Activities:		
Proceeds from notes (Uncommon)	2,400,000	850,000
Principal payments on notes (Uncommon)	-	(647,530)
Principal payments on note (TN Rochester RE)	(69,526)	(66,378)
Proceeds from note (TN Ames)	1,354,139	-
Principal payments on note (TN Ames)	-	(25,991)
Proceeds from note (TN Chili)	1,380,633	5,220,817
Proceeds from bond (UP VI)	3,924,878	-
Proceeds from bond (UP VII)	27,095,198	-
Principal payments on note (NSA 10 Washington)	(2,538,430)	-
Principal payments on note (NSA Clinton)	(2,002,243)	-
Principal payments on bond (NSA Central)	(459,500)	(602,000)
Proceeds from note (NSA 377 Wash)	19,765,931	-
Proceeds from note (NSA 72 Central)	3,334,534	-
Principal payments on note (NSA 72 Central)	(14,927)	-
Payments on note (NSA Lender)	-	(5,220,817)
Principal payments on notes (NSA Lender II)	(835,000)	(790,704)
Proceeds from note (NSA Lender VI)	26,300,000	3,726,437
Financing fees	(33,651)	(288,146)
Capital grants	270,000	-
Principal payments on capital lease obligation	(74,853)	-
Net cash provided by financing activities	79,797,183	2,155,688
Net Change in Cash and Cash Equivalents	(1,534,243)	8,568,124
Cash and Cash Equivalents:		
Beginning of year	27,391,019	18,822,895
End of year	$ 25,856,776	$ 27,391,019
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 7,029,131	$ 7,359,328
Supplemental Disclosure of Non-Cash Transactions:		
Amortization of financing fees capitalized as part of construction in process	$ 86,857	$ -
Construction in process and property and equipment financed through accounts payable - construction	$ 6,091,593	$ 233,066
Construction in process transferred to property and equipment	$ 1,130,196	$ 11,981,650
Property and equipment acquired through capital lease	$ 3,114,954	$ -

The accompanying notes are an integral part of these consolidated statements.

1. OPERATIONS AND NONPROFIT STATUS

Uncommon Schools, Inc. ("Uncommon"), Excellence Academies Foundation, Inc. ("EAF"), Uncommon Lender, Inc. ("Lender"), and North Star Academy Foundation, Inc. ("NSA Foundation") are not-for-profit corporations. From 1996 to 2005, Uncommon was an unincorporated organization formed to assist programming and operations of North Star Academy Charter School of Newark, New Jersey ("North Star"). Uncommon was formally incorporated in 2005, when education leaders in New Jersey, Massachusetts and New York joined together to open and manage charter schools in low-income areas. Today, Uncommon designs, plans, launches, and manages college preparatory urban charter public schools in Newark and Camden, New Jersey, New York City, Troy and Rochester, New York, and Boston, Massachusetts. Uncommon also develops professional development tools and trainings which Uncommon makes available to its network schools, as well as other partner organizations and districts. Uncommon also develops, manages, and maintains real estate for lease to charter schools or renaissance schools within its network.

EAF was formed in November 2008 to support Excellence Charter School of Bedford Stuyvesant in Brooklyn, New York ("Excellence"), both operationally and in connection with the acquisition and development of a school facility for use by Excellence.

Lender was formed in 2008 to support Uncommon's real estate and other activities by providing subordinate debt and equity to Uncommon through loans, grants, loan participation purchases, and equity contributions.

NSA Foundation was formed in February 2016 to support North Star, both operationally and in connection with the acquisition and development of facilities.

Uncommon, EAF, and Lender have a majority of common members on the Boards of Trustees, and the Trustees of NSA Foundation are appointed by the Board of Trustees of Uncommon. In addition, all of these entities have common management and share a similar organizational mission. Because of these factors, and the historical relationship of Uncommon, EAF, Lender, and NSA Foundation, the financial statements of Uncommon, EAF, Lender, and NSA Foundation are presented on a consolidated basis.

Uncommon, Lender, and NSA Foundation are organized under the not-for-profit corporation law of the State of New Jersey. EAF is organized under the not-for-profit corporation law of the State of Delaware. Uncommon, EAF, Lender, and NSA Foundation are exempt from Federal income taxes as organizations formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Uncommon, EAF, Lender, and NSA Foundation are also exempt from state income taxes. Contributions made to Uncommon, EAF, Lender, and NSA Foundation are deductible within the requirements of the IRC.

Uncommon Real Estate and Financing Subsidiaries

True North Parking, LLC ("TN Parking") was formed in 2006 to own property located at 657 Brooks Avenue, Rochester, New York (the "TN Parking Property"). The TN Parking Property is leased to True North Rochester Preparatory Charter School ("Rochester Prep").

True North Rochester Real Estate, LLC ("TN Rochester RE") was formed in 2006 to acquire and renovate real property located at 630 Brooks Avenue, Rochester, New York (the "Brooks Property"). The Brooks Property is leased to Rochester Prep.

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Uncommon Real Estate and Financing Subsidiaries (Continued)

True North Rochester Real Estate Ames Street, LLC ("TN Ames") was formed in 2009 to acquire and renovate property located at 899 Jay Street, Rochester, New York (the "Ames Property"). The Ames Property is leased to Rochester Prep.

Rochester Chili Avenue, LLC ("TN Chili") was formed in 2014 to acquire and renovate real property located at 432 Chili Avenue, Rochester, New York (the "Chili Property"). The Chili Property is leased to Rochester Prep.

True North Andrews Street, LLC ("TN Andrews") was formed in December 2015 to acquire and renovate property located at 305 Andrews Street, Rochester, New York (the "Andrews Property"). The Andrews Property was under contract for purchase as of June 30, 2016 (see Note 18).

True North St. Jacob Street, LLC ("TN St. Jacob") was formed in April 2016 to acquire and renovate property located at 85 St. Jacob Street, Rochester, New York (the "St. Jacob Property"). The St. Jacob Property was under contract for purchase as of June 30, 2016 (see Note 18).

True North Troy Real Estate, LLC ("TN Troy") was formed in 2008 to own or lease property located in Troy, New York. As of June 30, 2016, TN Troy owns real property located at 523-524 First Street, Troy, New York (the "TN Tyler Parking Lot"). The TN Tyler Parking Lot is leased to True North Troy Preparatory Charter School ("Troy Prep").

True North Tyler Street, LLC ("TN Tyler") was formed in 2011 to acquire and renovate real property located at 4 Tyler, Troy, New York (the "TN Tyler Property"). The TN Tyler Property is leased to Troy Prep.

True North River Street, LLC ("TN River") was formed in December 2015 to acquire and renovate real property located at 762, 765 and 780 River Street, Troy, New York (the "TN River Property").

Uncommon Crown Heights, LLC ("UNCROWN") was formed in 2008 to administer facility expenses for the high school facility shared by Uncommon Charter High School and Achievement First Brooklyn High School.

CP Haddon & Copewood, LLC ("CP Haddon") was formed in September 2015 to acquire and develop vacant land located at 1675-1689 Haddon Avenue, Camden, New Jersey (the "Haddon Property"). The Haddon Property was acquired in 2015. Development of a school facility commenced in 2016 and is expected to be completed in 2017.

CP Mt. Ephraim, LLC ("CP Ephraim") was formed in August 2015 to renovate leased property located at 1575 Mount Ephraim Avenue, Camden, New Jersey (the "Ephraim Property"). The lease between CP Ephraim and an unrelated third party is being negotiated as of June 30, 2016. The Ephraim Property will be subleased to Camden Prep Charter School ("Camden"). Renovation of this facility commenced in 2016 and will continue through 2018.

1. **OPERATIONS AND NONPROFIT STATUS** (Continued)

Uncommon Real Estate and Financing Subsidiaries (Continued)

NSA 15th Ave, LLC ("NSA 15th Ave") was formed in 2013 to purchase real property located at 557 15th Avenue, Newark, New Jersey. In 2015, NSA 15th Ave determined that acquisition of the property was not possible and NSA 15th Ave incurred an impairment loss for predevelopment costs related to this facility. The costs incurred were not recoverable. NSA 15th Ave was dissolved during fiscal year 2016.

Uncommon Properties, LLC ("UP") was formed in 2006 to facilitate real estate ownership and real estate financing transactions for Uncommon.

Uncommon Properties II, LLC ("UP II") was formed in 2012 to participate in a $7.8 million Qualified Zone Academy Bond ("QZAB") transaction entered into in December 2012 in connection with anticipated real estate development in Newark, New Jersey (see Note 9).

Uncommon Properties III, LLC ("UP III") was formed in 2013 to participate in a $35.7 million Qualified School Construction Bond ("QSCB") transaction entered into in December 2013 for the Hazelwood Property (see page 9) and the Broad Street Property (see below and Note 9).

Uncommon Properties IV, LLC ("UP IV") was formed in 2013 to participate in a $7.1 million QZAB transaction entered into in December 2013 in connection with anticipated real estate development in Newark, New Jersey (see Note 9).

Uncommon Properties V, LLC ("UP V") was formed in 2014 to participate in a $7.1 million QZAB transaction entered into in December 2014 in connection with anticipated real estate development in Newark, New Jersey (see Note 9).

Uncommon Properties VI, LLC ("UP VI") was formed in December 2015 to participate in a $7.1 million QZAB transaction entered into in December 2015 in connection with NSA 18th Ave (see Note 9).

Uncommon Properties VII, LLC ("UP VII") was formed in April 2016 to participate in a $41.3 million QSCB transaction entered into in April 2016 in connection with NSA 377 Wash (see Note 9).

TN Parking, TN Rochester RE, TN Ames, TN Chili, TN Andrews, TN St. Jacob, TN Troy, TN Tyler, TN River, UNCROWN, CP Haddon, CP Ephraim, NSA 15th Ave, UP II, UP III, UP IV, UP V, UP VI, and UP VII (collectively, the "Uncommon Subsidiaries") are each single member limited liability companies, whose sole member is UP. UP is a single member limited liability company, whose sole member is Uncommon. The Uncommon Subsidiaries and UP are each disregarded entities of Uncommon for tax purposes and included in the accounting records of Uncommon.

NSA Foundation Subsidiary Entities

NSA 559 Broad Street, LLC ("NSA 559 Broad St.") was formed in 2012 to acquire and renovate property located at 559 Broad Street, Newark, New Jersey (the "Broad Street Property"). The Broad Street Property was acquired in 2003 and underwent substantial renovations in 2013. The Broad Street Property is leased to North Star.

NSA 10 Washington, LLC ("NSA 10 Washington") was formed in 2008 to acquire and renovate property located at 10 Washington Street, Newark, New Jersey (the "10 Washington Property"). The 10 Washington Property was acquired and substantially renovated in 2008. The 10 Washington Property is leased to North Star.

1. OPERATIONS AND NONPROFIT STATUS (Continued)

NSA Foundation Subsidiary Entities (Continued)

NSA Clinton Avenue, LLC ("NSA Clinton") was formed in 2008 to secure a long-term lease of land and a building located at 600 Clinton Avenue, Newark, New Jersey (the "Clinton Property"). NSA Clinton entered into a fifty-year ground lease with the landlord of the Clinton Property in 2008. The Clinton Property was renovated and subleased to North Star.

NSA Central Avenue, LLC ("NSA Central") was formed in 2010 to acquire and develop vacant land located at 13 Central Avenue, Newark, New Jersey (the "13 Central Property"). The 13 Central Property was acquired in 2009. Development of a school facility commenced in 2010 and was completed in 2012. The 13 Central Property is leased to North Star.

NSA Hazelwood Avenue, LLC ("NSA Hazelwood") was formed in 2009 to secure a lease and option to purchase real property located at 24 Hazelwood Avenue, Newark, New Jersey (the "Hazelwood Property"). The lease was first entered into in August 2009. The Hazelwood Property was purchased and substantially renovated in 2013. The Hazelwood Property is leased to North Star.

NSA 377 Washington, LLC ("NSA 377 Wash") was formed in 2015 to acquire and develop vacant land located at 377 Washington Street, Newark, New Jersey (the "NSA 377 Washington Property"). Development of a school facility commenced in 2015 and is expected to be completed in 2018.

NSA S. 9th Street, LLC ("NSA 9th St") was formed in 2013 to acquire and renovate the facility located at 109 S. 9th Street, Newark, New Jersey (the "S. 9th Property"). As of June 30, 2016, NSA 9th St leases the S. 9th Property with an unrelated landlord. The S. 9th Property is subleased to North Star.

NSA 72 Central, LLC ("NSA 72 Central") was formed in 2015 to enter into a long-term lease for a facility located at 72 Central Avenue, Newark, New Jersey (the "72 Central Property"). The master lease was entered into in June 2015. The 72 Central Property is subleased to North Star.

NSA Livingston Street, LLC ("NSA Livingston") was formed in March 2016 to enter into a lease for a facility located at 120 Livingston Street, Newark, New Jersey (the "Livingston Property"). The master lease was entered into in April 2016. The Livingston Property is subleased to North Star.

NSA 18th Avenue, LLC ("NSA 18th Ave") was formed in November 2015 to acquire and renovate property located in Newark, New Jersey (the "NSA 18th Ave. Property").

NSA 18 Washington Place, LLC ("NSA 18 Wash") was formed in March 2016 to acquire and renovate property located in Newark, New Jersey (the "NSA 18 Wash. Property").

NSA 559 Broad St., NSA 10 Washington, NSA Clinton, NSA Central, NSA Hazelwood, NSA 377 Wash, NSA 9th St., NSA 72 Central, NSA Livingston, NSA 18th Ave, and NSA 18 Wash, (collectively, the "NSA Foundation Subsidiaries") are each single member limited liability companies, whose sole member at June 30, 2016, is NSA Foundation. The NSA Foundation Subsidiaries are each disregarded entities of NSA Foundation for tax purposes and are included in the accounting records of NSA Foundation. On April 5, 2016, UP transferred to NSA Foundation all of its membership interests in NSA 377 Wash and NSA 72 Central (see above and page 8). On June 29, 2016, UP transferred to NSA Foundation all of its membership interests in each of the remaining NSA Foundation Subsidiaries (NSA 559 Broad St., NSA 10 Washington, NSA Clinton, NSA Central, NSA Hazelwood, NSA 9th St., NSA Livingston, NSA 18th Ave and NSA 18 Wash).

1. OPERATIONS AND NONPROFIT STATUS (Continued)

Lender Subsidiary Entities

Uncommon NSA Lender, LLC ("NSA Lender") was formed in 2012 to participate in a $7.8 million QZAB transaction entered into in December 2012 in connection with an anticipated real estate development in Newark, New Jersey (see Note 7).

Uncommon NSA Lender II, LLC ("NSA Lender II") was formed in 2013 to participate in a $35.7 million QSCB transaction entered into in December 2013 in connection with the Hazelwood Property and the Broad Street Property (see Note 7).

Uncommon NSA Lender III, LLC ("NSA Lender III") was formed in 2013 to participate in a $7.1 million QZAB transaction entered into in December 2013 in connection with an anticipated real estate development in Newark, New Jersey (see Note 7).

Uncommon NSA Lender IV, LLC ("NSA Lender IV") was formed in 2014 to participate in a $7.1 million QZAB transaction entered into in December 2014 in connection with an anticipated real estate development in Newark, New Jersey (see Note 7).

Uncommon NSA Lender V, LLC ("NSA Lender V") was formed in December 2015 to participate in a $7.1 million QZAB transaction entered into in December 2015 in connection with NSA 18th Ave (see Note 7).

Uncommon NSA Lender VI, LLC ("NSA Lender VI") was formed in April 2016 to participate in a $41.3 million QSCB transaction entered into in April 2016 in connection with NSA 377 Wash (see Note 7).

NSA Lender, NSA Lender II, NSA Lender III, NSA Lender IV, NSA Lender V, and NSA Lender VI (collectively the "Lender Subsidiaries") are each single member limited liability companies, whose sole member is Lender. The Lender Subsidiaries are each disregarded entities of Lender for tax purposes and are included in the accounting records of Lender.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of Uncommon, EAF, Lender, NSA Foundation, the Uncommon Subsidiaries, the Lender Subsidiaries and the NSA Lender Subsidiaries (the Uncommon Subsidiaries, the NSA Foundation Subsidiaries and the Lender Subsidiaries, collectively the "Subsidiaries") (Uncommon, EAF, Lender, NSA Foundation and the Subsidiaries, collectively, the "Organization"). All intercompany transactions and balances have been eliminated in the consolidated financial statements. The consolidated financial statements of the Organization are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

The consolidated financial statement presentation follows the guidance of the provisions of Accounting Standards Codification ("ASC") No. 958, *Financial Statements for Not-For-Profit Organizations*. Under these standards, the Organization is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets (see page 11), and permanently restricted net assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Organization.

Temporarily restricted net assets consist of contributions and grants that are designated by donors for specific purposes or for a specified time. These contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes or the time restrictions have lapsed. Contributions received with donor restrictions, where the restriction expires in the period of receipt, are recorded as unrestricted contributions.

Temporarily restricted net assets are restricted for the following as of June 30:

	2016	2015
Purpose	$ 11,433,916	$ 9,352,166
Time	600,000	-
	$ 12,033,916	$ 9,352,166

The Organization does not have any permanently restricted net assets at June 30, 2016 and 2015.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allocation of Expenses

Expenses are directly charged to program services, general and administrative services, and fundraising except for the allocation of certain salaries and fringe benefits to general and administrative services and fundraising which are allocated based on the time spent in each category.

	2016	2015
Program services	$ 40,632,156	$ 38,872,178
General and administrative	1,669,811	1,500,951
Fundraising	999,851	712,316
	$ 43,301,818	$ 41,085,445

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, contributions, pledges and loans receivable, and debt from lenders. The Organization places its cash with high credit quality financial institutions. At times, such amounts exceed the current insured amount under the Federal Deposit Insurance Corporation. The Organization monitors the financial condition of the banking institutions, along with their cash balances, to minimize this risk.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit and money market accounts that are readily convertible into cash and purchased with original maturities of three months or less.

Grant Expense

The Organization raises philanthropy on behalf of new and existing schools. Grant expense is comprised substantially of pass-through grants to those schools. The Organization recognizes grant expense at the time the grantee incurs costs and all significant conditions are met. The Organization awarded grants totaling $6,367,507 and $8,035,342 during fiscal years 2016 and 2015, respectively, which are included in program and grant expenses in the accompanying consolidated statements of activities.

Property and Equipment

Property and equipment (see Note 6) are stated at cost, except for donated property and equipment, which are recorded at the fair value at the date of the gift.

Annual provisions for depreciation of property and equipment are computed using the straight-line method over the estimated useful lives of the assets. Useful lives ascribed to assets are as follows:

Buildings and building improvements	40 years
Computer equipment and software	3 years
Leasehold improvements	Lesser of 27.5 - 40 years or life of lease

Gifts of long-lived assets such as property and equipment are determined at the fair value at the date of the gift and reported as an increase to unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment or Disposal of Long-Lived Assets

The Organization accounts for the carrying value of its long-lived assets in accordance with the requirements of ASC Topic, *Property, Plant and Equipment*. This guidance also provides the criteria for classifying an asset as held for sale and defines the scope of businesses to be disposed of that qualify for reporting as discontinued operations and the timing of recognizing losses on such operations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment or Disposal of Long-Lived Assets (Continued)

In accordance with this guidance, long-lived assets, such as property and equipment, and other assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the years ended June 30, 2016 and 2015, there were $185,070 and $1,399,932, respectively, in construction impairment costs that were deemed unrecoverable and accordingly written off.

Revenue Recognition

Earned revenues are recognized in the period services are rendered and consist of management fees, training and program fees, and real estate development fees that are all reported at estimated net realizable amounts from entities, primarily charter schools, the Organization supports. Real estate reimbursements relate to costs incurred by the Organization and reimbursed by various charter schools. Rental income is recognized ratably over the lease term. Revenues received, but not yet earned and contingent on the delivery of a program/service, are recorded as deferred revenues in the accompanying consolidated financial statements and recorded as revenue in the period when earned.

Subsidy income represents interest subsidies received from the U.S. Department of Treasury in connection with certain bond financing programs (see Note 9) and are recorded ratably over the terms of the qualifying bond obligations.

Grants and contributions with no donor restrictions are recognized as unrestricted revenue when received or unconditionally pledged to the Organization. Donor restricted grants and contributions with time or purpose restrictions are recognized as temporarily restricted net assets when received or unconditionally pledged. Temporarily restricted net assets are transferred to unrestricted net assets when they are used in accordance with donor restrictions. Donor restricted gifts received and expended for their intended use in the same year are reflected as increases in unrestricted net assets. Conditional grants received in advance of the benchmark or milestone being met are included in deferred revenue in the accompanying consolidated financial statements and recorded as revenue once earned (see Note 16).

Accounts Receivable

Accounts receivable are recorded at the net realizable value and do not bear interest. The allowance for doubtful accounts is the Organization's best estimate of the amount of probable credit losses in existing accounts receivable. The Organization determines the allowance based on historical write-off experience. The Organization reviews its allowance for doubtful accounts periodically and past due balances (over ninety days old) are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of June 30, 2016 and 2015, there was no allowance recorded.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Pledges Receivable

Contributions are recognized when they are received or pledged and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are received from foundations, corporations and individual donors. Unconditional promises to give are recorded at fair value at the date the promise is received (see Note 4). Unconditional promises to give that are expected to be received after one year are discounted at a risk-free interest rate and amortization of the discount is included in contribution revenue in the accompanying consolidated statements of activities. Conditional promises to give are reported at fair value at the date the condition is met. The Organization reviews its allowance for doubtful accounts periodically and reviewed individually for collectability. There was no allowance for doubtful accounts recorded as of June 30, 2016 or 2015.

In-Kind Donations

The consolidated financial statements reflect the fair value amounts for donated services that create or enhance non-financial assets or require specialized skills, are performed by people possessing those skills, and would have been purchased by the Organization if they had not been donated. For the years ended June 30, 2016 and 2015, the Organization has recorded donated services related to legal services at their estimated fair values of $44,672 and $141,505, respectively. The Organization also recorded value for the use of a donated facility at its estimated fair value of $601,875 and $607,500 for the years ended June 30, 2016 and 2015, respectively. These amounts are included in contribution revenue and administrative expenses in the accompanying consolidated statements of activities.

During fiscal year 2015, the Organization also recorded the value for the use of a facility over the next twenty-two years as a pledge receivable that will be recognized over this same period (see Note 10).

Consolidated Statements of Activities

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenue and expenses in the accompanying consolidated statements of activities. Non-operating revenues (losses) include net gain on extinguishment of debt, change in discount on loans receivable and capital activity.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidated financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidated financial statements at June 30, 2016 and 2015. The Organization's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

Subsequent Events

Subsequent events have been evaluated through November 21, 2016, which is the date the consolidated financial statements were available to be issued. Events that met the criteria for disclosure in the consolidated financial statements are disclosed in Note 18.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization follows ASC 825, *Financial Instruments,* and had elected to carry certain debt obligations at fair value. The following is a summary of liabilities (debt obligations) for which the fair value election was made as of June 30, 2015:

	2015		
	Carrying Value Before Current Year Fair Value Adjustment	Carrying Value After Current Year Fair Value Adjustment	Fair Value Adjustment
NSA Clinton (see Note 9)	$ (7,877,307)	$ (8,128,586)	$ (251,279)
NSA 10 Washington (see Note 9)	(6,370,184)	(6,575,355)	(205,171)
Total	$ (14,247,491)	$ (14,703,941)	$ (456,450)

During fiscal year 2016, these obligations were refinanced. The aggregate unpaid principal balance of these liabilities was $15,201,900 at June 30, 2015. The fair value of these liabilities was determined by an independent appraiser based on a discounted cash flow analysis, which considered repayment terms, current coupon, early termination provision, the discount rate, and other market information.

As of January 2016, after the refinance of debt (see Note 9), the Organization no longer elects to carry any debt instruments at fair value. The cumulative fair value adjustment of $497,959 has been written off as part of the refinance and is included in gain on extinguishment of debt in the accompanying 2016 consolidated statement of activities.

Other financial instruments are not carried at fair value. The carrying amounts of cash and cash equivalents, accounts and other receivables, restricted deposits, grants and pledges receivable, accounts payable, and accrued expenses approximate their fair value.

In January 2016, FASB issued Accounting Standards Update (ASU) No. 2016-01, *Financial Instruments - Overall.* ASU 2016-01 provides guidance on organizations that are required to evaluate the need to disclose information about fair value of financial instruments. Under ASU 2016-01, the Organization is no longer required to disclose such information in the notes to the consolidated financial statements. As a result of this accounting change, fiscal years 2016 and 2015 consolidated financial statements do not include these disclosures.

Fair Value Measurements

The Organization followed the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements,* for qualifying assets and liabilities. The standard defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and requires disclosures about fair value measurements. Fair value is defined under this standard as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Measurements (Continued)

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization had determined the fair values of select debt obligations are based on Level 2 inputs. These obligations were valued utilizing a discounted cash flow model which was based on the thirty-year London Interbank Offered Rate (LIBOR) swap interest rate (2.94% at June 30, 2015), plus 450 basis points.

4. GRANTS AND PLEDGES RECEIVABLE

The following unconditional promises to give are included in grants and pledges receivable at June 30:

	2016	2015
Less than one year	$ 4,665,494	$ 2,171,896
Two to five years	750,000	900,000
	5,415,494	3,071,896
Less - discount	10,574	18,943
Total pledges receivable, net	$ 5,404,920	$ 3,052,953

A discount rate of 1.43%, representing the Organization's risk-free rate, is used to discount multi-year grants and pledges at June 30, 2016 and 2015. Approximately 76% and 79%, respectively, of the Organization's net grants and pledges receivable are from two and four donors as of June 30, 2016 and 2015, respectively.

5. LOANS RECEIVABLE

In December 2008, Lender purchased a participation interest in a loan in the amount of $1,500,000. The loan was part of the New Market Tax Credit ("NMTC") transaction for the Organization's purchase of NSA Clinton and NSA 10 Washington. Terms provide for interest, calculated at 6.20%, to be accrued annually until December 2015. On the anniversary of the closing date of the loan agreement for calendar years 2009 through December 2015, Lender was obligated to purchase additional participation interests in the amount of $250,000 each year. During the year ended June 30, 2015, Lender purchased the $250,000 of obligated participation interest. As of June 30, 2015, the principal balance of investment in debt instrument was $3,585,000, and is included in loans receivable in the accompanying 2015 consolidated statement of financial position. This note was paid in full in December 2015, including all outstanding interest of $1,442,585. Of the total proceeds, approximately $3.6 million was granted to NSA Clinton and NSA 10 Washington to assist in paying off debt obligations (see Note 9).

In January 2010, Lender executed a promissory note with an unrelated third-party in the amount of $6,000,000. Proceeds of that loan were used by Lender to make a loan as part of the NMTC transaction for the Organization's purchase of NSA Central. Terms of the NMTC note receivable provide for interest, calculated at 8.00% per annum, to be paid semi-annually. Semi-annual principal repayments of $279,301 will commence on January 28, 2025, and continue on a semi-annual basis until January 28, 2050, at which time the entire outstanding principal balance and all unpaid interest will be payable in full. The loan receivable is secured by the borrower's interest in NSA Central. This loan receivable is shown net of a discount due to the time value of money of $669,533 and $1,131,887, respectively. During fiscal years 2016 and 2015, the Organization recognized income of $462,354 and $194,619, respectively as a recovery of the discount. The net value of this loan as of June 30, 2016 and 2015, was $5,330,467 and $4,868,113, respectively.

In April 2016, UP VII made a loan in the amount of $14,929,250 to an unrelated third party as part of the 2016 NMTC financing transaction related to the property acquisition made by NSA 377 Wash (see Note 9) for the development of a facility that will be leased by a charter school. Terms of the NMTC note receivable provide interest calculated at 1.41% per annum, to be paid quarterly. Quarterly interest payments of approximately $53,000 commence in July 2016 through March 2023, at which time principal and interest payments are due through maturity of April 21, 2056. The loan is secured by all assets of the borrower.

Loans receivable consist of the following at June 30:

	2016	2015
UP VII - 2016	$ 14,929,250	$ -
Lender - 2010	6,000,000	6,000,000
Lender - 2008	-	3,585,000
	20,929,250	9,585,000
Less - discount	669,533	1,131,887
	$ 20,259,717	$ 8,453,113

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2016	2015
Land	$ 5,494,349	$ 5,494,349
Buildings	82,254,868	79,412,839
Building and leasehold improvements	36,863,437	35,360,876
Computer equipment and software	2,081,632	1,788,632
	126,694,286	122,056,696
Less - accumulated depreciation	17,934,509	14,695,055
	$ 108,759,777	$ 107,361,641

Depreciation expense on property and equipment for the years ended June 30, 2016 and 2015, was $3,381,189 and $2,990,516, respectively.

Construction in process consists of costs of various projects (the "Projects") that are currently undergoing development. All construction related costs incurred during development are capitalized. These costs include acquisition, construction, soft costs, overhead, interest, and other costs related to the Projects. As of June 30, 2016 and 2015, there was $25,352,324 and $745,160, respectively, of costs that have been incurred by the Organization on the Projects and are reflected as construction in process in the accompanying consolidated statements of financial position.

The following projects were under development at June 30:

	2016	2015
NSA 377 Wash	$ 10,408,372	$ -
CP Haddon	4,637,845	-
TN Chili	4,117,925	262,073
TN St. Jacob	2,002,341	-
NSA 18th Ave	1,151,557	-
CP Mt. Ephraim	956,448	-
NSA Livingston	816,826	-
TN River	657,933	-
Other development projects	603,077	483,087
	$ 25,352,324	$ 745,160

7. BONDS RECEIVABLE

In December 2012, NSA Lender entered into a QZAB transaction with the New Jersey Economic Development Authority ("NJEDA"), as the bond issuer, for the purchase of a $7.8 million bond for $5.97 million (the "2012 QZABs"). Pursuant to the bond financing documents, NJEDA advanced proceeds from the sale of this bond to UP II (see Note 9). NJEDA assigned all of its rights in the 2012 QZABs to NSA Lender with a bank servicing as the trustee (the Trustee). NSA Lender assigned all of its rights in the 2012 QZABs to an unrelated third-party in connection with a loan from the unrelated third-party (see Note 9). The principal amount of $7.8 million is due from the unrelated third-party on the maturity date of December 28, 2035, with quarterly interest payments calculated at 4.40% per annum. The original bond discount of $1.83 million is accreted over the term using an effective interest rate of 6.32%.

7. BONDS RECEIVABLE (Continued)

In December 2013, NSA Lender II entered into a QSCB transaction with NJEDA, as bond issuer, for the purchase of a $35.7 million bond for $28.25 million (the "2013 QSCB"). Pursuant to the bond financing documents, NJEDA advanced proceeds from the sale of the bond to UP III (see Note 9). NJEDA assigned all of its rights in the 2013 QSCB to NSA Lender II who further assigned those rights to an unrelated third-party in connection with a loan from the unrelated third-party (see Note 9). The principal amount of $35.7 million is due from the unrelated third-party on the maturity date of December 22, 2033. Beginning on April 15, 2014, quarterly interest payments are due calculated at 5.31% per annum. The original bond discount of $7.45 million is accreted over the term using an effective interest rate of 7.26%. UP III lent the proceeds of the 2013 QSCB to NSA Hazelwood and NSA 559 Broad Street (see Note 9).

In December 2013, NSA Lender III entered into a QZAB transaction with NJEDA, as bond issuer, for the purchase of a $7.13 million bond for $1.35 million (the "2013 QZAB") subsequent to selling the tax credits to an unrelated third-party for $3,232,365. Pursuant to the bond financing documents, NJEDA advanced proceeds from the sale of the bond and the tax credits to UP IV (see Note 9) and assigned all of its rights to NSA Lender III who further assigned those rights to an unrelated third-party in connection with the sale to the unrelated third-party of the tax credits associated with the 2013 QZAB. The principal amount of $7.13 million is due on the maturity date of December 29, 2033. The original bond discount of $5.78 million is accreted over the term using an effective interest rate of 27.62%.

In December 2014, NSA Lender IV entered into a QZAB transaction with NJEDA, as bond issuer, for the purchase of a $7.15 million bond for $752,659 (the "2014 QZAB") subsequent to selling the tax credits to an unrelated third-party for $2,973,978. Pursuant to the bond financing documents, NJEDA advanced proceeds from the sale of the bond and the tax credits to UP V (see Note 9) and assigned all of its rights to NSA Lender IV who further assigned those rights to an unrelated third-party in connection with the sale to the unrelated third-party of the tax credits associated with the 2014 QZAB. The principal amount of $7.15 million is due on the maturity date of December 30, 2038. The original bond discount of $6.39 million is accreted over the term using an effective interest rate of 38.91%.

In December 2015, NSA Lender V entered into a QZAB transaction with NJEDA, as bond issuer, for the purchase of a $7.15 million bond for $657,645 (the "2015 QZAB") subsequent to selling the tax credits to an unrelated third-party for $3,365,295. Pursuant to the bond financing documents, NJEDA advanced proceeds from the sale of the bond and the tax credits to UP VI and assigned all of its rights to NSA Lender V who further assigned those rights to an unrelated third-party in connection with the sale to the unrelated third-party of the tax credits associated with the 2015 QZAB. The principal amount of $7.15 million is due on the maturity date of December 28, 2040. The original bond discount of $6.49 million is accreted over the term using an effective interest rate of 49.12%.

In April 2016, NSA Lender VI entered into a QSCB transaction with NJEDA, as bond issuer, for the purchase of a $41.3 million bond for $27.1 million (the "2016 QSCB"). Pursuant to the bond financing documents, NJEDA advanced proceeds from the sale of the bond to UP VII (see Note 9). NJEDA assigned all of its rights in the 2016 QSCB to NSA Lender VI who further assigned those rights to an unrelated third-party in connection with a loan from the unrelated third-party (see Note 9). The principal amount of $41.3 million is due from the unrelated third party on the maturity date of April 21, 2045. Beginning on July 15, 2016, quarterly interest payments are due calculated at 4.44% per annum. The original bond discount of $14.2 million is accreted over the term using an effective interest rate of 7.24%. UP VII lent a portion of the proceeds of the 2016 QSCB to NSA 377 Wash.

7. BONDS RECEIVABLE (Continued)

The Organization's bond investments consist of the following at June 30:

	2016		
Issuer	Par Value	Bond Discount, Net of Amortization	Bond Value, Net
NSA Lender II - 2013 QSCB	$ 35,700,000	$ 6,979,334	$ 28,720,666
NSA Lender VI - 2016 QSCB	41,300,000	14,179,084	27,120,916
NSA Lender - 2012 QZAB	7,806,000	1,704,530	6,101,470
NSA Lender III - 2013 QZAB	7,132,000	5,753,717	1,378,283
NSA Lender IV - 2014 QZAB	7,145,000	6,391,801	753,199
NSA Lender V - 2015 QZAB	7,145,000	6,487,150	657,850
	$ 106,228,000	$ 41,495,616	$ 64,732,384

	2015		
Issuer	Par Value	Bond Discount, Net of Amortization	Bond Value, Net
NSA Lender II - 2013 QSCB	$ 35,700,000	$ 7,171,841	$ 28,528,159
NSA Lender - 2012 QZAB	7,806,000	1,746,748	6,059,252
NSA Lender III - 2013 QZAB	7,132,000	5,765,253	1,366,747
NSA Lender IV - 2014 QZAB	7,145,000	6,392,341	752,659
	$ 57,783,000	$ 21,076,183	$ 36,706,817

7. BONDS RECEIVABLE (Continued)

The amortization of the various bond discounts is calculated using the effective interest rate method over the term of the respective bonds and consists of the following as of June 30:

	2016			
Issuer	Par Value	Original Bond Discount	Accumulated Bond Discount Amortization	Net Discount
NSA Lender II - 2013 QSCB	$ 35,700,000	$ 7,451,122	$ 471,788	$ 6,979,334
NSA Lender VI - 2016 QSCB	41,300,000	14,204,802	25,718	14,179,084
NSA Lender - 2012 QZAB	7,806,000	1,835,184	130,654	1,704,530
NSA Lender III - 2013 QZAB	7,132,000	5,777,788	24,071	5,753,717
NSA Lender IV - 2014 QZAB	7,145,000	6,392,341	540	6,391,801
NSA Lender V - 2015 QZAB	7,145,000	6,487,355	205	6,487,150
	$ 106,228,000	$ 42,148,592	$ 652,976	$ 41,495,616

	2015			
Issuer	Par Value	Original Bond Discount	Accumulated Bond Discount Amortization	Net Discount
NSA Lender II - 2013 QSCB	$ 35,700,000	$ 7,451,122	$ 279,281	$ 7,171,841
NSA Lender - 2012 QZAB	7,806,000	1,835,184	88,436	1,746,748
NSA Lender III - 2013 QZAB	7,132,000	5,777,788	12,535	5,765,253
NSA Lender IV - 2014 QZAB	7,145,000	6,392,341	-	6,392,341
	$ 57,783,000	$ 21,456,435	$ 380,252	$ 21,076,183

8. RESTRICTED DEPOSITS

Pursuant to various debt agreements (see Note 9), the Organization is required to maintain debt service and various restricted cash accounts (the "Restricted Accounts"). The Restricted Accounts are held by the Trustee and are only to be used to fund development costs, make required debt service payments, purchase or redeem bonds, or payment of arbitrage, as defined in the agreements. The Restricted Accounts serve as collateral for the notes and bonds payable (see Note 9).

Restricted deposits consisted of the following at June 30:

	2016	2015
Cash and money market funds	$ 50,025,736	$ 17,611,042
Certificates of deposit	-	1,100,000
	$ 50,025,736	$ 18,711,042

9. NOTES AND BONDS PAYABLE

Notes and bonds obligations consist of the following as of June 30:

Note or Bond	Maturity	2016	2015
Note payable, TN Rochester RE (a)	2016	$ 35,802	$ 105,328
Note payable, NSA Clinton (b)	2048	-	8,128,586
Notes payable, NSA Clinton (c)	2041	6,018,432	-
Note payable, NSA 10 Washington (d)	2048	-	6,575,355
Notes payable, NSA 10 Washington (e)	2041	3,930,242	-
Note payable, Uncommon (f)	2017	1,500,000	1,500,000
Note payable, Uncommon (g)	2020	700,000	700,000
Note payable, Uncommon (h)	2021	150,000	150,000
Note payable, Uncommon (i)	2020	2,400,000	-
Note payable, NSA Central (j)	2050	6,000,000	6,000,000
Bond payable, NSA Central (k)	2024	13,869,500	14,329,000
Note payable, NSA Central (l)	2050	2,070,857	2,070,857
Note payable, TN Ames (m)	2017	-	1,089,767
Note payable, TN Ames (n)	2022	2,579,187	-
Notes payable, TN Tyler (o)	2018 and 2041	5,336,000	5,336,000
Note payable, TN Chili (p)	2022	580,633	-
Note payable, TN Chili (q)	2022	800,000	-
Bond payable, UP II (r)	2035	7,806,000	7,806,000
Bond payable, UP III (s)	2033	35,700,000	35,700,000
Bond payable, UP IV (t)	2033	7,132,000	7,132,000
Bond payable, UP V (u)	2038	7,145,000	7,145,000
Bond payable, UP VI (v)	2040	7,145,000	-
Bond payable, UP VII (w)	2045	41,300,000	-
Note payable, NSA Lender (x)	2017	5,220,817	5,220,817
Note payable, NSA Lender II (y)	2020	21,625,541	22,234,298
Note payable, NSA Lender II (z)	2033	9,414,322	9,640,565
Note payable, NSA Lender VI (aa)	2041	26,300,000	-
Notes payable, NSA 377 Wash (bb)	2056	21,035,500	-
Note payable, NSA 377 Wash (cc)	2018	251,189	-
Note payable, NSA 72 Central (dd)	2036	3,425,073	-
Total notes and bonds payable		239,471,095	140,863,573
Less - bond discount (UP II) (r)		(1,704,530)	(1,746,748)
Less - bond discount (UP III) (s)		(6,979,334)	(7,171,841)
Less - bond discount (UP IV) (t)		(2,420,932)	(2,474,602)
Less - bond discount (UP V) (u)		(3,356,164)	(3,397,644)
Less - bond discount (UP VI) (v)		(3,105,995)	-
Less - bond discount (UP VII) (w)		(14,179,084)	-
Total, net of bond discounts		207,725,056	126,072,738
Less - current maturities		7,969,316	6,767,195
Total, net of bond discounts and current maturities		$ 199,755,740	$ 119,305,543

9. NOTES AND BONDS PAYABLE (Continued)

(a) In December 2011, TN Rochester RE entered into a note payable with a bank in the amount of $324,865 in connection with property located on Brooks Avenue, Rochester, New York. The loan provides for monthly payments of principal and interest, calculated at 4.60%, commencing on January 1, 2012, through December 1, 2016. The debt is secured by all assets of TN Rochester RE.

(b) In December 2008, NSA Clinton entered into an NMTC financing with an unrelated third-party. The financing was for approximately $9.7 million (QLICI Note A, approximately $8.4 million, and QLICI Note B, approximately $1.3 million, which was forgiven in December 2008) and provided for periodic payments of principal and interest, calculated at 4% (QLICI Note A) per annum and a maturity date of December 2048. The loan was secured by all assets of NSA Clinton. During fiscal year 2016, $7.8 million of this note was paid and the remaining $588,756 was forgiven and is included in gain on extinguishment of debt in the accompanying consolidated statement of activities.

(c) In December 2015, NSA Clinton entered into two notes payable totaling approximately $6.1 million with two unrelated third-parties under the same terms. The notes bear interest at 5.798% annually. Interest and principal are due monthly beginning in February 2016 and mature on January 1, 2041. Proceeds of these loans were used to repay a loan between NSA Clinton and an unrelated third-party in connection with the December 2008 NMTC transaction (see (b) above). The notes are secured by a shared first mortgage on the building and assignment of leases and rents.

(d) In December 2008, NSA 10 Washington entered into NMTC financing with an unrelated third-party. The financing was for approximately $7.8 million (QLICI Note A, approximately $6.8 million, and QLICI Note B, approximately $1 million, which was forgiven in December 2008) and provided for periodic payments of principal and interest, calculated at 4% (QLICI Note A) per annum and a maturity date of December 2048. The loan was secured by all assets of NSA 10 Washington. During fiscal year 2016, $6.3 million of this note was paid and the remaining $476,612 was forgiven and is included in gain on extinguishment of debt in the accompanying consolidated statement of activities.

(e) In December 2015, NSA 10 Washington entered into two notes payable totaling approximately $4 million with two unrelated third-parties under the same terms. These notes bear interest at 5.798% annually. Interest and principal are due monthly beginning in February 2016 and mature on January 1, 2041. Proceeds of these loans were used to repay a loan between NSA 10 Washington and an unrelated third-party in connection with the December 2008 NMTC transaction (see (d) above). The notes are secured by a shared first mortgage on the building and assignment of leases and rents.

(f) Uncommon entered into a program related investment (PRI) with an unrelated third-party, for financing of $1.5 million. Principal is due in two installments; $750,000 due in October 2016 and the remainder due in October 2017 (maturity). Interest accrues annually at a rate of 1.00% per annum. This loan and (g) and (h) are secured by all property of Uncommon.

(g) Uncommon entered into a PRI with an unrelated third-party for financing of $700,000. Principal and all accrued interest is due in June 2020 (maturity). Interest accrues annually at a rate of 1.00% per annum.

(h) Uncommon entered into a PRI with an unrelated third-party for financing of $150,000. Principal is due in June 2021 (maturity). Interest accrues annually at a rate of 1.00% per annum. This loan will be forgiven in March 2019 if certain milestones are achieved.

9. NOTES AND BONDS PAYABLE (Continued)

(i) Uncommon entered into a PRI with an unrelated third-party for financing up to $3.5 million. As of June 30, 2016, $2.4 million of the loan was drawn. Interest accrues annually at a rate of 2% and is payable in July 2017, December 2018, and December 2019. The remainder of interest and principal is due in full in December 2020 (maturity).

(j) In January 2010, NSA Central entered into NMTC financing with an unrelated third-party. The financing was for $6 million (QLICI Note A) and provides for semi-annual payments of interest calculated at 8% per annum commencing in January 2010 and ending in January 2025, semi-annual payments of $279,301 commencing in January 2025, and the payment of outstanding principal and accrued interest on the maturity date of January 2050. The debt is secured by all assets of NSA Central.

(k) In December 2009, NSA Central entered into a QSCB transaction with an unrelated third-party. The financing was for approximately $16.48 million and provides for quarterly payments of interest calculated at 2% per annum commencing in March 2010, until a maturity date of December 2024. Annual principal payments are due each December, commencing in December 2012, through and including the maturity date of December 2024. The debt is secured by all assets of NSA Central.

(l) In January 2010, NSA Central entered into NMTC financing with an unrelated third-party. The financing was for approximately $2.07 million (QLICI Note B) and provides for semi-annual payments of interest calculated at 1.21% per annum for the period commencing in January 2010 and ending in January 2017. Beginning January 2017, interest will accrue with no further payments. All outstanding principal and accrued interest is payable on the maturity date of January 2050. The debt is secured by all assets of NSA Central.

(m) In March 2010, TN Ames entered into a $1.2 million financing with an unrelated third-party. The financing consists of an acquisition loan and a building loan of $645,000 and $555,000, respectively, and provided for monthly payments of principal and interest, calculated at 6.25% per annum, and a maturity date of April 2017. This amount was paid in full during fiscal year 2016.

(n) In August 2015, TN Ames refinanced the above notes (see (m) with a $2.79 million loan from an unrelated third-party. Interest accrues at 5.75% per annum. Interest and principal are due monthly. The loan matures in September 2022. The loan is secured by all assets of TN Ames and TN Chili (see (p)). As of June 30, 2016, approximately $2.6 million of the $2.79 million loan amount was drawn.

(o) In June 2011, TN Tyler entered into a $5.3 million financing with an unrelated third-party. The financing consists of three individual loans in the approximate amounts of $2.9 million, $1.3 million, and $1.2 million. The approximate $2.9 million loan and the approximate $1.3 million loan provide for monthly payments of interest calculated at 4.728% through the maturity date and the payment of outstanding principal and accrued interest on the maturity date of October 2018. The approximate $1.2 million loan provides for monthly payments of interest calculated at 4.728% through the maturity date of October 2041; commencing in October 2018, and continuing through the maturity date; monthly principal payments are due and payable.

9. NOTES AND BONDS PAYABLE (Continued)

(o) (Continued)

Commencing on the later of July 15, 2018, or the maturity dates of the above loans and through October 15, 2018, Uncommon has the option to purchase the debt for $1,000.

The $5.3 million loan is secured by all assets of TN Tyler. Uncommon is a guarantor of the loan. In order to secure payment of its obligations as guarantor, Uncommon is required to make certain deposits into an account ("Sinking Fund Account") and to grant the lender a security interest in the Sinking Fund Account. At June 30, 2016 and 2015, the account balance totaled $742,840 and $593,685, respectively, and is included in restricted deposits in the accompanying consolidated statements of financial position.

(p) In August 2015, TN Chili entered into a note agreement for $2.16 million from an unrelated third-party. The loan has a stated interest rate of 5.75% annually and is payable on a twenty-five-year amortization schedule. Interest and principal are due monthly beginning in October 2015. The loan matures in September 2022. As of June 30, 2016, $580,633 of the loan was drawn. The loan is secured by all assets of TN Chili and TN Ames (see (n)).

(q) In August 2015, TN Chili entered into an $800,000 PRI with an unrelated third party. The PRI is interest only for seven-years, with a stated interest rate of 2.5%. Interest is due monthly. Commencing on July 1, 2016 through maturity, $114,286 of the principal balance of the PRI will be considered for forgiveness on an annual basis based on student performance at the tenant school. The loan is secured by all assets of TN Chili.

(r) In December 2012, UP II entered into a bond loan agreement with NJEDA, under which UP II borrowed the 2012 QZABs. The 2012 QZABs were issued at a discount yielding proceeds of $5.97 million (see Note 7). Pursuant to the bond agreement, the principal sum of $7.8 million is due at maturity in December 2035, with quarterly interest payments calculated at 4.40% per annum. The original bond discount of $1.83 million is accreted over the term of the loan using an effective interest rate of 6.32%. NJEDA assigned its rights in the 2012 QZABs to NSA Lender, as purchaser of the bonds. NSA Lender assigned those rights to an unrelated third party. The 2012 QZAB proceeds, net of costs of issuance, are held in a restricted account for application toward NSA 18th Ave. The loan is secured with all assets of UP II.

(s) In December 2013, UP III entered into a bond loan agreement with NJEDA, under which UP III borrowed the 2013 QSCBs. The 2013 QSCBs were issued at a discount yielding proceeds of $28.25 million (see Note 7). Pursuant to the bond agreement, the principal sum of $35.7 million is due at maturity in December 2033, with quarterly interest payments calculated at 5.31%, commencing on April 15, 2014. The original bond discount of $7.45 million is accreted over the term of the loan using an effective interest rate of 7.26%. NJEDA assigned its rights in the 2013 QSCBs to NSA Lender II, as purchaser of the bonds. NSA Lender II assigned those rights to an unrelated third-party. UP III lent the proceeds of the 2013 QSCBs to NSA Hazelwood and NSA 559 Broad St. The loan is secured with all assets of UP III.

9. NOTES AND BONDS PAYABLE (Continued)

(t) In December 2013, UP IV entered into a bond loan agreement with NJEDA, under which UP IV borrowed the 2013 QZABs. The 2013 QZABs were issued at a discount yielding proceeds of \$4.59 million (see Note 7). Pursuant to the bond agreement, the principal sum of \$7.13 million is due on the maturity date of December 29, 2033. The original bond discount of \$2.55 million is accreted over the term of the loan. NJEDA assigned its rights in the 2013 QZABs to NSA Lender III, as purchaser of the bonds. NSA Lender III assigned those rights to an unrelated third-party in connection with the sale to the unrelated third-party of the tax credits associated with the 2013 QZABs. The 2013 QZAB net proceeds are held in a restricted account for application towards the facility occupied by a charter school at S. 9th Property. The loan is secured with all assets of UP IV.

(u) In December 2014, UP V entered into a bond loan agreement with NJEDA, under which UP V borrowed the 2014 QZABs. Pursuant to the bond agreement, the principal sum of \$7.15 million is due on the maturity date of December 30, 2038. The original bond discount of \$3.42 million is accreted over the term of the loan. NJEDA assigned its rights in the 2014 QZABs to NSA Lender IV, as purchaser of the bonds. NSA Lender IV assigned those rights to an unrelated third-party in connection with the sale to the unrelated third-party of the tax credits associated with the 2014 QZABs. The 2014 QZAB net proceeds are held in a restricted account for application towards a future facility project in Newark, New Jersey. The loan is secured with all assets of UP V.

(v) In December 2015, UP VI entered into a bond loan agreement with NJEDA, under which UP VI borrowed the 2015 QZABs. Pursuant to the bond agreement, the principal sum of \$7.15 million is due on the maturity date of December 28, 2040. The bond discount of \$3.12 million is accreted over the term of the loan. NJEDA assigned its rights in the 2015 QZABs to NSA Lender V as purchaser of the bonds. NSA Lender V assigned those rights to an unrelated third-party in connection with the sale to the unrelated third-party of the tax credits associated with the 2015 QZABs. The 2015 QZAB net proceeds are held in a restricted account for application towards the facility being developed by NSA 18th Ave. The loan is secured with all assets of UP VI.

(w) In April 2016, UP VII entered into a bond loan agreement with NJEDA, under which UP VII borrowed the 2016 QSCBs. The 2016 QSCBs were issued at a discount yielding proceeds of \$27.1 million. Pursuant to the bond agreement, the principal sum of \$41.3 million is due on the maturity date of April 21, 2045, with quarterly interest payments calculated at 4.44%, commencing on July 15, 2016. The original bond discount of \$14.2 million is accreted over the term of the loan using an effective interest rate of 7.24%. NJEDA assigned its rights in the 2016 QSCBs to NSA Lender VI, as purchaser of the bonds. NSA Lender VI assigned those rights to an unrelated third-party. The 2016 QSCB net proceeds are held in a restricted account for application towards the facility being developed by NSA 377 Wash.

(x) In December 2012, in connection with the 2012 QZAB transaction, NSA Lender entered into a \$5.2 million financing with an unrelated third-party. The loan agreement provides for quarterly payments of interest calculated at 6% per annum with a maturity date of April 1, 2017. Proceeds of this loan were used by NSA Lender to fund the acquisition of the bonds in the 2012 QZAB transaction (see Note 7). The loan is secured by all assets of NSA Lender. The 2012 QZAB net proceeds are held in a restricted account for application towards a future facility to be developed and leased to a charter school.

9. NOTES AND BONDS PAYABLE (Continued)

(y) In December 2013, in connection with the 2013 QSCB transaction, NSA Lender II borrowed $23 million from an unrelated third-party. The loan bears annual interest of 6.5%, with principal and interest payments due quarterly over the term of the loan, which matures in December 2020. The proceeds of this loan were combined with the proceeds of the loan described in the paragraph below (z) to purchase the 2013 QSCBs and to make a loan of $8.02 million to UP III (described in paragraph (s)). The loan is secured with all assets of NSA Lender II.

(z) In December 2013, in connection with the 2013 QSCB transaction, NSA Lender II borrowed $9.92 million from an unrelated third-party. The loan bears annual interest of 8%, with principal and interest payments due quarterly over the term of the loan, which matures in December 2033. The loan is secured by all assets of NSA Lender II.

(aa) In April 2016, in connection with the 2016 QSCB transaction, NSA Lender VI borrowed $26.3 million (Tranche A of $8.3 million and Tranche B of $18.0 million) from an unrelated third-party. The loan is interest only for thirty months, with a stated interest rate of 6.7% and 7.2% for Tranches A and B, respectively, and a maturity date of April 20, 2041. The proceeds of this loan were used to purchase the 2016 QSCBs and to make a loan of $4.7 million to UP VII. The loan is secured by all assets of NSA Lender VI.

(bb) In April 2016, in connection with the 2016 NMTC transaction, NSA 377 Wash borrowed $21 million from four unrelated entities with QLICI A and B notes (eight loans total) under the same terms. There is simple interest of 1% due quarterly through July 1, 2023. Commencing in July 2023, quarterly principal and interest payments are due until the maturity date of April 21, 2056. The loan is secured by a first mortgage on the building.

(cc) In April 2016, in connection with the 2016 QSCB transaction (see (aa) above), NSA 377 Wash entered into a construction loan with an unrelated third party, which allows for borrowings up to $31 million. The loan bears interest at the one-month LIBOR rate plus 3.95%. All principal and accrued interest are due at maturity on October 21, 2018. As of June 30, 2016, $251,189 of the loan was drawn. The loan is secured by a first mortgage on the building.

(dd) In March 2016, NSA 72 Central entered into a loan agreement for $3.4 million with an interest rate of 6% per annum. Commencing in May 2016, principal and interest payments are due monthly through the maturity date of April 30, 2036. The loan is secured by all the assets of NSA 72 Central.

Minimum future principal payments of the notes and bonds payable for the next five years at June 30, 2016, are as follows:

2017	$ 7,969,316
2018	$ 2,652,354
2019	$ 6,439,075
2020	$ 2,844,172
2021	$ 23,771,411

The notes listed in paragraphs (a) through (dd) above have certain financial covenants with which the Organization must comply. As of June 30, 2016, the Organization was in compliance with these covenants.

10. FINANCING OBLIGATION

In connection with an agreement with the New York City Department of Education ("DOE"), the Organization agreed to sell a building located in Brooklyn, New York to the DOE for 80% of the construction costs or $25.92 million. The full amount of the purchase price was paid and is reflected as financing obligation in the accompanying consolidated statements of financial position.

In October 2014, the Organization entered into a sale-leaseback transaction with DOE upon transfer of the property. Obligations under the lease agreement are $1 per year for twenty-two years, with an option to extend for another sixty-nine years for an additional lump-sum payment of $4.3 million. In accordance with ASC Topic, *Leases,* this transaction is being accounted for under the financing method due to the Organization's continued involvement in the property. The net book value of the property remains in the accompanying consolidated statements of financial position of the Organization and continues to depreciate.

During fiscal year 2015, the Organization recorded the value for the use of a facility over the next twenty-two years of $25,920,032. During fiscal years 2016 and 2015, $1,178,186 and $797,536 of this pledge receivable has been recognized. The remaining balance of the pledge receivable is $23,944,310 and $25,122,496 as of June 30, 2016 and 2015, respectively. The decrease of this pledge receivable will mirror the decrease of the financing obligation (see below).

The financing obligation of $25,920,032 is treated as proceeds from sale of the property and is reflected as a financing obligation in the accompanying consolidated statements of financial position. The liability will decrease over time to the extent of future lease payments on the property or the recognition of in-kind rent (see above and page 14). The financing obligation as of June 30, 2016 and 2015, was $23,944,310 and $25,122,496, respectively.

11. FINANCING FEES AND AMORTIZATION

Included in financing fees and other in the accompanying consolidated statements of financial position are financing fees associated with the Organization's notes and bonds payable (see Note 9). These costs are being amortized using the straight-line method over the terms of the related notes and bonds payable. Amortization expense for fiscal years 2016 and 2015 was $121,996 and $89,429, respectively, which is included in depreciation and amortization in the accompanying consolidated statements of activities. In addition, $86,857 of amortization expense was capitalized and is included in construction in process in the accompanying consolidated statement of financial position. Amortization expense is expected to be approximately $200,000 over the next five fiscal years.

Financing fees consist of the following at June 30:

	2016	2015
Cost	$ 4,158,920	$ 1,912,886
Less - accumulated amortization	355,263	146,410
	$ 3,803,657	$ 1,766,476

12. RETIREMENT PLAN

Uncommon has a tax-qualified Section 403(b) defined contribution retirement and savings plan (the "Plan") under which individual contracts with an investment manager are maintained for all qualified employees. All employees meeting the service requirements are vested after one and a half years. Uncommon has the option to make a discretionary matching contribution to qualified employees who make salary deferrals based on the percentage of salary deferrals made during the Plan year or as a uniform dollar amount. The expense related to the Plan for June 30, 2016 and 2015, was $265,581 and $244,776, respectively, and is included in personnel and related in the accompanying consolidated statements of activities.

13. MANAGEMENT FEES

Uncommon has entered into management contracts with a number of charter schools. Terms provide for management fees to be paid by the schools to Uncommon. Renewals will be negotiated based on the respective expiration dates ranging from one to five years or as needed. During the years ended June 30, 2016 and 2015, Uncommon earned revenues of $19,472,549 and $16,313,915, respectively.

14. OPERATING LEASES-LESSOR

The Organization leases certain public school facilities under operating lease agreements. The terms of several lease agreements automatically renew in five year increments, contingent upon the renewal of the charter schools' (the tenants) charters to operate public charter schools in the states of New York and New Jersey, within the meaning of the New York and New Jersey charter school programs. Rental income under these leases was $4,870,884 and $3,896,230 for the years ended June 30, 2016 and 2015, respectively, and is reflected as rental income in the accompanying consolidated statements of activities. The Organization also leases certain properties under operating lease agreements to unrelated organizations. Rental income related to these leases is included in the above total.

Future minimum rents, excluding future payments contingent upon charter renewal, to be received under non-terminable leases over the remaining years of the lease terms are as follows:

2017	$ 5,675,301
2018	$ 5,657,315
2019	$ 5,665,290
2020	$ 5,634,878
2021	$ 5,325,504

15. CAPITAL LEASE OBLIGATION

During fiscal year 2015, the Organization entered into a seventy-five year capital lease agreement for real property that they in turn subleased to a school (see Note 14 above), which began in August 2015, with monthly payments of $31,667 due through February 1, 2040. Beginning on August 1, 2040, annual payments of $1 are due through August 1, 2089, at which point the lease expires. The total appraised value of the real property as of May 2015 was $5,340,000, of which management determined that $3,114,954 is attributed to the value of the building and the remaining $2,225,046 is attributed to land. In accordance with ASC Topic 840, *Leases,* because the value of the land exceeds 25% of the total value of the leased property, the $3,114,954 building value is treated as a capital lease obligation and the $2,225,046 land value is treated as an operating lease in the accompanying 2016 consolidated statement of financial position and consolidated statement of activities. Based on the property valuation noted above, lease payments are proportionally allocated to the capital and operating portion of the lease.

The minimum annual lease payments for the non-cancellable portions of the lease are as follows as of June 30:

Fiscal Year	Capital	Operating
2017	$ 221,663	$ 158,337
2018	221,663	158,337
2019	221,663	158,337
2020	221,663	158,337
2021	221,663	158,337
Thereafter	4,137,746	2,923,921
Total future minimum payments	5,246,061	3,715,606
Less - amount representing interest	2,205,960	-
Less - current portion	67,883	-
	$ 2,972,218	$ -

16. CONDITIONAL GRANTS

During fiscal year 2016, the Organization received a conditional grant totaling $4,680,131, of which $3,888,464 was earned and recognized during fiscal year 2016. The remaining $791,667 will be recognized based on the achievement of benchmarks and milestones as they are met.

At June 30, 2015, the Organization has received conditional grant commitments from several nonprofit organizations totaling $8,280,000. These commitments were contingent upon the Organization meeting certain benchmarks and milestones in accordance with the grant agreements. The Organization recognized $5,973,750 of these conditional grants through fiscal year 2015, of which $2,903,750 was recognized during fiscal year 2015 based on achievements of benchmarks and milestones. The remaining $2,306,250 committed under the grants was earned and recognized in fiscal year 2016.

17. RELATED PARTY TRANSACTIONS

The Chief Financial Officer of Uncommon is the principal of a consulting firm that provided consulting services to the Organization. For the years ended June 30, 2016 and 2015, total consulting fees paid by the Organization to the consulting firm were $171,914 and $156,260, respectively.

18. SUBSEQUENT EVENTS

The Organization evaluated subsequent events occurring after the consolidated statement of financial position date through the date of November 21, 2016, which is the date the consolidated financial statements were available to be issued. Based on this evaluation, the Organization determined that the following subsequent events should be disclosed:

- In September 2016, the Organization received an $11 million grant from the Charter School Program of the Federal government.
- In September 2016, TN Andrews entered into a $900,000 note payable with an unrelated third-party at 5.75% interest only for twelve-months. Interest is due monthly. The loan matures on September 1, 2017. Proceeds of this loan were used to finance the purchase of the Andrews Property.
- In September 2016, TN St. Jacob entered into approximately $1.35 million of financing with an unrelated third-party at 5.75% interest only for twelve-months. Interest is due monthly. The loan matures on September 1, 2017. Proceeds of this loan were used to finance the purchase of the St. Jacob Property.

The following entities were created in conjunction with the reorganization of Uncommon as well as to provide for additional financing vehicles:

- Uncommon CP Properties I, LLC
- Uncommon CP Properties II, LLC
- Uncommon CP Lender I, LLC
- Uncommon CP Lender II, LLC
- Rochester Prep Foundation, Inc.
- Camden Prep Foundation, Inc.
- Troy Prep Foundation, Inc.

19. RECLASSIFICATION

Certain amounts in the fiscal year 2015 consolidated financial statements were reclassified to conform with the fiscal year 2016 presentation.

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Financial Position
June 30, 2016

Assets	Uncommon Schools, Inc.	North Star Academy Foundation, Inc.	Uncommon Lender, Inc.	Excellence Academies Foundation, Inc.	Eliminations	Total
Current Assets:						
Cash and cash equivalents	$ 20,927,271	$ 1,315,230	$ 1,699,320	$ 1,914,955	$ -	$ 25,856,776
Current portion of grants and pledges receivable	4,665,494	-	-	-	-	4,665,494
Accounts and other receivables	5,175,170	1,044,634	-	13,390	-	6,233,194
Interest receivable	89,241	-	1,264,247	-	(326,666)	1,026,822
Current portion of loans receivable	1,215,817	-	115,801	-	(1,331,618)	-
Due from related parties	3,841,881	-	92,774	-	(3,934,655)	-
Prepaid expenses and other	627,073	24,167	-	-	-	651,240
Total current assets	36,541,947	2,384,031	3,172,142	1,928,345	(5,592,939)	38,433,526
Other Assets:						
Restricted deposits	19,951,440	30,074,296	-	-	-	50,025,736
Grants and pledges receivable, net of current portion and discount	739,426	-	-	-	-	739,426
Bonds receivable	-	-	64,732,384	-	-	64,732,384
Loans receivable, net of current portion	60,528,344	-	17,725,175	-	(57,993,802)	20,259,717
Property and equipment, net	7,664,203	76,308,612	-	25,286,962	(500,000)	108,759,777
Construction in process	12,675,162	12,683,084	-	-	(5,922)	25,352,324
Pledge receivable - property	-	-	-	23,944,310	-	23,944,310
Financing fees, net	700,987	2,615,252	487,418	-	-	3,803,657
Total assets	$ 138,801,509	$ 124,065,275	$ 86,117,119	$ 51,159,617	$ (64,092,663)	$ 336,050,857
Liabilities and Net Assets						
Current Liabilities:						
Current portion of notes and bonds payable	$ 901,603	$ 2,277,439	$ 6,121,892	$ -	$ (1,331,618)	$ 7,969,316
Current portion of capital lease obligation	-	67,883	-	-	-	67,883
Accounts payable and accrued expenses	2,271,127	8,501	-	7,294	-	2,286,922
Accounts payable - construction	2,407,201	3,684,392	-	-	-	6,091,593
Accrued interest	1,183,430	94,798	989,011	-	(326,666)	1,940,573
Deferred revenue	-	19,804	-	-	-	19,804
Due to related parties	92,774	2,125,526	1,716,355	-	(3,934,655)	-
Total current liabilities	6,856,135	8,278,343	8,827,258	7,294	(5,592,939)	18,376,091
Notes and Bonds Payable, net of current portion	100,172,489	101,138,265	56,438,788	-	(57,993,802)	199,755,740
Capital Lease Obligation, net of current portion	-	2,972,218	-	-	-	2,972,218
Financing Obligation	-	-	-	23,944,310	-	23,944,310
Total liabilities	107,028,624	112,388,826	65,266,046	23,951,604	(63,586,741)	245,048,359
Net Assets:						
Unrestricted	19,738,969	11,676,449	20,851,073	27,208,013	(505,922)	78,968,582
Temporarily restricted	12,033,916	-	-	-	-	12,033,916
Total net assets	31,772,885	11,676,449	20,851,073	27,208,013	(505,922)	91,002,498
Total liabilities and net assets	$ 138,801,509	$ 124,065,275	$ 86,117,119	$ 51,159,617	$ (64,092,663)	$ 336,050,857

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Financial Position
June 30, 2015

Assets	Uncommon Schools, Inc.	Uncommon Lender, Inc.	Excellence Academies Foundation, Inc.	Eliminations	Total
Current Assets:					
Cash and cash equivalents	$ 25,039,765	$ 891,229	$ 1,460,025	$ -	$ 27,391,019
Current portion of grants and pledges receivable	2,171,896	-	-	-	2,171,896
Accounts and other receivables	4,088,193	-	-	-	4,088,193
Interest receivable	12,326	2,179,340	-	(268,697)	1,922,969
Current portion of loans receivable	-	101,312	-	(101,312)	-
Due from related parties	1,949,969	92,774	-	(2,042,743)	-
Prepaid expenses and other	226,994	-	-	-	226,994
Total current assets	33,489,143	3,264,655	1,460,025	(2,412,752)	35,801,071
Other Assets:					
Restricted deposits	18,711,042	-	-	-	18,711,042
Grants and pledges receivable, net of current portion and discount	881,057	-	-	-	881,057
Bonds receivable	-	36,706,817	-	-	36,706,817
Loans receivable, net of current portion	-	16,258,820	-	(7,805,707)	8,453,113
Property and equipment, net	81,250,021	-	26,111,620	-	107,361,641
Construction in process	745,160	-	-	-	745,160
Pledge receivable - property	-	-	25,122,496	-	25,122,496
Financing fees, net	1,285,753	480,723	-	-	1,766,476
Total assets	$ 136,362,176	$ 56,711,015	$ 52,694,141	$ (10,218,459)	$ 235,548,873
Liabilities and Net Assets					
Current Liabilities:					
Current portion of notes and bonds payable	$ 812,497	$ 6,056,010	$ -	$ (101,312)	$ 6,767,195
Accounts payable and accrued expenses	2,676,601	-	86,014	-	2,762,615
Accounts payable - construction	233,066	-	-	-	233,066
Accrued interest	763,468	617,706	-	(268,697)	1,112,477
Deferred revenue	250,000	-	-	-	250,000
Due to related parties	69,724	1,966,520	6,499	(2,042,743)	-
Total current liabilities	4,805,356	8,640,236	92,513	(2,412,752)	11,125,353
Notes and Bond Payable, net of current portion	96,071,580	31,039,670	-	(7,805,707)	119,305,543
Financing Obligation	-	-	25,122,496	-	25,122,496
Total liabilities	100,876,936	39,679,906	25,215,009	(10,218,459)	155,553,392
Net Assets:					
Unrestricted	26,133,124	17,031,109	27,479,132	-	70,643,365
Temporarily restricted	9,352,116	-	-	-	9,352,116
Total net assets	35,485,240	17,031,109	27,479,132	-	79,995,481
Total liabilities and net assets	$ 136,362,176	$ 56,711,015	$ 52,694,141	$ (10,218,459)	$ 235,548,873

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Activities
For the Year Ended June 30, 2016

	Uncommon Schools, Inc.	North Star Academy Foundation, Inc.	Uncommon Lender, Inc.	Excellence Academies Foundation, Inc.	Eliminations	Total
Unrestricted Net Assets:						
Operating revenues:						
Management fees	$ 19,472,549	$ -	$ -	$ -	$ -	$ 19,472,549
Contributions	11,030,507	-	-	500,000	(225,000)	11,305,507
Rental income	4,676,607	194,277	-	-	-	4,870,884
Real estate reimbursement	4,362,185	180,196	-	92,554	-	4,634,935
Interest and other	343,550	-	4,597,633	10,985	(1,088,234)	3,863,934
Training and program fees	3,775,592	-	-	-	-	3,775,592
Subsidy income	2,482,421	-	-	-	-	2,482,421
Grants	575,499	-	-	-	-	575,499
Real estate development income	500,000	-	-	-	(500,000)	-
Net assets released from purpose restrictions	360,200	-	-	-	-	360,200
Total operating revenues	47,579,110	374,473	4,597,633	603,539	(1,813,234)	51,341,521
Operating expenses:						
Personnel and related	15,848,769	-	-	-	-	15,848,769
Program and grant expenses	11,536,061	-	175,000	50,000	(225,000)	11,536,061
Interest	5,943,029	74,984	2,921,526	-	(1,082,312)	7,857,227
Depreciation and amortization	2,623,324	28,245	26,958	824,658	-	3,503,185
Occupancy	2,476,245	34,055	-	-	-	2,510,300
Administrative	2,029,447	4,709	12,120	-	-	2,046,276
Total operating expenses	40,456,875	141,993	3,135,604	874,658	(1,307,312)	43,301,818
Changes in unrestricted net assets from operations	7,122,235	232,480	1,462,029	(271,119)	(505,922)	8,039,703
Other income (loss):						
Net gain on extinguishment of debt	567,409	-	-	-	-	567,409
Change in discount on loans receivable	-	-	462,354	-	-	462,354
Grants from (to) affiliates for new initiatives	(7,395,581)	5,500,000	1,895,581	-	-	-
Construction impairment	(185,070)	-	-	-	-	(185,070)
Loss from disposal of property and equipment	(759,179)	-	-	-	-	(759,179)
Net assets released from capital restrictions	200,000	-	-	-	-	200,000
Total other income (loss)	(7,572,421)	5,500,000	2,357,935	-	-	285,514
Changes in unrestricted net assets	(450,186)	5,732,480	3,819,964	(271,119)	(505,922)	8,325,217
Temporarily Restricted Net Assets:						
Grants and contributions	2,972,000	-	-	-	-	2,972,000
Capital grants	270,000	-	-	-	-	270,000
Net assets released from restrictions	(560,200)	-	-	-	-	(560,200)
Changes in temporarily restricted net assets	2,681,800	-	-	-	-	2,681,800
Changes in net assets	$ 2,231,614	$ 5,732,480	$ 3,819,964	$ (271,119)	$ (505,922)	$ 11,007,017

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Activities
For the Year Ended June 30, 2015

	Uncommon Schools, Inc.	Uncommon Lender, Inc.	Excellence Academies Foundation, Inc.	Eliminations	Total
Unrestricted Net Assets:					
Operating revenues:					
Management fees	$ 16,513,915	$ -	$ -	$ (200,000)	$ 16,313,915
Contributions	6,128,258	-	500,000	(295,173)	6,333,085
Rental income	3,896,230	-	-	-	3,896,230
Real estate reimbursement	2,226,858	-	-	-	2,226,858
Interest and other	328,802	4,568,374	51,193	(1,125,183)	3,823,186
Training and program fees	2,704,479	-	-	-	2,704,479
Subsidy income	2,076,324	-	-	-	2,076,324
Grants	1,325,129	-	-	-	1,325,129
Net assets released from purpose restrictions	2,033,857	-	-	-	2,033,857
Total operating revenues	37,233,852	4,568,374	551,193	(1,620,356)	40,733,063
Operating expenses:					
Personnel and related	13,488,945	-	-	-	13,488,945
Program and grant expenses	12,269,652	295,174	-	(295,173)	12,269,653
Interest	5,603,287	2,708,602	-	(1,125,183)	7,186,706
Depreciation and amortization	2,188,552	18,314	873,079	-	3,079,945
Occupancy	2,048,115	-	959,769	-	3,007,884
Administrative	1,925,805	176,896	149,611	(200,000)	2,052,312
Total operating expenses	37,524,356	3,198,986	1,982,459	(1,620,356)	41,085,445
Changes in unrestricted net assets from operations	(290,504)	1,369,388	(1,431,266)	-	(352,382)
Other income (loss):					
Change in discount on loans receivable	-	194,619	-	-	194,619
Capital grant	-	-	25,920,032	-	25,920,032
Write-off of financing fees	-	(99,877)	-	-	(99,877)
Construction impairment	(1,399,932)	-	-	-	(1,399,932)
Loss on fair value adjustment to notes payable	(456,450)	-	-	-	(456,450)
Forgiveness of debt on related party loans	(607,523)	607,523	-	-	-
Write-off of interest payable (receivable)	187,928	(187,928)	-	-	-
Grants from (to) affiliates for new initiatives	(782,199)	782,199	-	-	-
Total other income (loss)	(3,058,176)	1,296,536	25,920,032	-	24,158,392
Changes in unrestricted net assets	(3,348,680)	2,665,924	24,488,766	-	23,806,010
Temporarily Restricted Net Assets:					
Grants and contributions	7,134,750	-	-	-	7,134,750
Net assets released from restrictions	(2,033,857)	-	-	-	(2,033,857)
Changes in temporarily restricted net assets	5,100,893	-	-	-	5,100,893
Changes in net assets	$ 1,752,213	$ 2,665,924	$ 24,488,766	$ -	$ 28,906,903

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statements of Changes in Net Assets
For the Years Ended June 30, 2016 and 2015

	Uncommon Schools, Inc.			North Star Academy Foundation, Inc.	Uncommon Lender, Inc.	Excellence Academies Foundation, Inc.	Eliminations	Total
	Unrestricted	Temporarily Restricted	Total					
Net Assets, June 30, 2014	$ 29,481,804	$ 4,251,223	$ 33,733,027	$ -	$ 14,365,185	$ 2,990,366	$ -	$ 51,088,578
Changes in net assets	(3,348,680)	5,100,893	1,752,213	-	2,665,924	24,488,766	-	28,906,903
Net Assets, June 30, 2015	26,133,124	9,352,116	35,485,240	-	17,031,109	27,479,132	-	79,995,481
Transfer of net assets	(5,943,969)	-	(5,943,969)	5,943,969	-	-	-	-
Changes in net assets	(450,186)	2,681,800	2,231,614	5,732,480	3,819,964	(271,119)	(505,922)	11,007,017
Net Assets, June 30, 2016	$ 19,738,969	$ 12,033,916	$ 31,772,885	$ 11,676,449	$ 20,851,073	$ 27,208,013	$ (505,922)	$ 91,002,498

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Financial Position - Expanded
June 30, 2016

								Uncommon Schools, Inc.								
Assets	Uncommon Schools, Inc.	True North Parking, LLC (Rochester, NY)	True North Rochester Real Estate, LLC (Rochester, NY)	True North Rochester Real Estate Ames Street, LLC (Rochester, NY)	Rochester Chili Ave, LLC (Rochester, NY)	True North Andrews Street, LLC (Rochester, NY)	True North St. Jacob Street, LLC (Rochester, NY)	True North Troy Real Estate, LLC (Troy, NY)	True North Tyler Street, LLC (Troy, NY)	True North River Street, LLC (Troy, NY)	Uncommon Crown Heights, LLC (Brooklyn, NY)	CP Haddon & Copewood, LLC (Camden, NJ)	CP Mt. Ephraim, LLC (Camden, NJ)	Uncommon Properties, LLC	Uncommon Properties II, LLC	Uncommon Properties III, LLC
Current Assets:																
Cash and cash equivalents	$ 18,084,536	$ -	$ 22,711	$ 117,224	$ 72,242	$ -	$ 181,812	$ 22,298	$ 291,087	$ 789	$ 82,600	$ 901	$ -	$ 1,978,556	$ 72,515	$ -
Current portion of grants and pledges receivable	4,665,494	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts and other receivables	4,917,475	-	550	28,000	-	-	-	-	-	-	229,145	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,501
Current portion of loans receivable	708,298	-	-	-	-	-	-	-	-	-	-	-	-	-	-	507,519
Due from related parties	11,233,173	-	-	-	-	-	-	-	-	-	-	-	-	180,679	-	-
Prepaid expenses and other	627,073	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	40,236,049	-	23,261	145,224	72,242	-	181,812	22,298	291,087	789	311,745	901	-	2,159,235	72,515	547,020
Other Assets:																
Restricted deposits	742,840	-	-	7,000	-	-	-	-	137,649	-	-	-	-	-	5,853,407	714,583
Grants and pledges receivable, net of current portion and discount	739,426	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonds receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans receivable, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,228,344
Property and equipment, net	832,794	10,000	835,818	1,216,539	-	-	-	31,477	4,737,575	-	-	-	-	-	-	-
Construction in process	90,558	-	-	-	4,117,925	212,112	2,002,341	-	-	657,933	-	4,637,845	956,448	-	-	-
Pledge receivable - property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financing fees, net	-	-	-	130,772	-	-	-	-	-	-	-	-	-	-	212,811	-
Total assets	$ 42,641,667	$ 10,000	$ 859,079	$ 1,499,535	$ 4,190,167	$ 212,112	$ 2,184,153	$ 53,775	$ 5,166,311	$ 658,722	$ 311,745	$ 4,638,746	$ 956,448	$ 2,159,235	$ 6,138,733	$ 35,489,947
Liabilities and Net Assets																
Current Liabilities:																
Current portion of notes and bonds payable	$ 750,000	$ -	$ 35,802	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 115,801
Current portion of capital lease obligation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and accrued expenses	1,929,290	-	31,426	-	-	-	-	18,400	-	-	291,490	-	521	-	-	-
Accounts payable - construction	-	-	-	-	1,181,621	-	443,180	-	-	42,884	-	554,231	185,285	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71,712	742,615
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to related parties	10,525	-	10,000	-	31,710	214,768	1,560,162	12,527	-	618,577	-	4,102,658	822,798	-	83,850	33,884
Total current liabilities	2,689,815	-	77,228	-	1,213,331	214,768	2,003,342	30,927	-	661,461	291,490	4,656,889	1,008,604	-	155,562	892,300
Notes and Bonds Payable, net of current portion	4,000,000	-	-	2,579,187	1,380,633	-	-	-	5,336,000	-	-	-	-	-	6,101,470	36,410,572
Capital Lease Obligation, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financing Obligation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	6,689,815	-	77,228	2,579,187	2,593,964	214,768	2,003,342	30,927	5,336,000	661,461	291,490	4,656,889	1,008,604	-	6,257,032	37,302,872
Net Assets:																
Unrestricted	23,917,936	10,000	781,851	(1,079,652)	1,596,203	(2,656)	180,811	22,848	(169,689)	(2,739)	20,255	(18,143)	(52,156)	2,159,235	(118,299)	(1,812,925)
Temporarily restricted	12,033,916	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total net assets	35,951,852	10,000	781,851	(1,079,652)	1,596,203	(2,656)	180,811	22,848	(169,689)	(2,739)	20,255	(18,143)	(52,156)	2,159,235	(118,299)	(1,812,925)
Total liabilities and net assets	$ 42,641,667	$ 10,000	$ 859,079	$ 1,499,535	$ 4,190,167	$ 212,112	$ 2,184,153	$ 53,775	$ 5,166,311	$ 658,722	$ 311,745	$ 4,638,746	$ 956,448	$ 2,159,235	$ 6,138,733	$ 35,489,947

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Financial Position - Expanded
June 30, 2016

Uncommon Schools, Inc. (Continued)

Assets	Uncommon Properties IV, LLC	Uncommon Properties V, LLC	Uncommon Properties VI, LLC	Uncommon Properties VII, LLC	Eliminations	Total Uncommon Schools, Inc.
Current Assets:						
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ 20,927,271
Current portion of grants and pledges receivable	-	-	-	-	-	4,665,494
Accounts and other receivables	-	-	-	-	-	5,175,170
Interest receivable	-	-	-	49,740	-	89,241
Current portion of loans receivable	-	-	-	-	-	1,215,817
Due from related parties	-	-	-	-	(7,571,971)	3,841,881
Prepaid expenses and other	-	-	-	-	-	627,073
Total current assets	-	-	-	49,740	(7,571,971)	36,541,947
Other Assets:						
Restricted deposits	4,495,936	3,658,601	3,942,651	398,773	-	19,951,440
Grants and pledges receivable, net of current portion and discount	-	-	-	-	-	739,426
Bonds receivable	-	-	-	-	-	-
Investment in affiliates	-	-	-	-	-	-
Loans receivable, net of current portion	-	-	-	26,300,000	-	60,528,344
Property and equipment, net	-	-	-	-	-	7,664,203
Construction in process	-	-	-	-	-	12,675,162
Pledge receivable - property	-	-	-	-	-	-
Financing fees, net	161,441	99,862	96,101	-	-	700,987
Total assets	$ 4,657,377	$ 3,758,463	$ 4,038,752	$ 26,748,513	$ (7,571,971)	$ 138,801,509
Liabilities and Net Assets						
Current Liabilities:						
Current portion of notes and bonds payable	$ -	$ -	$ -	$ -	$ -	$ 901,603
Current portion of capital lease obligation	-	-	-	-	-	-
Accounts payable and accrued expenses	-	-	-	-	-	2,271,127
Accounts payable - construction	-	-	-	-	-	2,407,201
Accrued interest	-	-	-	369,103	-	1,183,430
Deferred revenue	-	-	-	-	-	-
Due to related parties	103,697	36,045	23,544	-	(7,571,971)	92,774
Total current liabilities	103,697	36,045	23,544	369,103	(7,571,971)	6,856,135
Notes and Bonds Payable, net of current portion	4,711,068	3,788,836	4,039,005	31,825,718	-	100,172,489
Capital Lease Obligation, net of current portion	-	-	-	-	-	-
Financing Obligation	-	-	-	-	-	-
Total liabilities	4,814,765	3,824,881	4,062,549	32,194,821	(7,571,971)	107,028,624
Net Assets:						
Unrestricted	(157,388)	(66,418)	(23,797)	(5,446,308)	-	19,738,969
Temporarily restricted	-	-	-	-	-	12,033,916
Total net assets	(157,388)	(66,418)	(23,797)	(5,446,308)	-	31,772,885
Total liabilities and net assets	$ 4,657,377	$ 3,758,463	$ 4,038,752	$ 26,748,513	$ (7,571,971)	$ 138,801,509

North Star Academy Foundation, Inc.

Assets	NSA 559 Broad Street, LLC (Newark, NJ)	NSA 10 Washington, LLC (Newark, NJ)	NSA Clinton Ave, LLC (Newark, NJ)	NSA Central Ave, LLC (Newark, NJ)	NSA Hazelwood Ave, LLC (Newark, NJ)	NSA 377 Washington, LLC (Newark, NJ)	NSA S. 9th Street, LLC (Newark, NJ)	72 Central, LLC (Newark, NJ)	NSA Livingston Street, LLC (Newark, NJ)
Current Assets:									
Cash and cash equivalents	$ 298,819	$ 187,400	$ 207,403	$ 243,448	$ 118,471	$ 133,174	$ -	$ 126,515	$ -
Current portion of grants and pledges receivable	-	-	-	-	-	-	-	-	-
Accounts and other receivables	-	-	77,728	-	-	-	41,293	8,800	916,813
Interest receivable	-	-	-	-	-	-	-	-	-
Current portion of loans receivable	-	-	-	-	-	-	-	-	-
Due from related parties	-	-	-	-	-	-	-	-	-
Prepaid expenses and other	-	-	-	-	-	-	-	-	24,167
Total current assets	298,819	187,400	285,131	243,448	118,471	133,174	41,293	135,315	940,980
Other Assets:									
Restricted deposits	-	90,750	59,250	560,443	-	29,363,853	-	-	-
Grants and pledges receivable, net of current portion and discount	-	-	-	-	-	-	-	-	-
Bonds receivable	-	-	-	-	-	-	-	-	-
Investment in affiliates	-	-	-	-	-	-	-	-	-
Loans receivable, net of current portion	-	-	-	-	-	-	-	-	-
Property and equipment, net	8,429,865	6,163,097	8,305,484	20,529,362	28,650,576	-	-	4,230,228	-
Construction in process	-	-	-	-	-	10,414,294	-	-	816,826
Pledge receivable - property	-	-	-	-	-	-	-	-	-
Financing fees, net	125,820	141,064	203,519	-	607,240	1,433,901	-	103,708	-
Total assets	$ 8,854,504	$ 6,582,311	$ 8,853,384	$ 21,333,253	$ 29,376,287	$ 41,345,222	$ 41,293	$ 4,469,251	$ 1,757,806
Liabilities and Net Assets									
Current Liabilities:									
Current portion of notes and bonds payable	$ 78,689	$ 74,412	$ 113,948	$ 780,500	$ 428,830	$ -	$ 708,298	$ 92,762	$ -
Current portion of capital lease obligation	-	-	-	-	-	-	-	67,883	-
Accounts payable and accrued expenses	-	-	-	-	-	-	-	8,501	-
Accounts payable - construction	-	3,333	60,911	-	-	2,931,469	-	169,363	81,685
Accrued interest	39,501	-	-	-	-	55,297	-	-	-
Deferred revenue	-	-	-	-	-	-	-	19,804	-
Due to related parties	-	11,915	11,915	-	-	210,776	41,458	-	835,129
Total current liabilities	118,190	89,660	186,774	780,500	428,830	3,197,542	749,756	358,313	916,814
Notes and Bonds Payable, net of current portion	5,221,006	3,855,830	5,904,484	21,159,857	29,007,338	32,657,439	-	3,332,311	-
Capital Lease Obligation, net of current portion	-	-	-	-	-	-	-	2,972,218	-
Financing Obligation	-	-	-	-	-	-	-	-	-
Total liabilities	5,339,196	3,945,490	6,091,258	21,940,357	29,436,168	35,854,981	749,756	6,662,842	916,814
Net Assets:									
Unrestricted	3,515,308	2,636,821	2,762,126	(607,104)	(59,881)	5,490,241	(708,463)	(2,193,591)	840,992
Temporarily restricted	-	-	-	-	-	-	-	-	-
Total net assets	3,515,308	2,636,821	2,762,126	(607,104)	(59,881)	5,490,241	(708,463)	(2,193,591)	840,992
Total liabilities and net assets	$ 8,854,504	$ 6,582,311	$ 8,853,384	$ 21,333,253	$ 29,376,287	$ 41,345,222	$ 41,293	$ 4,469,251	$ 1,757,806

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Financial Position - Expanded
June 30, 2016

	North Star Academy Foundation, Inc. (Continued)			Uncommon Lender, Inc.									Foundation		
Assets	NSA 18th Ave, LLC (Newark, NJ)	NSA 18 Washington Place, LLC (Newark, NJ)	Total North Star Academy Foundation, Inc.	Uncommon Lender, Inc.	Uncommon NSA Lender, LLC	Uncommon NSA Lender II, LLC	Uncommon NSA Lender III, LLC	Uncommon NSA Lender IV, LLC	Uncommon NSA Lender V, LLC	Uncommon NSA Lender VI, LLC	Eliminations	Total Uncommon Lender, Inc.	Excellence Academies Foundation, Inc.	Eliminations USI and Affiliates	Total
Current Assets:															
Cash and cash equivalents	$ -	$ -	$ 1,315,230	$ 1,609,344	$ 89,976	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,699,320	$ 1,914,955	$ -	$ 25,856,776
Current portion of grants and pledges receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,665,494
Accounts and other receivables	-	-	1,044,634	-	-	-	-	-	-	-	-	-	13,390	-	6,233,194
Interest receivable	-	-	-	80,817	71,712	742,615	-	-	-	369,103	-	1,264,247	-	(326,666)	1,026,822
Current portion of loans receivable	-	-	-	-	-	115,801	-	-	-	-	-	115,801	-	(1,331,618)	-
Due from related parties	-	-	-	1,513,209	-	-	92,774	-	-	-	(1,513,209)	92,774	-	(3,934,655)	-
Prepaid expenses and other	-	-	24,167	-	-	-	-	-	-	-	-	-	-	-	651,240
Total current assets	-	-	2,384,031	3,203,370	161,688	858,416	92,774	-	-	369,103	(1,513,209)	3,172,142	1,928,345	(5,592,939)	38,433,526
Other Assets:															
Restricted deposits	-	-	30,074,296	-	-	-	-	-	-	-	-	-	-	-	50,025,736
Grants and pledges receivable, net of current portion and discount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	739,426
Bonds receivable	-	-	-	-	6,101,470	28,720,666	1,378,283	753,199	657,850	27,120,916	-	64,732,384	-	-	64,732,384
Investment in affiliates	-	-	-	5,500,000	-	-	-	-	-	-	(5,500,000)	-	-	-	-
Loans receivable, net of current portion	-	-	-	5,330,467	-	7,689,906	-	-	-	4,704,802	-	17,725,175	-	(57,993,802)	20,259,717
Property and equipment, net	-	-	76,308,612	-	-	-	-	-	-	-	-	-	25,286,962	(500,000)	108,759,777
Construction in process	1,151,557	300,407	12,683,084	-	-	-	-	-	-	-	-	-	-	(5,922)	25,352,324
Pledge receivable - property	-	-	-	-	-	-	-	-	-	-	-	-	23,944,310	-	23,944,310
Financing fees, net	-	-	2,615,252	-	138,879	288,050	-	27,509	32,980	-	-	487,418	-	-	3,803,657
Total assets	$ 1,151,557	$ 300,407	$ 124,065,275	$ 14,033,837	$ 6,402,037	$ 37,557,038	$ 1,471,057	$ 780,708	$ 690,830	$ 32,194,821	$ (7,013,209)	$ 86,117,119	$ 51,159,617	$ (64,092,663)	$ 336,050,857
Liabilities and Net Assets															
Current Liabilities:															
Current portion of notes and bonds payable	$ -	$ -	$ 2,277,439	$ -	$ 5,220,817	$ 901,075	$ -	$ -	$ -	$ -	$ -	$ 6,121,892	$ -	$ (1,331,618)	$ 7,969,316
Current portion of capital lease obligation	-	-	67,883	-	-	-	-	-	-	-	-	-	-	-	67,883
Accounts payable and accrued expenses	-	-	8,501	-	-	-	-	-	-	-	-	-	7,294	-	2,286,922
Accounts payable - construction	387,927	49,704	3,684,392	-	-	-	-	-	-	-	-	-	-	-	6,091,593
Accrued interest	-	-	94,798	-	57,427	545,699	-	-	-	385,885	-	989,011	-	(326,666)	1,940,573
Deferred revenue	-	-	19,804	-	-	-	-	-	-	-	-	-	-	-	19,804
Due to related parties	763,630	250,703	2,125,526	1,447,011	271,174	58,977	1,449,389	3,013	-	-	(1,513,209)	1,716,355	-	(3,934,655)	-
Total current liabilities	1,151,557	300,407	8,278,343	1,447,011	5,549,418	1,505,751	1,449,389	3,013	-	385,885	(1,513,209)	8,827,258	7,294	(5,592,939)	18,376,091
Notes and Bonds Payable, net of current portion	-	-	101,138,265	-	-	30,138,788	-	-	-	26,300,000	-	56,438,788	-	(57,993,802)	199,755,740
Capital Lease Obligation, net of current portion	-	-	2,972,218	-	-	-	-	-	-	-	-	-	-	-	2,972,218
Financing Obligation	-	-	-	-	-	-	-	-	-	-	-	-	23,944,310	-	23,944,310
Total liabilities	1,151,557	300,407	112,388,826	1,447,011	5,549,418	31,644,539	1,449,389	3,013	-	26,685,885	(1,513,209)	65,266,046	23,951,604	(63,586,741)	245,048,359
Net Assets:															
Unrestricted	-	-	11,676,449	12,586,826	852,619	5,912,499	21,668	777,695	690,830	5,508,936	(5,500,000)	20,851,073	27,208,013	(505,922)	78,968,582
Temporarily restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,033,916
Total net assets	-	-	11,676,449	12,586,826	852,619	5,912,499	21,668	777,695	690,830	5,508,936	(5,500,000)	20,851,073	27,208,013	(505,922)	91,002,498
Total liabilities and net assets	$ 1,151,557	$ 300,407	$ 124,065,275	$ 14,033,837	$ 6,402,037	$ 37,557,038	$ 1,471,057	$ 780,708	$ 690,830	$ 32,194,821	$ (7,013,209)	$ 86,117,119	$ 51,159,617	$ (64,092,663)	$ 336,050,857

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Activities - Expanded
For the Year Ended June 30, 2016

	Uncommon Schools, Inc.														
	Uncommon Schools, Inc.	NSA S. 9th Street, LLC (Newark, NJ)	NSA 559 Broad Street, LLC (Newark, NJ)	NSA 10 Washington, LLC (Newark, NJ)	NSA Clinton Ave, LLC (Newark, NJ)	NSA Central Ave, LLC (Newark, NJ)	NSA Hazelwood Ave, LLC (Newark, NJ)	72 Central, LLC (Newark, NJ)	NSA Livingston Street, LLC (Newark, NJ)	True North Rochester Real Estate, LLC (Rochester, NY)	True North Rochester Real Estate Ames Street, LLC (Rochester, NY)	Rochester Chili Ave, LLC (Rochester, NY)	True North Andrews Street, LLC (Rochester, NY)	True North St. Jacob Street, LLC (Rochester, NY)	True North Troy Real Estate, LLC (Troy, NY)
Unrestricted Net Assets:															
Operating revenues:															
Management fees	$ 19,463,705	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions	11,151,534	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	201,032	307,433	431,270	1,600,000	907,992	314,611	-	140,397	201,983	65,788	-	-	-
Real estate reimbursement	-	-	-	-	77,728	50,054	-	759,992	916,813	-	-	200,000	-	181,023	-
Interest and other	240,547	-	12,834	-	10,899	2,483	62	-	-	-	-	-	-	-	-
Training and program fees	3,775,592	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidy income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants	575,499	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real estate development income	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from purpose restrictions	360,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating revenues	36,067,077	-	213,866	307,433	519,897	1,652,537	908,054	1,074,603	916,813	140,397	201,983	265,788	-	181,023	-
Operating expenses:															
Personnel and related	15,848,769	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Program and grant expenses	10,827,763	708,298	-	-	-	-	-	-	-	31,027	-	30,000	-	-	-
Interest	43,959	-	105,659	252,369	345,953	802,075	578,057	102,943	-	3,450	86,129	-	-	-	-
Depreciation and amortization	389,251	-	208,901	160,708	254,197	537,382	738,424	84,735	-	22,418	40,168	4,749	-	-	-
Occupancy	67,158	-	20,617	-	-	-	-	102,166	62,029	24,812	4,140	670	-	-	-
Administrative	1,769,574	165	28	1,494	572	7,836	2,596	130	13,792	11,582	172	83	2,656	212	165
Total operating expenses	28,946,474	708,463	335,205	414,571	600,722	1,347,293	1,319,077	289,974	75,821	93,289	130,609	35,502	2,656	212	165
Changes in unrestricted net assets from operations	7,120,603	(708,463)	(121,339)	(107,138)	(80,825)	305,244	(411,023)	784,629	840,992	47,108	71,374	230,286	(2,656)	180,811	(165)
Other income (loss):															
Net gain on extinguishment of debt	-	-	-	251,117	316,292	-	-	-	-	-	-	-	-	-	-
Change in discount on loans receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allowance on investment in affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants from (to) affiliates for new initiatives	(2,126,185)	-	-	2,150,340	1,454,079	-	-	(3,373,815)	-	-	(1,365,917)	-	-	-	-
Construction impairment	(185,070)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss from disposal of property and equipment	-	-	-	(567,879)	(127,182)	-	-	-	-	-	(64,118)	-	-	-	-
Net assets released from capital restrictions	200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other income (loss)	(2,111,255)	-	-	1,833,578	1,643,189	-	-	(3,373,815)	-	-	(1,430,035)	-	-	-	-
Changes in unrestricted net assets	5,009,348	(708,463)	(121,339)	1,726,440	1,562,364	305,244	(411,023)	(2,589,186)	840,992	47,108	(1,358,661)	230,286	(2,656)	180,811	(165)
Temporarily Restricted Net Assets:															
Grants and contributions	2,972,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital grants	270,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	(560,200)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in temporarily restricted net assets	2,681,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in net assets	$ 7,691,148	$ (708,463)	$ (121,339)	$ 1,726,440	$ 1,562,364	$ 305,244	$ (411,023)	$ (2,589,186)	$ 840,992	$ 47,108	$ (1,358,661)	$ 230,286	$ (2,656)	$ 180,811	$ (165)

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Activities - Expanded
For the Year Ended June 30, 2016

	Uncommon Schools, Inc. (Continued)													
	True North Tyler Street, LLC (Troy, NY)	True North River Street, LLC (Troy, NY)	Uncommon Crown Heights, LLC (Brooklyn, NY)	CP Haddon & Copewood, LLC (Camden, NJ)	CP Mt. Ephraim, LLC (Camden, NJ)	Uncommon Properties, LLC	Uncommon Properties II, LLC	Uncommon Properties III, LLC	Uncommon Properties IV, LLC	Uncommon Properties V, LLC	Uncommon Properties VI, LLC	Uncommon Properties VII, LLC	Eliminations	Total Uncommon Schools, Inc.
Unrestricted Net Assets:														
Operating revenues:														
Management fees	$ -	$ -	$ 8,844	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,472,549
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	(121,027)	11,030,507
Rental income	506,101	-	-	-	-	-	-	-	-	-	-	-	-	4,676,607
Real estate reimbursement	-	-	2,176,575	-	-	-	-	-	-	-	-	-	-	4,362,185
Interest and other	18,639	-	-	-	-	-	587	683,716	900	6,691	168	49,740	(683,716)	343,550
Training and program fees	-	-	-	-	-	-	-	-	-	-	-	-	-	3,775,592
Subsidy income	-	-	-	-	-	-	319,251	1,764,397	-	-	-	398,773	-	2,482,421
Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	575,499
Real estate development income	-	-	-	-	-	-	-	-	-	-	-	-	-	500,000
Net assets released from purpose restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	360,200
Total operating revenues	524,740	-	2,185,419	-	-	-	319,838	2,448,113	900	6,691	168	448,513	(804,743)	47,579,110
Operating expenses:														
Personnel and related	-	-	-	-	-	-	-	-	-	-	-	-	-	15,848,769
Program and grant expenses	60,000	-	-	-	-	-	-	-	-	-	-	-	(121,027)	11,536,061
Interest	256,491	-	-	-	-	-	385,682	3,157,943	53,670	41,480	16,054	394,821	(683,716)	5,943,029
Depreciation and amortization	133,134	-	-	-	22,433	-	11,200	-	9,225	4,438	1,961	-	-	2,623,324
Occupancy	218	-	2,176,575	17,860	-	-	-	-	-	-	-	-	-	2,476,245
Administrative	148,318	2,739	-	283	29,723	3,890	3,552	15,840	4,052	4,053	5,940	-	-	2,029,447
Total operating expenses	598,161	2,739	2,176,575	18,143	52,156	3,890	400,434	3,173,783	66,947	49,971	23,965	394,821	(804,743)	40,456,875
Changes in unrestricted net assets from operations	(73,421)	(2,739)	8,844	(18,143)	(52,156)	(3,890)	(80,596)	(725,670)	(66,047)	(43,280)	(23,797)	53,692	-	7,122,235
Other income (loss):														
Net gain on extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	567,409
Change in discount on loans receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allowance on investment in affiliates	-	-	-	-	-	(1,365,917)	-	-	-	-	-	-	1,365,917	-
Grants from (to) affiliates for new initiatives	-	-	-	-	-	1,341,705	24,212	-	-	-	-	(5,500,000)	-	(7,395,581)
Construction impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	(185,070)
Loss from disposal of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	(759,179)
Net assets released from capital restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000
Total other income (loss)	-	-	-	-	-	(24,212)	24,212	-	-	-	-	(5,500,000)	1,365,917	(7,572,421)
Changes in unrestricted net assets	(73,421)	(2,739)	8,844	(18,143)	(52,156)	(28,102)	(56,384)	(725,670)	(66,047)	(43,280)	(23,797)	(5,446,308)	1,365,917	(450,186)
Temporarily Restricted Net Assets:														
Grants and contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	2,972,000
Capital grants	-	-	-	-	-	-	-	-	-	-	-	-	-	270,000
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	(560,200)
Changes in temporarily restricted net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	2,681,800
Changes in net assets	$ (73,421)	$ (2,739)	$ 8,844	$ (18,143)	$ (52,156)	$ (28,102)	$ (56,384)	$ (725,670)	$ (66,047)	$ (43,280)	$ (23,797)	$ (5,446,308)	$ 1,365,917	$ 2,231,614

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Activities - Expanded
For the Year Ended June 30, 2016

	North Star Academy Foundation, Inc.			Uncommon Lender									Foundation		
	NSA 377 Washington, LLC (Newark, NJ)	72 Central, LLC (Newark, NJ)	Total North Star Academy Foundation, Inc.	Uncommon Lender, Inc.	Uncommon NSA Lender, LLC	Uncommon NSA Lender II, LLC	Uncommon NSA Lender III, LLC	Uncommon NSA Lender IV, LLC	Uncommon NSA Lender V, LLC	Uncommon NSA Lender VI, LLC	Eliminations	Total Uncommon Lender, Inc.	Excellence Academies Foundation, Inc.	Eliminations USI and Affiliates	Total
Unrestricted Net Assets:															
Operating revenues:															
Management fees	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,472,549
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	500,000	(225,000)	11,305,507
Rental income	-	194,277	194,277	-	-	-	-	-	-	-	-	-	-	-	4,870,884
Real estate reimbursement	-	180,196	180,196	-	-	-	-	-	-	-	-	-	92,554	-	4,634,935
Interest and other	-	-	-	646,705	385,683	3,157,943	11,536	740	205	394,821	-	4,597,633	10,985	(1,088,234)	3,863,934
Training and program fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,775,592
Subsidy income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,482,421
Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	575,499
Real estate development income	-	-	-	-	-	-	-	-	-	-	-	-	-	(500,000)	-
Net assets released from purpose restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,200
Total operating revenues	-	374,473	374,473	646,705	385,683	3,157,943	11,536	740	205	394,821	-	4,597,633	603,539	(1,813,234)	51,341,521
Operating expenses:															
Personnel and related	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,848,769
Program and grant expenses	-	-	-	175,000	-	-	-	-	-	-	-	175,000	50,000	(225,000)	11,536,061
Interest	-	74,984	74,984	-	318,470	2,217,171	-	-	-	385,885	-	2,921,526	-	(1,082,312)	7,857,227
Depreciation and amortization	-	28,245	28,245	-	7,594	16,460	-	2,231	673	-	-	26,958	824,658	-	3,503,185
Occupancy	-	34,055	34,055	-	-	-	-	-	-	-	-	-	-	-	2,510,300
Administrative	4,709	-	4,709	4,735	-	2,134	2,403	2,848	-	-	-	12,120	-	-	2,046,276
Total operating expenses	4,709	137,284	141,993	179,735	326,064	2,235,765	2,403	5,079	673	385,885	-	3,135,604	874,658	(1,307,312)	43,301,818
Changes in unrestricted net assets from operations	(4,709)	237,189	232,480	466,970	59,619	922,178	9,133	(4,339)	(468)	8,936	-	1,462,029	(271,119)	(505,922)	8,039,703
Other income (loss):															
Net gain on extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	567,409
Change in discount on loans receivable	-	-	-	462,354	-	-	-	-	-	-	-	462,354	-	-	462,354
Allowance on investment in affiliates	-	-	-	(691,298)	-	-	-	-	-	-	691,298	-	-	-	-
Grants from (to) affiliates for new initiatives	5,500,000	-	5,500,000	1,895,581	-	-	-	-	-	-	-	1,895,581	-	-	-
Construction impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(185,070)
Loss from disposal of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(759,179)
Net assets released from capital restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000
Total other income (loss)	5,500,000	-	5,500,000	1,666,637	-	-	-	-	-	-	691,298	2,357,935	-	-	285,514
Changes in unrestricted net assets	5,495,291	237,189	5,732,480	2,133,607	59,619	922,178	9,133	(4,339)	(468)	8,936	691,298	3,819,964	(271,119)	(505,922)	8,325,217
Temporarily Restricted Net Assets:															
Grants and contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,972,000
Capital grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	270,000
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(560,200)
Changes in temporarily restricted net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,681,800
Changes in net assets	$ 5,495,291	$ 237,189	$ 5,732,480	$ 2,133,607	$ 59,619	$ 922,178	$ 9,133	$ (4,339)	$ (468)	$ 8,936	$ 691,298	$ 3,819,964	$ (271,119)	$ (505,922)	$ 11,007,017

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Changes in Net Assets - Expanded
For the Year Ended June 30, 2016

Uncommon Schools, Inc.

	Uncommon Schools, Inc. Unrestricted	Uncommon Schools, Inc. Temporarily Restricted	Uncommon Schools, Inc. Total	NSA S. 9th Street, LLC (Newark, NJ)	NSA 559 Broad Street, LLC (Newark, NJ)	NSA 10 Washington, LLC (Newark, NJ)	NSA Clinton Ave, LLC (Newark, NJ)
Net Assets, June 30, 2015	$ 18,281,725	$ 9,352,116	$ 27,633,841	$ -	$ 3,915,117	$ 937,445	$ 1,242,079
Capital contributions	-	-	-	-	-	-	-
Distributions	626,863	-	626,863	-	(278,470)	(27,064)	(42,317)
Transfer of net assets	-	-	-	708,463	(3,515,308)	(2,636,821)	(2,762,126)
Changes in net assets	5,009,348	2,681,800	7,691,148	(708,463)	(121,339)	1,726,440	1,562,364
Net Assets, June 30, 2016	$ 23,917,936	$ 12,033,916	$ 35,951,852	$ -	$ -	$ -	$ -

	NSA Central Ave, LLC (Newark, NJ)	NSA Hazelwood Ave, LLC (Newark, NJ)	NSA 377 Washington, LLC (Newark, NJ)	72 Central, LLC (Newark, NJ)	NSA Livingston Street, LLC (Newark, NJ)	True North Parking, LLC (Rochester, NY)	True North Rochester Real Estate, LLC (Rochester, NY)	True North Rochester Real Estate Ames Street, LLC (Rochester, NY)
Net Assets, June 30, 2015	$ (285,485)	$ 351,142	$ (5,050)	$ 189,918	$ -	$ 10,000	$ 734,743	$ 279,009
Capital contributions	-	-	-	-	-	-	-	-
Distributions	(626,863)	-	-	(31,512)	-	-	-	-
Transfer of net assets	607,104	59,881	5,050	2,430,780	(840,992)	-	-	-
Changes in net assets	305,244	(411,023)	-	(2,589,186)	840,992	-	47,108	(1,358,661)
Net Assets, June 30, 2016	$ -	$ -	$ -	$ -	$ -	$ 10,000	$ 781,851	$ (1,079,652)

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Changes in Net Assets - Expanded
For the Year Ended June 30, 2016

	Uncommon Schools, Inc. (Continued)													
	Rochester Chili Ave, LLC (Rochester, NY)	True North Andrews Street, LLC (Rochester, NY)	True North St. Jacob Street, LLC (Rochester, NY)	True North Troy Real Estate, LLC (Troy, NY)	True North Tyler Street, LLC (Troy, NY)	True North River Street, LLC (Troy, NY)	Uncommon Crown Heights, LLC (Brooklyn, NY)	CP Haddon & Copewood, LLC (Camden, NJ)	CP Mt. Ephraim, LLC (Camden, NJ)	Uncommon Properties, LLC	Uncommon Properties II, LLC	Uncommon Properties III, LLC	Uncommon Properties IV, LLC	Uncommon Properties V, LLC
Net Assets, June 30, 2015	$ -	$ -	$ -	$ 23,013	$ (96,268)	$ -	$ 11,411	$ -	$ -	$ 1,807,974	$ (61,915)	$ (1,087,255)	$ (91,341)	$ (23,138)
Capital contributions	1,365,917	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	379,363	-	-	-	-
Transfer of net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in net assets	230,286	(2,656)	180,811	(165)	(73,421)	(2,739)	8,844	(18,143)	(52,156)	(28,102)	(56,384)	(725,670)	(66,047)	(43,280)
Net Assets, June 30, 2016	$ 1,596,203	$ (2,656)	$ 180,811	$ 22,848	$ (169,689)	$ (2,739)	$ 20,255	$ (18,143)	$ (52,156)	$ 2,159,235	$ (118,299)	$ (1,812,925)	$ (157,388)	$ (66,418)

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Changes in Net Assets - Expanded
For the Year Ended June 30, 2016

	Uncommon Schools, Inc. (Continued)				North Star Academy Foundation, Inc.									
	Uncommon Properties VI, LLC	Uncommon Properties VII, LLC	Eliminations	Total Uncommon Schools, Inc.	NSA 559 Broad Street, LLC (Newark, NJ)	NSA 10 Washington, LLC (Newark, NJ)	NSA Clinton Ave, LLC (Newark, NJ)	NSA Central Ave, LLC (Newark, NJ)	NSA Hazelwood Ave, LLC (Newark, NJ)	NSA 377 Washington, LLC (Newark, NJ)	NSA S. 9th Street, LLC (Newark, NJ)	72 Central, LLC (Newark, NJ)	NSA Livingston Street, LLC (Newark, NJ)	Total North Star Academy Foundation, Inc.
Net Assets, June 30, 2015	$ -	$ -	$ -	$ 35,485,240	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Capital contributions	-	-	(1,365,917)	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of net assets	-	-	-	(5,943,969)	3,515,308	2,636,821	2,762,126	(607,104)	(59,881)	(5,050)	(708,463)	(2,430,780)	840,992	5,943,969
Changes in net assets	(23,797)	(5,446,308)	1,365,917	2,231,614	-	-	-	-	-	5,495,291	-	237,189	-	5,732,480
Net Assets, June 30, 2016	$ (23,797)	$ (5,446,308)	$ -	$ 31,772,885	$ 3,515,308	$ 2,636,821	$ 2,762,126	$ (607,104)	$ (59,881)	$ 5,490,241	$ (708,463)	$ (2,193,591)	$ 840,992	$ 11,676,449

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Changes in Net Assets - Expanded
For the Year Ended June 30, 2016

	Uncommon Lender, Inc.									Foundation		
	Uncommon Lender, Inc.	Uncommon NSA Lender, LLC	Uncommon NSA Lender II, LLC	Uncommon NSA Lender III, LLC	Uncommon NSA Lender IV, LLC	Uncommon NSA Lender V, LLC	Uncommon NSA Lender VI, LLC	Eliminations	Total Uncommon Lender, Inc.	Excellence Academies Foundation, Inc.	Eliminations USI and Affiliates	Total
Net Assets, June 30, 2015	$ 10,453,219	$ 793,000	$ 4,990,321	$ 12,535	$ 782,034	$ -	$ -	$ -	$ 17,031,109	$ 27,479,132	$ -	$ 79,995,481
Capital contributions	-	-	-	-	-	691,298	5,500,000	(6,191,298)	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of net assets	-	-	-	-	-	-	-	-	-	-	-	-
Changes in net assets	2,133,607	59,619	922,178	9,133	(4,339)	(468)	8,936	691,298	3,819,964	(271,119)	(505,922)	11,007,017
Net Assets, June 30, 2016	$ 12,586,826	$ 852,619	$ 5,912,499	$ 21,668	$ 777,695	$ 690,830	$ 5,508,936	$ (5,500,000)	$ 20,851,073	$ 27,208,013	$ (505,922)	$ 91,002,498

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Parent Consolidating Statement of Financial Position
June 30, 2016

Assets	Uncommon Schools, Inc. (CMO)	Uncommon Schools, Inc. Real Estate Activity	Eliminations	Total
Current Assets:				
Cash and cash equivalents	$ 17,984,536	$ 100,000	$ -	$ 18,084,536
Current portion of grants and pledges receivable	4,665,494	-	-	4,665,494
Accounts and other receivables	4,917,475	-	-	4,917,475
Loans receivable	708,298	-	-	708,298
Due from related parties	16,576,882	11,233,173	(16,576,882)	11,233,173
Prepaid expenses and other	627,073	-	-	627,073
Total current assets	45,479,758	11,333,173	(16,576,882)	40,236,049
Other Assets:				
Restricted deposits	-	742,840	-	742,840
Grants and pledges receivable, net of current portion and discount	739,426	-	-	739,426
Property and equipment, net	832,794	-	-	832,794
Construction in process	90,558	-	-	90,558
Total assets	$ 47,142,536	$ 12,076,013	$ (16,576,882)	$ 42,641,667
Liabilities and Net Assets				
Current Liabilities:				
Current portion of notes payable	$ 750,000	$ -	$ -	$ 750,000
Accounts payable and accrued expenses	1,695,646	233,644	-	1,929,290
Due to related parties	10,525	16,576,882	(16,576,882)	10,525
Total current liabilities	2,456,171	16,810,526	(16,576,882)	2,689,815
Notes Payable, net of current portion	4,000,000	-	-	4,000,000
Total liabilities	6,456,171	16,810,526	(16,576,882)	6,689,815
Net Assets:				
Unrestricted	28,652,449	(4,734,513)	-	23,917,936
Temporarily restricted	12,033,916	-	-	12,033,916
Total net assets	40,686,365	(4,734,513)	-	35,951,852
Total liabilities and net assets	$ 47,142,536	$ 12,076,013	$ (16,576,882)	$ 42,641,667

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Parent Consolidating Statement of Activities
For the Year Ended June 30, 2016

	Uncommon Schools, Inc. (CMO)	Uncommon Schools, Inc. Real Estate Activity	Total
Unrestricted Net Assets:			
Operating revenues:			
Management fees	$ 19,463,705	$ -	$ 19,463,705
Contributions	11,151,534	-	11,151,534
Interest and other	72,637	167,910	240,547
Training and program fees	3,775,592	-	3,775,592
Grants	575,499	-	575,499
Real estate development income	500,000	-	500,000
Net assets released from purpose restrictions	360,200	-	360,200
Total operating revenues	35,899,167	167,910	36,067,077
Operating expenses:			
Personnel and related	15,848,769	-	15,848,769
Program and grant expenses	10,827,763	-	10,827,763
Interest	43,959	-	43,959
Depreciation and amortization	389,251	-	389,251
Occupancy	67,158	-	67,158
Administrative	1,664,835	104,739	1,769,574
Total operating expenses	28,841,735	104,739	28,946,474
Changes in unrestricted net assets from operations	7,057,432	63,171	7,120,603
Other income (loss):			
Distributions	626,863	-	626,863
Grants from (to) affiliates for new initiatives	-	(2,126,185)	(2,126,185)
Construction impairment	(185,070)	-	(185,070)
Net assets released from capital restrictions	200,000	-	200,000
Total other income (loss)	641,793	(2,126,185)	(1,484,392)
Changes in unrestricted net assets	7,699,225	(2,063,014)	5,636,211
Temporarily Restricted Net Assets:			
Grants and contributions	2,972,000	-	2,972,000
Capital grant	270,000	-	270,000
Net assets released from restrictions	(560,200)	-	(560,200)
Changes in temporarily restricted net assets	2,681,800	-	2,681,800
Changes in net assets	$ 10,381,025	$ (2,063,014)	$ 8,318,011

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidating Statement of Functional Expenses - CMO
For the Year Ended June 30, 2016

	Program Services	General and Administrative	Fundraising	Total
Operating Expenses:				
Salaries	$ 12,636,774	$ 267,957	$ 682,847	$ 13,587,578
Grants to schools	5,659,209	-	-	5,659,209
Professional development	2,090,023	581,328	26,089	2,697,440
Other school support	2,373,803	-	97,311	2,471,114
Payroll taxes and employee benefits	2,072,524	60,415	128,252	2,261,191
Donated services	633,797	12,750	-	646,547
Office	170,764	397,901	54,507	623,172
Depreciation and amortization	389,251	-	-	389,251
Telephone and internet services	183,895	7,857	10,845	202,597
Professional services	-	162,266	-	162,266
Bad debt	74,221	-	-	74,221
Occupancy	66,652	506	-	67,158
Insurance	-	60,771	-	60,771
Interest	43,959	-	-	43,959
Total operating expenses	$ 26,394,872	$ 1,551,751	$ 999,851	$ 28,946,474

UNCOMMON SCHOOLS, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2016

	Program Services	General and Administrative	Fundraising	Total
Operating Expenses:				
Salaries	$ 12,636,774	$ 267,957	$ 682,847	$ 13,587,578
Interest	7,857,227	-	-	7,857,227
Grants to schools	6,367,507	-	-	6,367,507
Depreciation and amortization	3,503,185	-	-	3,503,185
Professional development	2,090,023	581,328	26,089	2,697,440
Occupancy	2,507,997	2,303	-	2,510,300
Other school support	2,373,803	-	97,311	2,471,114
Payroll taxes and employee benefits	2,072,524	60,415	128,252	2,261,191
Office	405,424	464,605	54,507	924,536
Donated services	633,797	12,750	-	646,547
Professional services	-	211,825	-	211,825
Telephone and internet services	183,895	7,857	10,845	202,597
Insurance	-	60,771	-	60,771
Total operating expenses	$ 40,632,156	$ 1,669,811	$ 999,851	$ 43,301,818

APPENDIX C

Form of Loan Agreement

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LOAN AGREEMENT

By and Between

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

and

NSA 18TH AVENUE, LLC

Dated as of October 1, 2017

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Page No.

LOAN AGREEMENT

$24,575,000 Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc.-2017 Project))

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<u>LOAN AGREEMENT</u>

THIS LOAN AGREEMENT dated as of October 1, 2017 by and between the **NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY** (the "Authority"), a public body corporate and politic constituting an instrumentality of the State of New Jersey and **NSA 18TH AVENUE, LLC**, a limited liability company organized and existing under the laws of the State of New Jersey and authorized to do business in the State of New Jersey (as defined below, the "Borrower").

WHEREAS, the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of the State of New Jersey, approved on August 7, 1974, as amended and supplemented, (the "Act") declares it to be in the public interest and to be the policy of the State of New Jersey (the "State") to foster and promote the economy of the State, increase opportunities for gainful employment and improve living conditions, assist in the economic development or redevelopment of political subdivisions within the State, and otherwise contribute to the prosperity, health and general welfare of the State and its inhabitants by inducing manufacturing, industrial, commercial, recreational, retail, service and other employment promoting enterprises to locate, remain or expand within the State by making available financial assistance; and

WHEREAS, the Authority, to accomplish the purposes of the Act, is empowered to extend credit to such employment promoting enterprises in the name of the Authority on such terms and conditions and in such manner as it may deem proper for such consideration and upon such terms and conditions as the Authority may determine to be reasonable; and

WHEREAS, the Borrower has applied to the Authority for financial assistance in the total aggregate principal amount of up to $26,500,000, such assistance to be used to fund the costs to (i) renovate an existing school building of approximately 30,800 sq. ft. located at 563-569 and 571-585 18th Avenue, in the City of Newark, County of Essex and State of New Jersey, (ii) construct an addition to the school building of approximately 47,160 sq. ft., (iii) fund capitalized interest, (iv) fund a Debt Service Reserve Fund, and (v) pay costs of issuance of the Bonds (the "Project"); and

WHEREAS, the Authority has by resolution, duly adopted in accordance with the Act on April 13, 2017, accepted the Application for Financial Assistance of the Borrower and made certain findings and determinations with respect to the Project, authorized the issuance of up to $26,500,000 total aggregate principal amount of its Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc. – 2017 Project) for the purpose of making a loan to the Borrower to finance the costs of the Project; and

WHEREAS, the Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc. – 2017 Project) will be issued on the Issue Date (as defined herein) in the aggregate principal amount of $24,575,000; and

WHEREAS, the Authority contemporaneously with the execution and delivery of this Loan Agreement shall enter into a Trust Indenture dated as of October 1, 2017 (the "Indenture") wherein the Authority has assigned certain of its rights under this Loan Agreement to the Trustee under the Indenture for the benefit of the Holders from time to time of the Bonds; and

WHEREAS, the execution and delivery of this Loan Agreement have been duly authorized by the parties hereto and all conditions, acts and things necessary and required by the Constitution or statutes of the State of New Jersey or otherwise to exist, to have happened, or to have been performed precedent to or in the execution and delivery of this Loan Agreement do exist, have happened and have been performed.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and representations herein, and intending to be legally bound, the parties hereto hereby mutually agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. As used herein, the following terms shall have the following meanings unless a different meaning clearly appears from the context, and terms not otherwise defined herein shall have the meaning provided in the Indenture:

"Act" shall mean the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of the State, approved on August 7, 1974, as amended and supplemented;

"Additional Bonds" means any Bonds or series of Bonds, authenticated and delivered under the Indenture, other than the Series 2017 Bonds;

"Additional Indebtedness" means any additional Indebtedness incurred by the Borrower, including Indebtedness represented by Additional Bonds, subsequent to the issuance of the Bonds;

"Additional Series Note" shall mean the additional series note or notes executed and delivered by the Borrower in a principal amount equal to the corresponding series of Additional Bonds;

"Affirmative Action Requirements" or "Affirmative Action Program" and "Prevailing Wage Requirements", "Prevailing Wage Provision" means the requirements of the Authority set forth in the Authority Regulations and any other affirmative action and prevailing wage requirements of the Authority from time to time announced, as the same may from time to time be revised, amended or supplemented;

"Application" shall mean the Borrower's Application for Financial Assistance to the Authority, dated March 14, 2017, seeking financial assistance for the Project, and all attachments, exhibits, correspondence and modifications submitted in writing to the Authority in connection with said Application;

"Article" shall mean a specified article hereof, unless otherwise indicated;

"Assignment of Leases" means the Absolute Assignment of Leases and Rents from the Borrower, as Assignor, to the Authority, as Assignee, dated the Issue Date, together with any amendment or supplement thereto, assigning to the Authority the Lease, any additional leases for the use and occupation of the Project Facilities and any and all rents, income and profits due or to become due from the Project Facilities and from all leases for the use and occupation of the Project Facilities;

"Authority" shall mean the New Jersey Economic Development Authority, a public body corporate and politic constituting an instrumentality of the State, exercising public and essential governmental functions, and its successors and assigns;

"Authorized Authority Representative" shall mean any officer or officers duly authorized by the Authority to act on its behalf as set forth in the definition of Authority Officer in the Indenture;

"Authorized Borrower Representative" shall mean any officer of NSAF or other Person duly authorized by the Borrower in writing to act on its behalf, including the President, any Vice President, the Secretary, the Treasurer, and the Assistant Treasurer of the Borrower, NSAF and any Person authorized or designated in writing to manage the operations of the Borrower;

"Authorized Denomination" or "Authorized Denominations" shall have the meaning set forth in Section 2.03 of the Indenture;

"Authorized Regulations" shall mean the regulations of the Authority promulgated pursuant to the Act from time to time in effect;

"Balloon Debt" means Indebtedness 25% or more of the principal amount of which comes or may come due in any one Fiscal Year by maturity, mandatory sinking fund redemption or optional or mandatory tender by the holder thereof;

"Bond" or "Bonds" shall mean the Authority's Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc. – 2017 Project) in the total aggregate principal amount of $24,575,000, authenticated and delivered pursuant to the Indenture, any Additional Bonds authenticated pursuant to the Indenture and any Bonds issued in replacement for any Bonds issued pursuant to the Indenture;

"Bond Counsel" means Chiesa Shahinian & Giantomasi PC, or any other attorney or firm of attorneys of nationally recognized standing on the subject of municipal bonds appointed by the Authority or the Borrower and not unacceptable to the Trustee;

"Bondholder", "Holder" or "Registered Owner" or any similar term, when used with reference to a Bond or Bonds, means any Person who shall be the registered owner of any Bond or Bonds, respectively;

"Bond Proceeds" shall mean the amount paid to the Authority by the Underwriter as the purchase price of the Bonds, and accrued interest, if any;

"Bond Purchase Agreement" shall mean the bond purchase agreement dated October 12, 2017 among the Underwriter, the Authority and the Borrower;

"Bond Redemption Fund" or "Redemption Fund" shall mean the Redemption Fund established under Section 5.06 of the Indenture;

"Bond Year" when used in the context of the rebate requirement imposed under Section 148(f) of the Code means, with respect to the first Bond Year, the period beginning on the date of issuance of the Bonds, i.e., the date of initial delivery of the Bonds in exchange for the issue price from the Underwriter, and ending on the date one (1) year later or the close of business of such earlier date selected by the Authority at the direction of the Borrower which is the last day of a compounding interval used in computing the Yield on a series of Tax Exempt Bonds. Each subsequent Bond Year begins on the day after the expiration of the preceding Bond Year;

"Borrower" shall mean NSA 18th Avenue, LLC, a New Jersey limited liability company (and its successors or assigns);

"Borrower's Completion Certificate" shall mean the certificate described in Section 3.04, executed by the Borrower in form and substance acceptable to the Authority, wherein the Borrower certifies as to such matters as the Authority shall require, the form of which is attached as Exhibit C hereto;

"Business Day" means any day upon which the Trustee is not authorized or required by law or executive order to remain closed and on which the New York Stock Exchange remains open;

"Certificate" means a certificate or report executed: (a) in the case of an Authority Certificate, by an Authorized Authority Representative; (b) in the case of a Borrower Certificate, by an Authorized Borrower Representative; and (c) in the case of a Certificate of any other Person, by such person, if an individual, and otherwise by an officer, partner or other authorized representative of such Person;

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder from time to time in effect;

"Collateral" means the security for the obligations of the Borrower hereunder and under the Note, including the Mortgage, the Assignment of Leases and the remainder of the Trust Estate (as defined in the Indenture);

"Completion Date" shall mean the date of completion of the Project as stated in the Borrower's Completion Certificate described in Section 3.04;

"Construction Contract" shall mean, for purposes of the Prevailing Wage Provision of the Authority, any contract or subcontract in the amount of $2,000 or more for construction, reconstruction, demolition, alteration, repair, or maintenance work, including painting and decorating, undertaken in connection with the Project Facilities and shall mean, for purposes of the Affirmative Action Program, any contract or subcontract for construction, reconstruction, renovation or rehabilitation undertaken in connection with the Project Facilities;

"Consultant" shall mean an Independent, nationally recognized consulting firm which is appointed by the Borrower for the purpose of passing on questions relating to its financial affairs, management or operations, has a favorable reputation for skill and experience in performing similar services in respect of entities of a comparable size and nature and is not unsatisfactory to the Authority;

"Contractor" shall mean the principal or general contractor or contractors engaged by the Borrower in the performance of a Construction Contract;

"Cost" or "Costs", as used herein, shall include those items set forth in Section 3(c) of the Act and all expenses as may be necessary or incident to acquiring, constructing or installing the Project Facilities and costs of issuance of the Bonds;

"Costs of Issuance Fund" shall mean the fund so designated and established pursuant to Section 5.13 of the Indenture;

"Counsel for the Borrower" shall mean the law firm of Drinker Biddle & Reath LLP, Florham Park, New Jersey;

"Counsel for the School" shall mean Saiber LLC, Florham Park, New Jersey;

"County" shall mean the County of Essex, State of New Jersey;

"Debt Service" shall mean the scheduled amount of interest and amortization of principal payable for any Bond Year with respect to the Bonds as defined in Section 148(d)(3)(D) of the Code;

"Debt Service Fund" means the fund so designated and established pursuant to Section 5.04 of the Indenture;

"Debt Service Reserve Fund" means the fund so designated and established pursuant to Section 5.05 of the Indenture;

"Debt Service Requirement" with reference to a specified period, shall mean:

a. interest payable on Long-Term Indebtedness during the period, excluding interest funded from the proceeds thereof;

b. amounts required to be paid into any mandatory sinking fund account for Long-Term Indebtedness during the period and amounts required to pay the principal of Long-Term Indebtedness maturing during the period and not to be redeemed prior to maturity through any mandatory sinking fund account; and

c. in the case of Long-Term Indebtedness in the form of a lease capitalized under GAAP, the lease rentals payable during the period;

provided, however, that (i) in the case of Indebtedness which bears interest at a variable, adjustable, or floating rate, interest shall be calculated, in any projection of Debt Service Requirement for a future period, (A) if the debt has been outstanding for at least twenty-four (24) months, at 100% of the average interest rate on such debt during the most recent twenty-four (24) month period, (B) if such debt has been outstanding for at least twelve (12) months but less than twenty-four (24) months at the higher of 100% of the average interest rate on such debt for the most recent twelve (12) month period or the rate in effect on the date of calculation, and (C) if such debt has been outstanding for less than twelve (12) months, at a rate equal to 100% of (1) the average Bond Market Association Swap Index for the preceding twenty-four (24) months, if such debt is tax-exempt debt, and (2) the average rate for one-month LIBOR for the preceding twenty-four (24) months, if such debt is taxable debt, (ii) in the case of Balloon Debt, such debt shall be assumed to amortize on a level debt service basis over a period of twenty-five (25) years from the date of incurrence of such Balloon Debt unless a binding commitment to refinance such debt upon maturity has been provided by a financial institution rated at least "A" from S&P or "A2" from Moody's, in which case such debt will be assumed to mature in accordance with the terms of such binding commitment, and interest payable shall be reduced by the amount of any interest subsidy which a Federal, state or local government is irrevocably committed to pay for the period in question, and (iii) the Debt Service Requirement on any Long-Term Indebtedness in the form of a guaranty of the indebtedness of others shall be deemed equal to (A) 25% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Funds Available for Debt Service at least equal to 150% of the annual debt service on its Long-Term debt in its latest fiscal year, (B) 50% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Funds Available for Debt Service at least equal to 125% but less than 150% of the annual debt service on its Long-Term debt in its latest fiscal year, (C) 75% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Funds Available for Debt Service at least equal to 110% but less than 125% of the annual debt service on its Long-Term debt in its latest fiscal year, and (D) 100% of the annual principal and interest requirements on the indebtedness being guaranteed during each Fiscal Year if the guaranteed entity had Funds Available for Debt Service below 110% of the annual debt service on its Long-Term debt in its latest fiscal year or if the Borrower has made a payment on the guaranteed entity's debt during any of the last three Fiscal Years.

"Determination of Taxability" means with respect to any particular series of the Bonds, the occurrence of one of the following events:

(i) The delivery of written notice (the "Audit Notice") to the Borrower by the Authority declaring that an examination of the Bonds has been undertaken by the Internal Revenue Service (the "IRS"), such Audit Notice to be effective 30 days after the giving of the same, unless prior thereto the Borrower files written notice with the Authority that it intends to participate in the audit process, at its own expense, to obtain a written determination from the IRS affirming that the interest on the Bonds is excluded from gross income, and agrees in writing to reimburse the Authority in accordance with Section 6.06(c) hereof. In the event the final IRS determination is adverse, the Audit Notice will be effective 30 days after the receipt of such final determination;

(ii) The delivery of written notice (the "Taxability Notice") by a Bondholder to the Authority and the Borrower declaring that the IRS has issued to such Bondholder a proposed deficiency and agrees in writing to reimburse the Authority in accordance with Section 6.07(c) hereof (the "30-day letter"), the effect of which (in the opinion of the Bondholder) is to assert that the interest on the Bonds is included in the gross income of Bondholders, such Taxability Notice to be effective 30 days after the giving of the same, subject to a stay of such 30-day period for the period of litigation if prior thereto the Borrower agrees in writing to participate in and defend a final judicial determination (including, at the Borrower's discretion, any or all appeals) to affirm that the interest on the Bonds is excluded from gross income and agrees in writing to reimburse the Authority in accordance with Section 6.06(c) hereof. In the event the final judicial determination is adverse, the Taxability Notice will be effective 30 days after the entry of such final judicial determination; or

(iii) The delivery of written notice (the "Event Notice") by the Borrower to the Authority declaring that a violation of one of the Borrower's Tax Covenants has occurred or will occur on a specified date (other than by reason of any of the events described in the foregoing subparagraphs (i) and (ii)), which the Borrower has determined (with the assistance of counsel) cannot be cured by appropriate remedial action under Treasury Regulation 1.141-12 or other IRS remedial relief, and describing the violation, such Event Notice to become effective 30 days after the giving of same;

"Disclosure Agreement" shall have the meaning given such term in Section 6.17 hereof;

"Event of Default" shall mean any event of default as defined in Section 8.01;

"Fiscal Year" means the period of twelve (12) months beginning July 1 of each year, or such other period of twelve (12) months hereafter established by the Borrower as its Fiscal Year;

"Funds" shall mean, collectively, the Costs of Issuance Fund, the Project Fund, Revenue Fund, Rebate Fund, Redemption Fund, Debt Service Fund and Debt Service Reserve Fund;

"Funds Available for Debt Service" shall mean, in any Fiscal Year, the sum of the following: (i) Net Income for such Fiscal Year, (ii) all interest expense with respect to any outstanding Long-Term Indebtedness for such Fiscal Year; (iii) all depreciation expense, and amortization of financing charges and (v) other non-cash expenses deducted from revenues in determining Net Income for such Fiscal Year, all as determined in accordance with GAAP;

"GAAP" shall mean generally accepted accounting principles, as in effect from time to time;

"General Certificate of the Authority" shall mean the General Certificate of the Authority which is made a part of the Record of Proceedings;

“Gross Proceeds” shall with respect to the Tax Exempt Bonds have the meaning given it in Section 148(f)(6)(B) of the Code, presently including, without limitation, the original proceeds of the Bonds, investment proceeds, amounts held in a sinking fund, amounts invested in a Reasonably Required Reserve or Replacement Fund (as defined in Section 148(d) of the Code), any amounts used to pay Debt Service on the Tax Exempt Bonds and any amounts received as a result of investing any of the foregoing. Gross Proceeds shall not include Gross Proceeds held in a bona fide debt service fund to the extent that the earnings on such fund do not exceed $100,000 in any one Bond Year;

“Indebtedness” means all obligations for payment of principal and interest with respect to money borrowed, incurred or assumed by the Borrower, and all purchase money mortgages, financing or capital leases, installment purchase contracts, or other similar instruments in the nature of a borrowing by which the Borrower will be unconditionally obligated to pay;

The terms “herein”, “hereunder”, “hereby”, “hereto”, “hereof”, and any similar terms, refer to this Loan Agreement; the term “heretofore” means before the date of execution of this Loan Agreement; and the term “hereafter” means after the date of execution of this Loan Agreement;

“Indemnified Parties” shall mean the State, the Authority, the Underwriter, the Trustee, the Paying Agent, any Person who “controls” the State, the Authority, the Paying Agent, the Underwriter or the Trustee within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended, and any member, officer, official, director, employee, agent or attorney of the Authority, the Underwriter, the State, the Paying Agent or the Trustee;

“Indenture” shall mean the trust indenture dated as of October 1, 2017 by and between the Authority and the Trustee with respect to the Bonds;

“Independent” means (a) in the case of an individual, one who is not a member of the governing body of the Authority or the Borrower or an officer or employee of the Authority or the Borrower, and (b) in the case of a limited liability company, partnership, corporation or association, one which does not have a member, partner, director, officer or substantial stockholder who is a member of the governing body of the Authority or the Borrower or an officer or employee of the Authority or the Borrower; provided, however, that the fact that a Person is retained regularly by or transacts business with the Authority or the Borrower shall not make such Person an employee within the meaning of this definition;

“Interest Payment Date” shall be mean each January 15 and July 15, commencing January 15, 2018;

“Investment Obligations” shall have the meaning given in the Indenture;

“Issue Date” shall mean October 25, 2017;

"Lease" shall mean, the lease for the Mortgaged Property between the Borrower and the School, dated as of October 25, 2017;

"Lien" means any mortgage, pledge, security interest, lien, judgment lien, easement, or other encumbrance on title, including, but not limited to, any mortgage or pledge of, security interest in or lien or encumbrance on any Property of the Borrower which secures any Indebtedness or any other obligation of the Borrower, or which secures any obligation of any Person other than an obligation to the Borrower, excluding liens applicable to Property in which the Borrower has only a leasehold interest unless the lien secures Indebtedness of the Borrower or an obligation of any Person other than an obligation to the Borrower;

"Loan" shall mean the loan from the Authority to the Borrower in the aggregate principal amount of $24,575,000, under the terms and conditions provided for herein;

"Loan Agreement" or "Agreement" shall mean this Loan Agreement;

"Loan Documents" shall mean any or all of this Loan Agreement, the Indenture, the Note, the Mortgage, the Assignment of Leases and the Lease, together with any amendments or supplements thereto;

"Long-Term Indebtedness" shall mean all obligations for the payment of money (including, without limitation, all Bonds), incurred, assumed or guaranteed by the Borrower, whether due and payable in all events, or upon the performance of work, the possession of property as lessee or the rendering of services by others, except (i) Short-Term Indebtedness, (ii) current obligations payable out of current revenues, (iii) obligations under contracts for supplies, services, and pensions, allocable to current operating expenses of future years in which the supplies are to be furnished, the services rendered, or the pensions paid and (iv) rentals payable in future years under leases not required to be capitalized under GAAP;

"Mortgage" shall mean the Mortgage and Security Agreement, together with any amendment or supplement thereto, executed by the Borrower, as Mortgagor, and given to the Authority, as Mortgagee, granting the Authority a first lien on the Borrower's fee interests in the Mortgaged Property, and all the improvements on the land and any buildings located on the Mortgaged Property, described in Schedule A hereto, dated the Issue Date;

"Mortgaged Property" shall mean the land, improvements and buildings located at 563-569 and 571-585 18th Avenue, Newark, New Jersey, being leased to and used by the School;

"Net Proceeds" shall mean the Bond Proceeds less any amounts placed in a Reasonably Required Reserve or Replacement Fund (as defined in Section 148(d) of the Code);

"Non-Purpose Investment" shall mean any "investment property" (within the meaning of Section 148(b)(2) of the Code) which is (i) acquired with the Gross Proceeds of the Tax Exempt Bonds and (ii) not acquired in order to carry out the governmental purpose of the Tax Exempt Bonds;

"Note" shall mean the Series 2017 Note given by the Borrower to the Authority on the Issue Date, substantially in the form of Exhibit A attached hereto, and any Additional Series Notes delivered to the Authority in conjunction with the issuance of Additional Bonds;

"Net Income" shall mean, for any Fiscal Year, the total of all revenues, gains and other support less all expenses and losses (calculated in accordance with GAAP). In calculating Net Income, there shall be excluded: all extraordinary gains and losses; any item classified as the cumulative effect of a change in accounting principles; gains and losses resulting from the sale of capital assets; proceeds of insurance policies (excluding business interruption), condemnation awards, gifts, donations, grants, pledges, devises, legacies, bequests and contributions to the extent that they may be restricted as to their use by their terms and such amounts are unavailable for the payment of debt service or operating expenses; unrealized gains and losses from investments; asset impairment losses; pension settlement losses; changes in the funded status of defined benefit plans; and losses on the early extinguishment of debt;

"NSAF" shall mean North Star Academy Foundation, Inc., a New Jersey nonprofit corporation, the sole member of the Borrower, its successors and assigns;

"Obligations" shall mean the obligations of the Borrower created pursuant to the Loan Documents and secured by the Loan Documents;

"Official Statement" shall collectively mean the Preliminary Official Statement of the Authority dated September 15, 2017, and the final Official Statement of the Authority relating to the Bonds dated October 12, 2017;

"Outstanding" shall have the meaning set forth in the Indenture;

"Paragraph" shall mean a specified paragraph of a Section, unless otherwise indicated;

"Person" or "Persons" shall mean any individual, corporation, limited liability company, partnership, joint venture, trust, or unincorporated organization, or a governmental agency or any political subdivision thereof;

"Project" shall have the meaning set forth in the recitals hereto;

"Project Facilities" means the land, improvements and buildings located at 563-569 and 571-585 18th Avenue, as more fully described in Schedule A hereto;

"Project Fund" shall mean the fund so designated and established pursuant to Section 4.01 of the Indenture;

"Project Municipality" shall mean the City of Newark, County of Essex, State of New Jersey;

"Proper Charge" means: (i) costs of issuance of the Bonds, attorneys' fees, printing costs, Trustee's fees and expenses, and similar expenses, paid in connection with the Project Facilities, not exceeding 2% of the aggregate face amount of the Bonds; and (ii) with respect to the proceeds of Tax Exempt Bonds an expenditure for the acquisition, rehabilitation and expansion of the Project Facilities paid and incurred within the period commencing not earlier than 60 days prior to April 13, 2017 (unless an expenditure is a "preliminary expenditure" as defined in Treasury Regulations Section 1.150-2), including for the acquisition or improvement of land or the acquisition, construction, reconstruction or improvement of land and property;

"Property" means any and all rights, titles and interests of the Borrower in and to any and all property whether real or personal, tangible or intangible and wherever situated at the Project Facilities;

"Property, Plant and Equipment" means all Property of the Borrower which is plant, property and equipment under generally accepted accounting principles;

"Purpose Investment" shall mean any "investment property" (within the meaning of Section 148(b)(2) of the Code) which is (i) acquired with the Gross Proceeds of the Tax Exempt Bonds and (ii) acquired in order to carry out the governmental purpose of the Tax Exempt Bonds;

"Qualified Administrative Costs" means, with respect to the proceeds of Tax Exempt Bonds, all reasonable, direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions, but not legal and accounting fees, record keeping, custody and similar costs. General overhead costs and similar indirect costs of the Borrower such as employee salaries and office expenses and costs associated with computing the Rebate Amount are not Qualified Administrative Costs. In general, administrative costs are not reasonable unless they are comparable to administrative costs that would be charged for the same Investment or a reasonably comparable Investment if acquired with a source of funds other than gross proceeds of Tax-Exempt bonds;

"Rating Agency" or "Rating Agencies" means Standard & Poor's Ratings Group, Inc. ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Rating Services, Inc. ("Fitch") or any successor thereto;

"Rebate Expert" means any of the following chosen by the Borrower: (a) Bond Counsel, (b) any nationally recognized firm of certified public accountants, (c) any reputable firm which offers to the tax-exempt bond industry rebate calculation services and holds itself out as having expertise in that area, or (d) such other Person as is approved by Bond Counsel;

"Rebate Fund" shall mean the special fund maintained by the Trustee at its offices and established for the deposit of the amounts to be paid to the United States on behalf of the Authority pursuant to Section 3.06 hereof and described in Section 5.10 of the Indenture;

“Record of Proceedings” shall mean the Loan Documents, the Bond Purchase Agreement, certificates, affidavits, opinions and other documentation executed in connection with the sale of the Bonds and the making of the Loan;

“Regulations” shall mean the regulations (whether permanent or temporary) promulgated by the Internal Revenue Service and Department of the Treasury pursuant to the Code;

“Related Person” shall mean a related person within the meaning Section 147(a) of the Code;

“Requisition Form” shall mean the form of requisition required by Section 3.02(a) as a condition precedent to the disbursement of moneys from the Project Fund and the Costs of Issuance Fund, in substantially the form attached hereto as Exhibit B and made a part of the Record of Proceedings;

“Reserved Rights” means the rights of the Authority to receive payments and notices under the Loan Agreement or any other Loan Document, to consent to any amendments, modifications or supplements to the Loan Agreement or any other Loan Document, to enforce pursuant to Article VIII hereof the Defaults and Remedies herein and the covenants or other provisions in the Loan Agreement under the following Sections of the Loan Agreement: 2.01(d) (Payments Under Agreement), 2.04 (Assignment of Authority’s Rights), 3.01 (Application of Bond Proceeds), 3.02 (Disbursements from the Project Fund and the Costs of Issuance Fund), 3.03 (No Liability of Authority or Trustee), 3.04 (Establishment of Completion Date), 5.06 (Important Inducement), 5.07 (No Untrue Statements), 5.08 (No Action), 6.01 (Access to the Project and Inspection), 6.02 (Further Assurance and Corrective Instruments), 6.03 (Recording and Filing; Other Instruments), 6.04 (Compliance with Code, Arbitrage and Rebate Regulations), 6.05 (Administrative Expenses), 6.06 (Indemnity Against Claims), 6.07 (Indemnification of Authority and Trustee), 6.08 (Additional Information), 6.09 (Maintain Existence), 6.10 (Use of Project), Section 6.11 (Change in Location), 6.12 (Additional Reporting Requirements), 6.13 (Observe Laws), 6.14 (Number of Employees), 6.15 (Maintain Existence, Merge, Sell, Transfer), 6.16 (Approval of Tenants by the Authority), 6.17 (Continuing Disclosure), 6.18 (Brokerage Fee), 6.19 (Perform Covenants Under Indenture), 7.01 (Preservation of Corporate Existence, Business and Property), 7.02 (Insurance Required), 7.03 (General Requirements Applicable to Insurance), 7.04 (Payment of Taxes), 7.05 (Compliance with Applicable Laws), 7.06 (Financial Statements), 7.07 (Mergers, etc.), 7.08 (Assignment of Loan Agreement), 7.09 (Transfer of Project Facilities), 7.11 (Covenant by the Company as to Compliance with the Indenture), 7.12 (Payment of Prevailing Wage), 7.13 (Compliance with the Affirmative Action and Prevailing Wage Requirements), 8.01 (Events of Default), 8.02 (Remedies), 8.05 (Agreement to Pay Attorney’s Fees and Expenses), 8.07 (Authority May File Claim in Bankruptcy), 9.01 (Notices), 9.03 (Expenses and Fees), 9.05 (Modification or Amendment in Writing), 9.07 (Assignment of Loan Documents), 9.08 (Further Assurances and Corrective Instruments); the environmental indemnities and environmental representations, warranties and covenants contained in the Mortgage; and the right to redeem the Bonds in accordance with the Loan Agreement and the Indenture. These Reserved Rights have been assigned to the Trustee but are also held and retained by the Authority concurrently with the Trustee and may be exercised and enforced whether or not the Trustee shall have exercised or shall have purported to exercise such rights and remedies, without limiting the obligation of the Trustee to do so;

"Resolution" shall mean collectively the resolution of the Authority dated April 13, 2017, accepting the Application for Financial Assistance and making certain findings and determinations with respect to the Project, and authorizing the issuance and sale of the Bonds and determining other matters in connection therewith;

"Revenue Fund" shall mean the fund so designated and established pursuant to Section 5.03 of the Indenture;

"School" shall mean North Star Academy Charter School of Newark, Inc. and its successors and assigns;

"Section" shall mean a specified section hereof, unless otherwise indicated;

"Short-Term Indebtedness" shall mean all obligations of the Borrower for the repayment of borrowed money having a final maturity of less than one year from the date incurred, which meets the requirements of Section 6.20(c) hereof, excluding the current portion of any Long-Term Indebtedness,;

"State" shall mean the State of New Jersey;

"Series 2017 Bonds" shall mean the Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc. – 2017 Project) in the aggregate principal amount of $24,575,000 issued under the Indenture;

"Series 2017 Note" shall mean the Note from the Borrower to the Authority, dated the Issue Date, in the principal amount of $24,575,000;

"Subcontractor" shall mean any Person engaged by a Contractor or a Subcontractor in the performance of any Construction Contract;

"Tax Certificate" shall mean the certificate executed by the Borrower in form and substance acceptable to the Authority, wherein the Borrower certifies as to such matters as the Authority shall require;

"Tax Covenants" means the representation, warranties and covenants of the Borrower contained in Sections 3.04 (final sentence), 3.07 (third paragraph), 5.01, 5,10, 5.11, 5.12, 5.13, 6.04, 6.07(c), 6.09, 6.10, 6.24 and 7.10 of this Agreement, in any provision wherein the Borrower covenants to comply with Section 103 and Sections 141-150 of the Code and in the Tax Certificate.

"Tax Exempt Bonds" shall mean any series of Bonds issued under the Indenture the interest income on which, in the opinion of Bond Counsel provided at the time such series is issued, is not includable in the gross income of the recipients thereof under the Code;

"Trustee" shall mean ZB, National Association dba Zions Bank, or any successor thereto appointed under the terms of the Indenture;

"Underwriter" shall mean George K. Baum & Company;

"Yield" shall mean a yield as shall be determined under Section 1.148-4 of the Treasury Regulations;

"Yield Reduction Payments" means payments made to the United States with respect to any Nonpurpose Investment allocated to the Tax Exempt Bonds that (i) are paid at the same time and in the same manner as Rebate Amounts are required to be paid and (ii) are paid with respect to Investments that are allocable to Gross Proceeds that previously qualified for a temporary investment period that has since expired.

ARTICLE II

PAYMENTS UNDER LOAN AGREEMENT

Section 2.01. Payments Under this Agreement. The Borrower agrees to pay to the Trustee, as the assignee of the Authority, the following sums at the following times:

(a) On or before the fifteenth day of July, 2019 and the fifteenth day of each July thereafter, the amount which is necessary for the payment of the principal of the Bonds becoming due on such principal maturity or mandatory redemption payment date, subject to credit for other available funds in the manner provided in the Indenture. In lieu of the portion of the payments due hereunder, the Borrower may or, at its discretion, cause the Authority or the Trustee to, purchase for cancellation Bonds of the maturity next becoming due, subject to the applicable requirements set forth in Section 5.04 of the Indenture.

(b) On or before January 15, 2018 and the fifteenth day of each July and January thereafter, the amount which is necessary for the payment of the interest on the Bonds becoming due on such Interest Payment Date, subject to credit for other available funds in the manner provided in the Indenture.

(c) At the times required under the Indenture, such additional amounts as are required to make up any deficiency which may occur in any of the funds established under the Indenture, including the Debt Service Reserve Fund, the Debt Service Fund, the Rebate Fund and the Redemption Fund.

(d) The Borrower also agrees to pay to the Authority, the Paying Agent and the Trustee (1) on the Issue Date (i) the initial acceptance fee of the Trustee and the costs and expenses, including reasonable attorneys fees, incurred by the Trustee in entering into and executing the Indenture, (ii) the Bond issuance fee due the Authority, and (2) during the term of this Agreement (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as trustee, rendered and its ordinary charges and expenses incurred under the Indenture, including attorneys' fees, as and when the same become due, (ii) the fees, charges and expenses of the Paying Agent, as and when the same become due, and (iii) the fees, charges and expenses of the Authority, as and when the same become due, and the fees, charges and expenses of the Authority for any necessary extraordinary services required of the Authority under the Indenture or the Loan Agreement, including attorneys' fees incurred by the Authority, as and when the same become due and (iv) the fees, charges and expenses of the Trustee for the necessary extraordinary services rendered by the Trustee and extraordinary expenses incurred by the Trustee under the Indenture or the Loan Agreement, including attorneys' fees incurred by the Trustee, as and when the same become due.

(e) In anticipation of the payments required by Sections 2.01(a) and 2.01(b) hereof:

(i) on or before the first day of each quarter (being October 1, January 1, April 1 and July 1), commencing January 1, 2019, the Borrower shall make quarterly payments equal to one-third (1/3rd) of the amount which is necessary for the payment of the principal of the Series 2017 Bonds coming due on July 15th of the following year, subject to credit for other available funds in the manner provided in the Indenture. Commencing October 1, 2019, the Borrower shall make quarterly payments equal to one-fourth (1/4th) of the amount which is necessary for the payment of the principal of the Series 2017 Bonds coming due on July 15th of the following year, subject to credit for other available funds in the manner provided in the Indenture;

(ii) On January 1, 2018, the capitalized interest on deposit in the Debt Service Fund shall be used for the payment of the interest of the Bonds coming due on January 15, 2018. On or before the first day of each quarter thereafter (being April 1, July 1, October 1 and January 1), commencing April 1, 2018, the Borrower shall make quarterly payments equal to one-half (1/2) of the amount which is necessary, after credit for the capitalized interest on deposit in the Debt Service Fund, for the payment of the interest of the Bonds coming due on each July 15 and January 15, thereafter, subject to credit for any other available funds in the manner provided in the Indenture; and

(iii) It is the intent of the payment schedule in (i) and (ii) above that the full amount necessary to pay the principal of and interest on the Bonds on an Interest Payment Date shall be on deposit with the Trustee fifteen (15) days prior to each such Interest Payment Date.

(iv) Upon the issuance of Additional Bonds, the provisions of Sections 2.01(a) and 2.01(b) shall be amended and supplemented to provide for the payment of the principal of and interest on such Additional Bonds.

(f) Any amounts withdrawn from the Debt Service Reserve Fund shall be reinstated through two payments made by the Borrower to the Trustee commencing on or before the first day of the quarter following each withdrawal (being January, April, July and October), in increments of at least 1/2 of the amount withdrawn, in order that the amount on deposit in the Debt Service Reserve Fund shall equal the Reserve Fund Requirement on or prior to the next Interest Payment Date following the Interest Payment Date on which the withdrawal is made.

(g) If, for any reason, amounts paid to the Trustee on the Note, together with other moneys held by the Trustee and then available, would not be sufficient to make payments of principal or redemption price of, and interest on, the Bonds and all other amounts due and owing under the Indenture when such payments are due, the Borrower will, immediately upon notice thereof, pay the amounts required to make up any such deficiency.

If the date when any of the payments required to be made by this Section 2.01 is not a Business Day, then such payments may be made on the next Business Day with the same force and effect as if made on the nominal due date, and no interest shall accrue for the period after such date.

Section 2.02. Acceleration of Payment to Redeem Bonds. Whenever the Bonds are subject to optional redemption pursuant to the Indenture, the Borrower on behalf of the Authority may direct the Trustee to call the same for redemption as provided in the Indenture. Whenever the Bonds are subject to mandatory redemption pursuant to the Indenture, the Borrower will cooperate with the Authority and the Trustee in effecting such redemption. In the event of any mandatory or optional redemption of the Bonds, the Borrower will pay or cause to be paid in accordance with the terms of the Indenture an amount equal to the applicable redemption price as a prepayment of that portion of the Loan corresponding to the Bonds to be redeemed, together with applicable premium (if any) and interest accrued to the date of redemption.

Section 2.03. Unconditional General Obligations of Borrower. The obligations of the Borrower to make or cause to be made payments of the Loan or to pay any other sums due hereunder or under any other Loan Document to the Authority, the Trustee or any other Indemnified Party are and shall be the unconditional general obligations of the Borrower and shall be absolute and unconditional without defense or set-off by reason of any default by the contractors under the Contracts or by the Authority under this Agreement or under any other agreement between the Borrower and the Authority or for any other reason, failure to complete the Project Facilities, any acts or circumstances that may constitute failure of the Borrower to complete the Project Facilities, commercial frustration of purpose, or failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, it being the intention of the parties that the payments required of the Borrower hereunder will be paid in full when due without any delay or diminution whatsoever. Repayments of the Loan and additional sums required to be paid by or on behalf of the Borrower hereunder shall be received by the Authority or the Trustee as net sums and the Borrower agrees to pay or cause to be paid all charges against or which diminish such net sums.

Section 2.04. Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee all the Authority's rights under this Agreement, except the Reserved Rights of the Authority. The Authority retains the right, jointly and severally with the Trustee, to specifically enforce the provisions contained in the Loan Documents. The Borrower consents to such assignment and agrees to make or cause to be made payments of the Loan under Section 2.01 and the Note directly to the Trustee, except those Authority fees, costs and expenses which are payable directly to the Authority, without defense or set-off by reason of any dispute between the Borrower and the Authority or the Trustee. Whenever the Borrower is required to obtain the consent of the Authority hereunder, the Borrower shall also obtain the consent of the Trustee.

Section 2.05. Opinions of Counsel . (i) At the time of closing the Loan, the Authority and the Trustee shall receive the opinion of Counsel for the Borrower reasonably satisfactory in form and substance to Bond Counsel and Underwriter's Counsel:

(a) confirming the substance of the representations and warranties set forth in Section 5.01, 5.02, 5.03 and 5.04; and

(b) to the effect that the Loan Documents and the Bond Purchase Agreement have been duly executed and delivered by the Borrower, and constitute the valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, except to the extent that the enforceability of such documents may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally or by general principles of equity or other customary exceptions to enforceability.

(ii) At the time of closing the Loan, the Authority and the Trustee shall receive the opinion of Counsel for the School reasonably satisfactory in form and substance to Bond Counsel and Underwriter's Counsel in the form attached as Exhibit E to the Bond Purchase Agreement

(iii) At the time of closing the Loan, the Authority and the Trustee shall receive the opinion of Counsel for NSAF reasonably satisfactory in form and substance to Bond Counsel and Underwriter's Counsel in the form attached as Exhibit D to the Bond Purchase Agreement.

Section 2.06. Opinion of Bond Counsel. At the time of closing the Loan, the Authority and the Trustee shall receive the opinion of Bond Counsel to the effect that:

(a) interest income on the Series 2017 Bonds is not includable in gross income under the Code; provided that ownership of tax exempt obligations may result in collateral Federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such Series 2017 Bonds;

(b) interest income on the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act (P.L. 1976, Chapter 47);

(c) The offering of the Bonds is not required to be registered under the Securities Act of 1933, as amended, or under the rules and regulations promulgated thereunder; and

(d) the Bonds have been duly authorized and issued under the provisions of the Act.

Section 2.07. Loan and Other Documents. At the time of closing the Loan, the Authority and the Trustee shall receive:

(a) the Loan Documents duly executed by all parties thereto;

(b) certificates, in form and substance reasonably acceptable to the Authority and the Trustee, evidencing the insurance required to be maintained by this Agreement;

(c) the Tax Certificate, in form and substance reasonably satisfactory to Bond Counsel;

(d) all other documents reasonably required by the Authority and the Underwriter; and

(e) an opinion of Counsel to the Underwriter that since the Bonds are subject to the disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, the contractual undertakings of the Borrower in the Disclosure Agreement among the Borrower, the School, and the Trustee comply with the disclosure requirements of such Rule.

Section 2.08. Excess Funds. After all of the Bonds have been retired and all interest and applicable premiums, if any, due thereon have been paid or provision for such retirement and payment has been made in accordance with the Indenture, excess moneys in the Funds and accounts established under the Indenture from whatever source derived will be paid to the Borrower as an adjustment of the amounts payable hereunder. This paragraph shall survive the termination of this Agreement.

Section 2.09. Manner of Payment. The payments provided for herein shall be paid in immediately available funds, free of deductions and without any abatement, recoupment, diminution or set-off whatsoever, on the date on which such payment is due, directly to the Trustee for the account of the Authority and shall be deposited in the Revenue Fund, except that payments made pursuant to Sections 2.01(d), 6.04, 6.05, 6.06, 6.07, 6.18, 8.05 and 9.03 hereof and Section 8.06 of the Indenture shall be made directly to the party to whom such payment is due and owing.

Section 2.10. Security for Borrower's Obligations.

(a) In addition to the security interest granted pursuant to the Mortgage, the Borrower hereby grants the Authority a first lien security interest in and lien upon the Trust Estate, and all moneys and funds (including the investment obligations in which such moneys and funds are invested) in the Funds (except the Rebate Fund). This Loan Agreement shall constitute a security agreement within the meaning of the New Jersey Uniform Commercial Code. In addition to all other rights and remedies hereunder, the Authority and the Trustee as its assignee shall have all rights and remedies of a secured party under the New Jersey Uniform Commercial Code. The Borrower shall also provide for the filing of all financing statements, continuation statements and other documents as may be necessary from time to time to perfect or continue the perfection of the security interests granted hereunder, all of which shall clearly indicate that they are filed in connection with a public-finance transaction pursuant to the New Jersey Uniform Commercial Code, as from time to time in effect.

(b) As further security for the repayment of the Loan, the Borrower shall furnish the Authority with the Mortgage and the Assignment of Leases. The Borrower shall be responsible for ensuring that the Authority and the Trustee have a first lien upon the Mortgaged Property.

ARTICLE III

PROJECT FUND AND COSTS OF ISSUANCE FUND

Section 3.01. Application of Bond Proceeds. In order to provide funds to make the Loan, the Authority concurrently with the execution and delivery of this Loan Agreement, will sell, issue and deliver the Bonds to the Underwriter and cause the Underwriter to transfer the proceeds of the Bonds to the Trustee for deposit in accordance with Section 3.01(i) of the Indenture in the various Funds established under the Indenture. Moneys in the Project Fund and the Costs of Issuance Fund shall be disbursed as hereinafter provided and as provided in Article IV of the Indenture. The Authority reserves the right to request a record of all disbursements from and/or investments of the Project Fund and the Costs of Issuance Fund.

Section 3.02. Disbursements from the Project Fund and the Costs of Issuance Fund. The Authority authorizes and directs the Trustee to make disbursements of Bond Proceeds from the Project Fund to Persons for work performed on the Project or to reimburse the Borrower for any Costs of the Project paid by it and from the Costs of Issuance Fund for costs related to the issuance of the Bonds. Each disbursement shall constitute a Proper Charge and shall be disbursed only after performance of the following by the Borrower:

(a) Delivery to the Trustee of a Requisition Form in substantially the form attached hereto as Exhibit B signed by an Authorized Borrower Representative. The Requisition Form shall state whether the payment sought is from the Project Fund or the Costs of Issuance Fund and: (i) the requisition number; (ii) the name and address of the Person to whom payment is to be made by the Trustee or, if the payment is to be made to the Borrower for a reimbursable advance, a summary of the Borrower's disbursements; (iii) the amount to be paid; (iv) that each obligation for which payment is sought is a Proper Charge against the Project Fund or the Costs of Issuance Fund, is unpaid or unreimbursed, and has not been the basis of any previously paid requisition; (v) if any such amount is for a payment from the Project Fund to the Borrower to reimburse it for costs or expenses incurred by reason of work performed or supervised by officers or employees of the Borrower or any of its affiliates, the amount to be paid does not exceed the actual cost thereof to the Borrower or any of its affiliates, (vi) that no Event of Default has occurred and is continuing under this Loan Agreement or has otherwise been waived; and (vii) that the Borrower has received no written notice of any lien, right to lien or attachment upon, or other claim affecting the right to receive payment of, any of the moneys payable under such Requisition Form to any of the Persons named therein or, if any of the foregoing has been received, it has been released or discharged or will be released or discharged upon payment of the Requisition Form.

(b) As determined by the Authority, the Borrower shall comply with the Authority's Affirmative Action Program and Prevailing Wage Rate Provisions, and to that end copies of the Affirmative Action Regulations are available on the Authority's Internet web page at: www.njeda.com/affirmativeaction or by contacting: New Jersey Economic Development

Authority - Internal Process Management - 24 Commerce Street, Suite 301, Newark, NJ 07102 Phone 973-855-3450 or e-mail: affirmativeaction@njeda.com.

(c) Delivery to the Trustee of the Lease, the Mortgage and the Assignment of Leases covering all the parcels of land constituting the Project or, if all the parcels are not initially included in the Mortgage, delivery to the Trustee of amendments to the Mortgage and the Assignment of Leases which extend the lien of the Mortgage and the Assignment of Leases to each parcel of land for which the Borrower seeks the expenditure of Bond Proceeds, which is not subject to the Mortgage or the Assignment of Leases.

(d) Delivery of such additional documents, affidavits, certificates and opinions as the Authority or the Trustee may reasonably require to carry out the terms of this Agreement, the Indenture or any other Loan Document; but the Authority and the Trustee shall have no obligation to require any such additional items.

The Authority is hereby granted a security interest in the amounts on deposit in the Project Fund and the Costs of Issuance Fund as security for the payment of the Bonds; however, notwithstanding such security interest, as long as there exists no Event of Default that is continuing, the Borrower shall have the right to require disbursement from the Project Fund and the Costs of Issuance Fund, to the extent of amounts then in the Project Fund and the Costs of Issuance Fund, upon compliance with the procedures set forth in this Section 3.02. Upon an Event of Default and the acceleration of the obligations of the Borrower hereunder, the Trustee shall apply any amounts on deposit in the Project Fund and the Costs of Issuance Fund to the prepayment of the principal of and interest on the Loan, and, hence, to the payment of the Bonds, in accordance with Section 9.10 of the Indenture.

Section 3.03. No Liability of Authority or Trustee. Nothing contained herein or in any documents and agreements contemplated hereby or in any other Loan Document shall impose upon the Trustee or the Authority any obligation to ensure the proper application of such disbursements by the Borrower or any other recipient thereof, and, in making such disbursements from the Project Fund and the Costs of Issuance Fund, the Trustee may conclusively rely on such Requisition Forms and any other proof complying with the terms of this Agreement delivered to it. The Trustee and the Authority shall be relieved of any liability with respect to making such disbursements in accordance with the foregoing.

Section 3.04. Establishment of Completion Date. Completion of the Project shall be evidenced by delivery to the Authority and the Trustee of the Borrower's Completion Certificate (attached as Exhibit C) signed by an Authorized Borrower Representative stating the date of completion of the Project and that, as of such date, except for amounts retained by the Trustee at the Borrower's direction for any cost of the Project not then due and payable or, if due and payable, not then paid: (i) that portion of the Project Facilities to be acquired and/or renovated with the proceeds of the Bonds has been completed; (ii) the cost of all Costs used in the acquisition and/or renovation of the Project has been paid, or will be paid from amounts retained by the Trustee at the Borrower's direction for any cost of the Project Facilities not then due and payable or, if due and payable, not then paid; (iii) the Project Facilities have been acquired and/or renovated to the Borrower's satisfaction, and such Project Facilities are suitable and sufficient for the efficient operation of the Project and for their intended purposes and all Costs incurred in the acquisition and/or renovation of the Project have been paid, or will be paid from amounts retained by the Trustee at the Borrower's direction for any Cost of the Project not then due and payable or, if due and payable, not then paid; (iv) the Project Facilities are being operated as an authorized "project" under the Act and substantially as proposed in the Application; and (v) the Borrower has required in all Construction Contracts, if any, that wages paid to workers employed in the performance of such Construction Contracts be paid, or determined that such workers were paid, at a rate not less than the Prevailing Wage Rate. Upon receipt of such certificate by the Trustee, the Borrower shall direct the Trustee in writing to transfer any amounts remaining in the Project Fund (except for amounts therein sufficient to cover costs of the Project not then due and payable or not then paid or the "Holdback" required to be retained in the Project Fund pursuant to the Affirmative Action Regulations unless the requirements set forth in Section 3.02 hereof for the disbursement of such Holdback from the Project Fund have been satisfied) to the Redemption Fund. Amounts transferred hereunder into the Redemption Fund in an amount less than an Authorized Denomination shall be used to pay interest on the Bonds on the next Interest Payment Date and amounts equal to an Authorized Denomination shall be used to redeem the Bonds on the next succeeding redemption date on which such Bonds can be redeemed without penalty or premium, pursuant to the Indenture. The Borrower shall not cause amounts held in the Redemption Fund to be invested at a Yield materially higher than the Yield on the Bonds.

Section 3.05. Borrower Required to Pay if Project Fund Insufficient. In the event the moneys in the Project Fund available for payment of the costs of the Project are not sufficient to pay all costs of the Project in full, the Borrower agrees to complete the Project and to pay that portion of the cost in excess of the moneys available therefor in the Project Fund. The Authority and the Trustee make no warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the costs of the Project will be sufficient to pay all of such costs. The Borrower agrees that if, after disbursement of all the money in the Project Fund available for payment of costs of the Project, the Borrower should pay any portion of the costs of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the Authority or the Trustee.

Section 3.06. Rebate Fund. The Indenture requires the Trustee to deposit all moneys paid by the Borrower pursuant to Section 6.04 hereof in the Rebate Fund. Investment earnings on all amounts so deposited in the Rebate Fund shall also be deposited in the Rebate Fund immediately upon receipt.

The Indenture provides that the Trustee shall make payments from the Rebate Fund to the United States on behalf of the Authority upon the written direction of the Borrower in accordance with Section 6.04. The Borrower hereby confirms its covenant in Section 6.04 hereof to give the Trustee all such required written directions.

Section 3.07. Investment of the Funds. Any moneys held as a part of the Funds shall be invested and reinvested by the Trustee, only as directed in writing by the Borrower, in

Investment Obligations. The Trustee may make any and all such investments through its own investment department.

The Borrower shall direct investments of amounts in the Funds as provided in Section 6.02 of the Indenture so that such Investment Obligations shall mature in such amounts and at such times or shall be redeemable by the Trustee at such times as may be necessary to provide funds when, at the time of the investment, it is anticipated the same will be needed to make payments from the Funds in accordance with the provisions of Section 4.02 of the Indenture or to make payments from the Rebate Fund in accordance with the provisions of Section 3.06 hereof and Section 5.10 of the Indenture. To the extent required for payments from the Funds, the Trustee may, at any time, sell any of such Investment Obligations. The proceeds of any such sale, all payments at maturity and all payments upon redemption of such Investment Obligations shall be held in the respective Funds in which such investment income was derived and, as to the Project Fund and the Costs of Issuance Fund, accounted for separate and apart from the proceeds from the sale of the Bonds.

Interest and other income received on Investment Obligations in the Project Fund allocated to Tax Exempt Bonds shall, within the later of (i) three (3) years from the date of issuance of the respective series of Tax Exempt Bonds or (ii) one (1) year after receipt of such investment income, be used to pay interest accruing on the Tax Exempt Bonds during the construction period or otherwise spent on other costs of the Project as directed by Requisition by the Borrower. In the event the moneys in the Project Fund allocated to a series of Tax Exempt Bonds are not spent within three (3) years from the date of issuance of the Tax Exempt Bonds, the Borrower shall cause the Trustee to transfer such moneys to the Redemption Fund and to invest such moneys at a Yield not materially higher than the Yield on the Tax Exempt Bonds.

In making such investments as described in this Section, the Trustee may rely upon the written direction of the Borrower as to the investment purchased; and the Trustee shall be and hereby is relieved of all liability with respect to making, redeeming and selling such investments, so long as the Trustee has acted in accordance with the foregoing directions. In the absence of investment instructions, the Trustee shall not make any investment of such moneys.

The Borrower shall be entitled to receive from the Trustee monthly and at such other times as the Borrower may reasonably request, a statement of account of any moneys held in the Funds by the Trustee. Unless otherwise confirmed in writing, an account statement delivered periodically by the Trustee to the Borrower shall be deemed written confirmation by the Borrower that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by the Borrower unless the Borrower notifies the Trustee in writing to the contrary within thirty (30) days of the date of such statement.

Section 3.08. The Trustee. The Trustee shall act on behalf of the Bondholders under the Indenture and this Loan Agreement as specifically provided for herein and in the Indenture only insofar as its duties are expressly set forth and shall not have any implied duties but may exercise such additional powers as are reasonably incidental thereto. Neither the Trustee nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for its or their own negligence or willful misconduct. The Trustee shall not be under a duty to examine or pass upon the validity, effectiveness or genuineness of any Loan Document or any direction, report, affidavit, certificate, opinion or other instrument, document or agreement related thereto, and shall be entitled to assume that the same are valid, effective, genuine and what they purport to be. The Trustee may consult with legal counsel selected by it, and any action taken or suffered by it in accordance with the opinion of such counsel shall be full justification and protection to it. The Trustee shall have the same rights and powers as any other bank or lender and may exercise the same as though it were not the Trustee; and it may accept deposits from, lend money to and generally engage in any kind of business with the Borrower as though it were not the Trustee.

ARTICLE IV

<u>REPRESENTATIONS OF THE AUTHORITY</u>

Section 4.01. <u>Representations</u>. The Authority hereby represents and agrees that:

(a) The Authority is a duly constituted public body corporate and politic, duly created and existing as an instrumentality of the State with the power and authority set forth in the Act, including the power and authority to authorize the issuance of the Bonds under the Act.

(b) Under the provisions of the Act, the Authority is duly authorized to enter into, execute and deliver the Loan Documents to which it is a party and the Bond Purchase Agreement, to undertake the transactions contemplated by the Loan Documents to which it is a party and the Bond Purchase Agreement, and to carry out its obligations hereunder and thereunder.

(c) The Authority proposes to issue the Bonds in the total aggregate principal amount of $24,575,000 to finance all or a portion of the Project.

(d) By duly adopted resolution, the Authority has duly authorized the execution and delivery of the Loan Documents to which it is a party, including the borrowing under, issuance and sale of the Bonds and (as security for the Bonds) the pledge of the Note, to the Trustee. The Authority also has duly authorized the execution, delivery and performance of the Bond Purchase Agreement and has approved the Section entitled the "AUTHORITY" and the Section entitled "LITIGATION-The Authority" in the Official Statement.

(e) The Bonds will be issued under and pursuant to the Indenture and will mature, bear interest and have the other terms and provisions set forth or provided for in the Indenture.

(f) To the best knowledge of the Authority, the execution and delivery of and performance by the Authority of the Loan Documents to which the Authority is a party, including the Bond Purchase Agreement, under the circumstances contemplated thereby and hereby, do not and will not conflict with, or constitute a breach of or default under any indenture, deed of trust, mortgage, agreement or other instrument to which the Authority is a party, or conflict with, violate or result in a breach of, any existing law or public administrative rule or regulation, judgment, court order or consent decree presently applicable to the Authority (except for such consents and approvals as have heretofore been obtained).

(g) When duly executed and delivered on behalf of the Authority, and assuming the due authorization, execution and delivery by the Borrower of this Loan Agreement, and assuming the due authorization, execution and delivery by the Trustee of the Indenture, and assuming the due authorization, execution and delivery by the Borrower and the Underwriter of the Bond Purchase Agreement, each of the Loan Documents to which the Authority is a party and the Bond Purchase Agreement shall constitute a valid and binding obligation of the

Authority enforceable against the Authority in accordance with its terms, provided that the enforceability of the Loan Documents and the Bond Purchase Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally and the application of general principles of equity.

ARTICLE V

<u>REPRESENTATIONS AND WARRANTIES OF THE BORROWER</u>

The Borrower hereby represents, covenants and warrants to the Authority that:

Section 5.01. <u>Organization, Powers, etc.</u> (a) The Borrower is a limited liability company duly organized validly existing and in good standing under the laws of the State of New Jersey, has the power and authority to do business in the State of New Jersey, to own its properties and assets and to carry on its business as now being conducted (and as now contemplated by the Borrower) and has the power to perform all the undertakings of the Loan Documents and the Bond Purchase Agreement, to borrow hereunder and to execute and deliver the Loan Documents and the Bond Purchase Agreement. The Borrower is exempt from Federal income tax under Section 501(c)(3) of the Code, by virtue of being a disregarded entity of NSAF, who is recognized as a public charity described in Section 501(c)(3) of the Code, and no action is pending or, to the best of its knowledge, threatened which questions NSAF's status as a 501(c)(3) organization.

Section 5.02. <u>Execution of Loan Documents</u>. The execution, delivery and performance by the Borrower of the Loan Documents, the Bond Purchase Agreement and other instruments required by this Loan Agreement:

(a) have been duly authorized by all requisite action of the Borrower;

(b) do not and will not conflict with or violate any provision of law, rule or regulation, any order of any court or other agency of government applicable to the Borrower;

(c) do not and will not conflict with or violate any provision of any charter document or operating agreement of the Borrower;

(d) do not and will not violate or result in a default under any provision of the Indenture or result in any material default under any other indenture, agreement or other instrument to which the Borrower is a party;

(e) do not and will not result in the creation or imposition of any lien, charge or encumbrance of any nature on the assets of the Borrower, other than the liens created by the Loan Documents; and

(f) have been duly executed and delivered by the Borrower and are enforceable against the Borrower in accordance with their terms, subject to the limitation that the enforceability of such documents may be limited by bankruptcy or other laws relating to or limiting creditors' rights generally and the application of general principles of equity.

Section 5.03. <u>Litigation</u>. Except as disclosed by the Borrower in the Official Statement, there is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending or, to the knowledge of the Borrower, threatened against or affecting it, or any of its properties or rights which, if adversely determined, would (i) affect the transactions contemplated by the Loan Documents and the Bond Purchase Agreement, (ii) affect the validity or enforceability of the Loan Documents or the Bond Purchase Agreement, (iii) affect the ability of the Borrower to perform its obligations under the Loan Documents or the Bond Purchase Agreement, (iv) materially impair the value of the Collateral, (v) materially impair the Borrower's right to carry on its business substantially as now conducted (and as now contemplated by the Borrower) or (vi) have a material adverse effect on the Borrower's financial condition.

Section 5.04. No Defaults. The Borrower, to the best of its knowledge, is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party or by which it is bound.

Section 5.05. No Material Adverse Change. There has been no material adverse change in the financial condition of the School since the date of the School's financial statements contained in the Official Statement.

Section 5.06. Important Inducement. The availability of the financial assistance by the Authority as provided herein has been an important inducement to the Borrower to engage in the Project and to locate the Project in the State.

Section 5.07. No Untrue Statements. The Loan Documents, the Application, the Bond Purchase Agreement and any other document, certificate or statement furnished to the Trustee or the Authority by or on behalf of the Borrower are true, correct and complete and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, when made, contained herein and therein not misleading or incomplete. It is specifically represented that the Borrower is not a party to any litigation nor, to the best of its knowledge, is the subject of any investigation or administrative proceeding, except as disclosed in the Application and the Official Statement. It is specifically understood by the Borrower that all such statements, representations and warranties shall be deemed to have been relied upon by the Authority as an inducement to make the Loan and that if any such statements, representations and warranties were false at the time they were made, the Authority may, in its sole discretion, consider any such misrepresentation or breach of warranty an Event of Default as defined in Section 8.01(a) and exercise the remedies provided for in this Loan Agreement.

Section 5.08. No Action. The Borrower has not taken and will not take any action and knows of no action that any other Person has taken or intends to take, which would cause interest income on the Series 2017 Bonds to be includable in the gross income of the recipients thereof under the Code.

Section 5.09. Design of the Project Facilities. The operation of the Project Facilities in the manner presently contemplated and as described in the Application will not conflict in any material respect with any current zoning, water, air pollution or other ordinances, orders, laws or regulations applicable thereto. The Project Facilities are, or will upon completion be, substantially in compliance with all Federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality. The Borrower will complete the construction, renovation and expansion of the Project Facilities substantially in accordance with this Loan Agreement.

Section 5.10. Commencement of Project. Except as otherwise disclosed in the Application, the constituent parts of the Project as described in the Application were not commenced prior to the 60 day period prior to April 13, 2017. The Borrower has not incurred any expense prior to such date for which it shall seek reimbursement from the Project Fund and the Costs of Issuance Fund, other than a Proper Charge.

Section 5.11. No Common Plan of Financing. Except for the Bonds and as disclosed in the Tax Certificate subsequent to the date fifteen (15) days prior to the date hereof, the Borrower or any Related Person (or group of Related Persons which includes the Borrower) has not borrowed the proceeds of, or leased facilities financed by obligations issued under Section 103 of the Code by any state or local governmental unit or any constituted authority empowered to issue obligations by or on behalf of any state or local governmental unit, other than the Authority, pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of the same source of funds) as the Bonds or will be paid directly or indirectly from the proceeds of the Bonds. During the period commencing on the date of issuance of the Bonds and ending fifteen (15) days thereafter, there will be no obligations issued under Section 103 of the Code which are payable or guarantied by the Borrower or any Related Person (or group of Related Persons which includes the Borrower) and which are issued pursuant to a common plan of financing and will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of the same source of funds) as the Bonds or will be paid directly or indirectly from the proceeds of the Bonds without the written opinion of Chiesa Shahinian & Giantomasi PC, Esqs. or other Bond Counsel acceptable to Chiesa Shahinian & Giantomasi PC, Esqs., to the effect that the issuance of such obligation will not adversely affect the exemption from present Federal income taxes of interest on the Bonds.

Section 5.12. Use of Proceeds. No portion of the Bond Proceeds will be used to provide any airplane, skybox (or other private luxury box), gambling facility or liquor store. At least ninety-five per centum (95%) of the Net Proceeds of the Series 2017 Bonds will be used by the Borrower to finance the acquisition, renovation, construction and equipping of the Project, to fund a Debt Service Reserve Fund, to fund capitalized interest and to pay certain costs of issuance of the Bonds. The Project shall be used only for 501(c)(3) purposes within the meaning of Section 145 of the Code, which do not give rise to unrelated business taxable income within the meaning of Section 512(a)(1) of the Code.

Section 5.13. Economic Life. The information contained in the Tax Certificate, setting forth the respective cost, economic life, ADR midpoint life, if any, under Rev. Proc. 87-56, Rev. Proc. 72-10, 1972-1 C.B. 721, as supplemented and amended from time to time, and guideline life, if any, under Rev. Proc. 62-21, 1962-2 C.B. 118, as supplemented and amended from time to time, of each asset constituting the Project Facilities financed with the Bond Proceeds is true, accurate and complete.

ARTICLE VI

SPECIAL COVENANTS

The Borrower covenants and agrees, so long as this Loan Agreement shall remain in effect or the Bonds shall be Outstanding, as follows:

Section 6.01. Access to the Project and Inspection. The Trustee and the Authority and their duly authorized agents shall have the right, at all reasonable times upon the furnishing of reasonable notice to the Borrower under the circumstances, to enter upon the Project Facilities and to examine and inspect the Project Facilities. The Trustee and the Authority and their duly authorized agents shall also have such right of access upon reasonable notice and at reasonable times (defined as regular business hours) to the Project Facilities as may be reasonably necessary for the proper maintenance of the Project Facilities, but only in the event of failure by the Borrower to perform its obligations relating to maintenance under this Loan Agreement, provided that the foregoing rights shall not be deemed to create an obligation on the Trustee or the Authority to maintain the Project Facilities. The Borrower hereby covenants to execute, acknowledge and deliver all such further documents, and do all such other acts and things as may be necessary to grant to the Authority Representative and the Trustee such right of entry. Until payment of the Bonds shall have occurred, the Borrower shall promptly, from time to time, deliver to the Authority and the Trustee such information and materials relating to the Project and information and materials required under the Disclosure Agreement relating to the Borrower as the Authority or the Trustee may reasonably request. An Authorized Authority Representative and the Trustee shall also be permitted, at all reasonable times, to examine the books and records of the Borrower with respect to the Project Facilities and the obligations of the Borrower hereunder, but none of them shall be entitled to access to trade secrets or other proprietary information (other than financial information) of the Borrower.

Section 6.02. Further Assurances and Corrective Instruments. Subject to the provisions of the Indenture, the Authority and the Borrower each agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for carrying out the intention or facilitating the performance of this Loan Agreement. All such supplements, amendments and further instruments shall require the approval of the Authority, and shall not modify the substantive terms of this Agreement, unless otherwise mutually agreed by the parties hereto in writing.

Section 6.03. Recording and Filing; Other Instruments.

(a) The Borrower covenants that it will, at its expense, take all steps as are reasonably necessary to provide that all financing statements, continuation statements, notices and other instruments required by applicable law shall be recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and protect the rights of the Trustee in the granting by the Authority of certain rights of the Authority, pursuant to the Indenture, under this Loan Agreement and the Note. All financing statements, continuation statements, notices and other instruments recorded or filed or re-recorded or re-filed shall clearly indicate that they are filed in connection with a public-finance transaction pursuant to the New Jersey Uniform Commercial Code, as from time to time in effect. The Borrower further covenants that it shall promptly notify the Trustee and the Authority of any information, action or development which would cause any financing statement or related continuation statement to be or become materially misleading.

(b) The Borrower and the Authority shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary by the Borrower or advisable by its counsel and the Borrower shall file and re-file and record and re-record or cause to be filed and re-filed and recorded and re-recorded all instruments required to be filed and re-filed and recorded or re-recorded pursuant to the opinion of its Counsel or Counsel employed by the Authority or the Trustee to perfect all security interests created pursuant to the terms of this Loan Agreement and the Indenture and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be outstanding, except as otherwise required by this Agreement. The Authority shall have no responsibility for such filings or refilings whatsoever, other than executing and delivering the documents requested by the Borrower.

Section 6.04. Compliance with Code, Arbitrage and Rebate Regulations. (a) The Borrower shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on each series of Tax Exempt Bonds shall, for the purposes of Federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation. The Borrower shall direct all investments of the Gross Proceeds of each series of Tax Exempt Bonds. The Borrower shall direct the Trustee to make investments of amounts in the Project Fund only at market prices within the meaning of Treasury Regulations Section 1.148-1. In addition, any and all actions to be undertaken by the Borrower or by any other Person as to which the Authority or the Trustee must, pursuant to the terms hereof, consent or approve in advance, shall be deemed to be the actions of the Borrower or such other Person (and not the actions of the Authority or the Trustee).

(b) The Borrower shall not permit at any time or times any of the Gross Proceeds from the sale of a series of Tax Exempt Bonds or other of its funds to be used, directly or indirectly, to acquire any Investment Property (within the meaning of Section 148(b)(2) of the Code) the acquisition of which would cause such Bonds to be "arbitrage bonds" for the purposes of Section 148 of the Code. The Borrower shall utilize the Bond Proceeds from the sale of each series of Tax Exempt Bonds so as to satisfy the reasonable expectations of the Borrower set forth in the Tax Certificate of the Borrower furnished to Bond Counsel and the Authority.

(c) The Borrower shall use the Net Proceeds of each series of Tax Exempt Bonds to acquire, renovate and/or construct the Project in the manner and as specifically set forth in the Tax Certificate furnished to Bond Counsel and the Authority. The Borrower shall not expend the Bond Proceeds on assets other than those listed in the Tax Certificate without the express written consent of Bond Counsel.

(d) The Borrower will provide a written certification to the Authority and the Trustee indicating whether the Borrower complied with the six-month or eighteen month exceptions to the arbitrage rebate requirement set forth in Section 148(f)(4)(B) of the Code as are set forth in paragraph (o) below.

(e) Unless the Borrower has complied with the six-month rebate exception or the eighteen month exception to the rebate requirement in Section 148(f)(4)(B) of the Code with respect to each series of Tax Exempt Bonds, as are set forth in paragraph (o) below, the Borrower will retain a Rebate Expert, on or no later than 30 days before the Initial Rebate Computation Date (as defined below) and on each rebate Computation Date (as defined below) thereafter, (A) to compute the Rebate amount (the "Rebate Amount")with respect to each series of Tax Exempt Bonds for the period ending on such rebate Computation Date, (B) to deliver an opinion to the Authority and Trustee concerning its conclusions with respect to the amount (if any) of such Rebate Amount together with a written report providing a summary of the calculations relating thereto and (C) to deliver an opinion to the Authority and Trustee that all of the Gross Proceeds of such Bonds (within the meaning of Section 148(f) of the Code), other than Gross Proceeds of such Bonds on deposit in a Bona Fide Debt Service Fund (within the meaning of Section 148(F)(4) of the Code), have been expended on or prior to the initial Rebate Computation Date. The Computation Date shall include (i) the final maturity of the Tax Exempt Bonds, (ii) if such Tax Exempt Bonds are redeemed prior to maturity, the date on which such Tax Exempt Bonds are redeemed, (iii) the first day of the fifth anniversary of the date of issuance of such Tax Exempt Bonds (the "Initial Rebate Computation Date") and each fifth anniversary thereafter, and (iv) any other date that may be required by the Code.

(f) The Borrower shall direct the Trustee in writing to rebate the Rebate Amount to the United States on behalf of the Authority. The Rebate Amount as of any Computation Date is the excess of the future value of all receipts on Nonpurpose Investments ("Nonpurpose Receipts") over the future value of all payments on Nonpurpose Investments ("Nonpurpose Payments"). To the extent amounts received from Nonpurpose Investments are reinvested, these amounts may be netted against each other and not taken into account in the computation of the Rebate Amount. Nonpurpose Receipts and Nonpurpose Payments shall be determined as described below.

(1) Nonpurpose Payments. Nonpurpose Payments include actual payments (amounts of Gross Proceeds actually or constructively paid to acquire a Nonpurpose Investment including Qualified Administrative Costs); "allocation" payments (for a Nonpurpose Investment that is allocated to each series of Tax Exempt Bonds after already having been acquired by the Borrower (e.g., sinking fund proceeds), an amount equal to the Value of the Investment on the allocation date); Computation Date payments (for a Nonpurpose Investment allocated to each series of Tax Exempt Bonds at the end of the preceding Computation Period, the Value of the Investment at the beginning of the Computation Period);

Yield Reduction Payments, if any; and the Computation Date credit equal to $1,000.

(2) Nonpurpose Receipts. Nonpurpose Receipts include actual receipts (amounts actually or constructively received with respect to a Nonpurpose Investment, such as earnings and return of principal, reduced by Qualified Administrative Costs); "deallocation" receipts (for a Nonpurpose Investment that ceases to be allocated to each series of Tax Exempt Bonds or subject to rebate, the Value of the Investment on the "deallocation" date); Computation Date receipts (the Value of any Nonpurpose Investment held at the end of any Computation Period); and rebate receipts (any recovery of an overpayment of rebate).

Investments of amounts held in a Bona Fide Debt Service Fund for each series of Tax Exempt Bonds will be excepted from the rebate requirement but only if the gross earnings on such fund for such Bond Year do not exceed $100,000.

(g) For each investment of Gross Proceeds in a Non-Purpose Investment, the Borrower shall direct the Trustee to record, without limitation, the following information: purchase date, purchase price, face amount, stated interest rate, any accrued interest due on its purchase date, disposition date, disposition price and any accrued interest due on the disposition date. The Yield to maturity for an investment presently means that discount rate, based on a compounding frequency the same as the Tax Exempt Bonds (or such other compounding permitted by the Code), which when used to determine the present worth, on the purchase date of such investment or the date on which the investment becomes a Non-Purpose Investment, whichever is later, of all payments of principal and interest on such investment gives an amount equal to the fair market value of such investment including accrued interest due on such date.

(h) On each Computation Date, if such Rebate Amount payable exceeds the amount then on deposit in the Rebate Account, the Borrower shall within ten (10) days of the receipt of the report furnished by the Rebate Expert pursuant to paragraph (e) of this Section, pay to the Trustee, the amount necessary to make up such deficiency and direct the Trustee to pay the same to the United States within sixty (60) days of the Computation Date. The Borrower shall, in a timely fashion, give all written notices and directions to the Trustee as are called for under Section 5.10 of the Indenture for the payment of the Rebate Amount. Any sums remaining in the Rebate Account following such payments shall be returned to the Borrower. When due, the Authority shall have the right, but shall not be required, to make such payment to the Trustee on behalf of the Borrower. Any amount advanced by the Authority pursuant to this paragraph (h) shall be added to the moneys owing by the Borrower under this Loan Agreement and shall be payable on demand with interest at the rate of twelve percent (12%) per annum.

(i) The rebate shall be paid in installments, which shall be made at least once every fifth Bond Year. The first such installment shall be due to the United States on behalf of the Authority not later than sixty (60) days after the end of the fifth (5th) Rebate Year and shall be in an amount which ensures that the Rebate Amount due under the Code with respect to the Tax Exempt Bonds is paid. Each subsequent payment shall be made not later than five (5) years after the date the preceding payment was due. Within sixty (60) days after the retirement of the Tax Exempt Bonds at final maturity or upon earlier redemption, the Borrower shall direct the Trustee to pay to the United States on behalf of the Authority the aggregate Rebate Amount due under the Code with respect to the Tax Exempt Bonds not theretofore paid.

(j) Each payment shall be accompanied by Form 8038-T (or such other form required by the Internal Revenue Service to be prepared by the Borrower, a Rebate Expert or Bond Counsel) and a statement identifying the Authority, the date of the issue, the CUSIP number for the Bond with the longest maturity and a copy of the applicable Form 8038.

(k) The Borrower acknowledges that the Authority shall have the right at any time and in the sole and absolute discretion of the Authority to obtain from the Borrower and the Trustee the information necessary to determine the Rebate Amount required to be paid to the United States pursuant to Section 148(f) of the Code. Additionally, the Authority may, with reasonable cause, (i) review or cause to be reviewed any determination of the amount to be paid to the United States made by or on behalf of the Borrower and (ii) make or retain a Rebate Expert to make the determination of the amount to be paid to the United States. The Borrower hereby agrees to be bound by any such review or determination, absent manifest error, to pay the costs of such review, including without limitation the reasonable fees and expenses of counsel or a Rebate Expert retained by the Authority, and to pay to the Trustee any additional amounts for deposit in the Rebate Account required as the result of any such review or determination.

(l) Except as may be permitted pursuant to Section 148(c) of the Code (relating to certain temporary periods for investment), at no time during the term of a series of Tax Exempt Bonds shall the amount invested by the Borrower in Non-Purpose Investments with a Yield higher than the Yield on the Tax Exempt Bonds exceed 10% of the then outstanding principal amount of the Tax Exempt Bonds. The aggregate amount invested in Non-Purpose Investments shall be promptly and appropriately reduced as the outstanding principal of the Tax Exempt Bonds is reduced.

(m) Notwithstanding any provision of this Section to the contrary, the Borrower shall be liable, and shall indemnify and hold the Authority and the Trustee harmless against any liability, for payments due to the United States pursuant to Section 148(f) of the Code. Further, the Borrower specifically agrees that neither the Authority nor the Trustee shall be held liable, or in any way responsible, and the Borrower shall indemnify and hold harmless the Trustee and the Authority against any liability, for any mistake or error in the filing of the payment or the determination of the Rebate Amount due to the United States or for any consequences resulting from any such mistake or error. The provisions of this paragraph shall survive termination of this Agreement. In the event of a conflict between the provisions of this Agreement and the Code, the provisions of the Code shall control.

(n) The Authority, the Trustee and the Borrower acknowledge that the provisions of this Section 6.04 are intended to comply with Section 148(f) of the Code and the regulations promulgated thereunder and if as a result of a change in such Section of the Code or the promulgated regulations thereunder or in the interpretation thereof, a change in this Section 6.04 shall be permitted or necessary to assure continued compliance with Section 148(f) of the Code and the promulgated regulations thereunder, then with written notice to the Trustee, the Authority and the Borrower shall be empowered to amend this Section 6.04 and the Authority may require, by written notice to the Borrower and the Trustee, the Borrower to amend this Section 6.04 to the extent necessary or desirable to assure compliance with the provisions of Section 148 of the Code and the regulations promulgated thereunder; provided that either the Authority or the Trustee shall require, prior to any such amendment becoming effective, at the sole cost and expense of the Borrower, an opinion of Bond Counsel satisfactory to the Authority to the effect that either (i) such amendment is required to maintain the exclusion from gross income under Section 103 of the Code of interest paid and payable on each series of Tax Exempt Bonds or (ii) such amendment shall not adversely affect the exclusion from gross income under Section 103 of the Code of the interest paid or payable on each series of Tax Exempt Bonds.

(o) (i) The obligation to pay any Rebate Amount with respect to each series of Tax Exempt of Bonds shall be treated as satisfied if the following requirements are met (the "six month exception"):

(A) Gross Proceeds of the Tax Exempt Bonds (as modified below) are expended by no later than the date which is six (6) months after the Issue Date; and

(B) the rebate requirement is met for amounts not required to be spent within the six (6) month period (excluding earnings on a bona fide debt service fund).

The requirement described above will be treated as satisfied if no more than the lesser of 5% of the Issue Price of the Tax Exempt Bonds or $100,000 are unexpended at the end of the six (6) month period after the Issue Date and such amount is expended no later than the date which is one year after the Issue Date.

(ii) The obligation to pay any Rebate Amount with respect to the Tax Exempt Bonds shall be treated as satisfied if all of the following requirements are satisfied (the "eighteen month exception"):

(A) Gross Proceeds of the Tax Exempt Bonds (as modified below) are expended in accordance with the following schedule:

(1) At least 15% within six (6) months of the Issue Date,

(2) At least 60% within twelve (12) months of the Issue Date, and

(3) 100% within eighteen (18) months of the Issue Date; provided, however, the Tax Exempt Bonds will not fail to satisfy this requirement as a result of unspent proceeds for reasonable retainage (as defined below), if the reasonable retainage is spent within thirty (30) months of the Issue Date;

(B) The rebate requirement is met with respect to all amounts not required to be spent in accordance with the foregoing schedule (other than earnings in a bona fide debt service fund); and

(C) The Gross Proceeds of the Tax Exempt Bonds qualify for an initial three (3) year (or five (5) year) temporary period.

(iii) For purposes of subsections (i) and (ii), Gross Proceeds do not include (A) amounts held in a bona fide debt service fund, (B) amounts held in a reasonably required reserve or replacement fund, (C) amounts that, as of the Issue Date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the applicable (i.e., 6 month or 18 month) spending period, (D) sales or investment proceeds derived from payments under any Purpose Investment of the Tax Exempt Bonds and (E) amounts representing repayments of grants.

(p) The Borrower will adopt and implement written tax compliance procedures to assure compliance with its Tax Covenants sufficient (i) to monitor the requirements of Section 148 of the Code; and (ii) to ensure that all nonqualified bonds are remediated in accordance with requirements of the Code and the regulations thereunder.

Section 6.05. Administrative Expenses. The Borrower shall pay to or for the account of the Authority and the Trustee within 30 days after notice thereof all reasonable costs and expenses incurred by the Authority and the Trustee in connection with the financing and administration of the Project, including, without limitation, any fees associated with the calculation of rebate, except such as may be paid out of the proceeds of the Tax Exempt Bonds, including, without limitation, the costs of administering this Loan Agreement and the fees and expenses of attorneys, consultants and others.

Section 6.06. Indemnity Against Claims. The Borrower will pay and discharge and will indemnify and hold harmless the Authority and the Trustee from (a) any lien or charge upon amounts payable hereunder by the Borrower to the Authority or the Trustee, as the case may be, (other than the lien of the Indenture), and (b) any taxes, assessments, impositions and other charges in respect of the Project Facilities. If any claim of any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority or the Trustee, as the case may be, will give prompt notice to the Borrower, and the Borrower shall have the sole right and duty to assume, and shall assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Section 6.07. Indemnification of the Authority and the Trustee. The Borrower agrees, whether or not the transactions contemplated by this Agreement and the Indenture shall be consummated:

(a) to pay, and save the Authority and the Trustee harmless against liability for the payment of, all out-of-pocket expenses arising in connection with said contemplated transactions, including the reasonable fees and expenses of the Authority's Counsel and the Trustee's Counsel; and

(b) to protect, indemnify and save Indemnified Parties harmless from and against all liabilities, losses, damages, costs, expenses, (including reasonable attorneys' fees), taxes, causes of action, suits, claims, demands and judgments of any nature or form, (including all costs, expenses and reasonable counsel fees incurred in investigating or defending such claim, whether asserted against the Trustee by any Bondholder, the Authority, the Borrower or otherwise or against the Authority by any Bondholder, the Trustee, the Borrower or otherwise) by or on behalf of any Person, arising in any manner from the transactions of which this Agreement is a part or arising in any manner in connection with the Project or the financing of the Project including, without limiting the generality of the foregoing, caused by, relating to, arising out of, resulting from, or in any way connected with (1) the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation, financing or sale of the Project or any part thereof, including the obligation to pay rebate to the Federal government; or (2) any untrue statement of a material fact contained in information submitted or to be submitted by the Borrower with respect to the transactions contemplated hereby; or (3) any omission of a material fact necessary to be stated therein in order to make such statement not misleading or incomplete; or (4) any breach or default by the Borrower of or in any of its obligations hereunder, under the Indenture or any other Loan Document; or (5) the acceptance, administration or performance of any of the rights and duties of any said Indemnified Party under the Indenture, this Agreement or any related document; or (6) any accident, injury or damage whatsoever to any Person occurring in or about the Project. In case any action shall be brought against one or more of the Indemnified Parties based upon any of the above and in respect to which indemnity may be sought against the Borrower, such Indemnified Parties shall promptly notify the Borrower in writing, and the Borrower shall assume the defense thereof, including the employment of counsel satisfactory to the Indemnified Parties, the payment of all costs and expenses and the right to negotiate and consent to settlement. Any one or more of the Indemnified Parties shall have the right to employ separate counsel at the Borrower's expense in any such action and to participate in the defense thereof if, in the opinion of the Indemnified Party, a conflict of interest could arise out of the representation of the separate parties by one counsel. The Borrower shall not be liable for any settlement of any such action effected without the Borrower's consent, but if settled with the consent of the Borrower, or if there is a final judgment for the claimant on any such action, the Borrower agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment.

(c) The Borrower agrees to and does hereby indemnify and hold harmless the Indemnified Parties against any and all losses, claims, damages or liabilities (including all costs, expenses, and reasonable counsel fees incurred in investigating or defending such claim) suffered by any of the Indemnified Parties and caused by, relating to, arising out of, resulting from, or in any way connected to an examination, investigation, audit or litigation by the IRS with respect to the tax-exempt status of interest on the Tax-Exempt Bonds. In the event of such examination, investigation, audit, or litigation, the Indemnified Parties shall have the right to employ counsel reasonably satisfactory to the Borrower at the Borrower's expense. In such event, the Borrower shall assume the primary role in responding to and negotiating with the IRS, but shall inform the Indemnified Parties of the status of the investigation. In the event the Borrower fails to respond adequately and promptly to any such examination, investigation, audit, or litigation, the Authority shall have the right to assume the primary role in responding to and negotiating with the IRS and shall have the right to enter into a closing agreement or settlement, for which the Borrower shall be liable.

(d) Notwithstanding anything in this Agreement to the contrary which may limit recourse to the Borrower or may otherwise purport to limit the Borrower's liability, the provisions of this Section shall control the Borrower's obligations and shall survive the termination of this Agreement and the repayment of all the Tax Exempt Bonds.

As to the Trustee, the provisions of this Section 6.07 shall not apply to any liabilities, losses, damages, costs, expenses, taxes, causes of action, suits, claims, demands or judgments resulting from the Trustee's own negligence, willful misconduct or fraudulent actions or from a breach of covenant, default or violation by the Trustee under the Indenture or hereunder. As to the Authority, the provisions of this Section 6.07 shall not apply to any liabilities, losses, damages, costs, expenses, taxes, causes of action, suits, claims, demands or judgments resulting from the Authority's own gross negligence, willful misconduct or fraudulent actions.

Notwithstanding the fact that it is the intention of the parties that the Authority shall not incur pecuniary liability by reason of the terms of this Agreement, or the undertakings required of the Authority hereunder, by reason of the issuance of the Bonds, by reason of the execution of the Indenture, by reason of the performance of any act requested of it by the Borrower, or by reason of the operation of the Project by the Borrower, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if the Authority should incur any such pecuniary liability (except liability resulting from the Authority's gross negligence, willful misconduct or fraudulent actions) then in such event the Borrower shall indemnify and hold harmless the Authority against all claims by or on behalf of any Person, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Authority, the Borrower shall defend the Authority in any such action or proceeding.

Section 6.08. <u>Additional Information</u>. Until payment of the Bonds in full shall have occurred, the Borrower shall promptly deliver to the Trustee and upon the request of the Authority, to the Authority, the following:

(a) the annual and quarterly financial and other information set forth in Section 7.06 hereof; and

(b) such information regarding the operations, business affairs and financial condition of the Borrower as the Trustee (or the Authority) may reasonably request.

At the expense of the Borrower, the Trustee is hereby authorized, upon receipt of a written request therefor, to deliver a copy of any such financial information delivered hereunder to any Bondholder or prospective Bondholder, to any regulatory authority having jurisdiction over the Trustee and to any other Person as may be required by law. The Trustee is authorized to provide information concerning the outstanding principal amount and payment history of, and other information pertaining to, the Bonds or the Note to any agency or regulatory authority of the State requesting such information.

Section 6.09. Maintain Existence. The Borrower covenants that it will maintain its existence and the location of the Project within the State of New Jersey, will preserve and maintain its existence as a limited liability company and not approve any corporate action that will jeopardize its organization as a limited liability company under the laws of the State of New Jersey and its authority to do business within the State of New Jersey, and preserve and maintain its authority to operate and will operate the Project Facilities as an authorized "project" within the meaning of the Act. The Borrower will take all appropriate action to preserve and maintain its exemption under Section 501(c)(3) of the Code by either (1) remaining a disregarded entity of NSAF, so long as NSAF remains a eligible for 501(c)(3) entity status, or (2) independently satisfying the requirements of Section 501(c)(3) and filing for such status with the United States Department of Treasury. The Borrower will at all times preserve and protect the Project in good repair, working order and safe condition, and from time to time will make, or will cause to be made, all needed and proper repairs, renewals, replacements, betterments and improvements thereto including those required after a casualty loss. The Borrower shall pay or cause to be paid all operating costs, utility charges and other costs and expenses arising out of ownership, possession, use or operation of the Project. The Authority shall have no obligation and makes no warranties respecting the condition or operation of the Project.

The Borrower will not use the financing under this Agreement or the issuance of the Bonds by the Authority as a basis for contesting any assessment or levy of any tax and, if any administrative body or court of competent jurisdiction shall hold for any reason that the Project Facilities are exempt from taxation by reason of the financing under this Agreement or the issuance of the Bonds by the Authority or other Authority action in respect thereto, the Borrower covenants to make payments in lieu of all such taxes in an amount equal to such taxes, and, if applicable, interest and penalties.

Section 6.10. Use of Project. The Borrower shall use or cause the Project to be used as an authorized "project" for a purpose and use as provided for under the Act and for the use set forth in the Application to the Authority until payment of the Bonds in full. The Project is of a character included within the definition of "project" in the Act, and its estimated cost was at least $26,500,000. The Borrower will operate the Project substantially in the form represented in the

Application and will neither (a) materially alter the operation of the Project without the prior written consent of the Authority, nor (b) cause a change in the use of the Project such that the portion of the Project financed with the proceeds of the Tax Exempt Bonds would cease to be for 501(c)(3) purposes within the meaning of Section 145 of the Code.

Section 6.11. Change in Location. The Borrower shall not relocate the Project or any part thereof out of the State. The Borrower shall not relocate the Project within the State without the prior written consent of an Authorized Authority Representative and an opinion of Bond Counsel that the relocation will not affect the tax-exempt status of interest on the Tax Exempt Bonds.

Section 6.12. Additional Reporting Requirements. (i) On each anniversary hereof, the Borrower shall furnish to the Authority the following:

(a) a certification indicating whether or not the Borrower is aware of any condition, event or act which constitutes an Event of Default, or which would constitute an Event of Default with the giving of notice or passage of time, or both, under any of the Loan Documents;

(b) a written description of the present use of the Project and a description of any anticipated material change in the use of the Project or in the number of employees employed at the Project;

(c) a report from every entity that leases, subleases or occupies space at the Project location indicating the number of persons the entity employs at the Project location; and

(d) the tax compliance certificate required under Section 6.24(ii) hereof.

(ii) Upon the request of the Authority, the Borrower shall furnish to the Authority such financial information as the Authority may reasonably request.

Section 6.13. Observe Laws. The Borrower shall observe all material applicable laws, regulations and other valid requirements of any regulatory authority with respect to its operations at the Project Facilities and any violation of laws, regulations or other valid requirement shall, in the discretion of the Authority, be deemed an Event of Default.

Section 6.14. Number of Employees. The Borrower will use its best efforts to have the School maintain or increase employment at the Project Facilities at the levels set forth in the Application.

Section 6.15. Authority Consent to Sale of Assets. The Borrower shall maintain its existence as a legal entity and shall not sell, assign, transfer or otherwise dispose of the Project or substantially all of its assets without the consent of the Authority; provided however that the

Borrower may merge with or into or consolidate with another entity, or this Agreement may be transferred pursuant to such merger or consolidation without violating this Section 6.15 provided: (1) the Borrower causes the proposed surviving, resulting or transferee Borrower to furnish the Authority with a Change of Ownership Information Form then in use by the Authority; (2) the net worth of the surviving, resulting or transferee Borrower following the merger, consolidation or transfer is equal to or greater than the net worth of the Borrower immediately preceding the merger, consolidation or transfer as verified by the independent auditors of the Borrower; (3) any litigation or investigations in which the surviving, resulting or transferee Borrower or its principals, officers and directors are involved at the time of such merger, and any court, administrative or other orders to which the surviving resulting or transferee Borrower or its officers and directors are subject, relate to matters arising in the ordinary course of business; (4) the surviving, resulting or transferee Borrower assumes in writing the obligations of the Borrower under this Loan Agreement and the other Loan Documents; (5) after the merger, consolidation or transfer, the Project shall continue to be operated as an authorized “project” under the Act; and (6) the merger, consolidation or transfer shall not impair the excludability of interest paid on the Tax Exempt Bonds from gross income of the Owners thereof for federal income taxation as substantiated by an opinion of Bond Counsel. The Borrower shall, prior to the taking of any of the foregoing proposed actions, deliver to the Authority and the Trustee an opinion of Bond Counsel to the effect that the proposed action will not cause the interest on the Tax Exempt Bonds to become includable in the gross income of the registered owners of the Tax Exempt Bonds for Federal income tax purposes.

Section 6.16. Approval of Tenants by the Authority. Prior to leasing, subleasing or consenting to the subleasing or assigning of any lease of all or any part of the Project, the Borrower shall cause to be furnished to the Authority, a “Project Occupant Information Form” then in use by the Authority at such time, completed and executed by the proposed tenant and a copy of the proposed lease. In any event, the Borrower shall not permit any such leasing, subleasing or assigning of leases that would impair the excludability of interest paid on any Tax Exempt Bond from the gross income of the holders thereof for purposes of federal income taxation, or that would impair the ability of the Borrower to operate the Project or cause the Project not to be operated as an authorized “project” under the Act.

Section 6.17. Continuing Disclosure. The Bonds are subject to the continuing disclosure requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended and supplemented. To that end, the Borrower and the School are entering into a continuing disclosure agreement with the Trustee and the School. The Borrower hereby covenants and agrees with the Bondholders that it will comply with and carry out all of the provisions of such continuing disclosure agreement, as amended from time to time, applicable to it. Notwithstanding any other provision of this Loan Agreement, failure of the Borrower to comply with such continuing disclosure agreement shall not be considered a default or an event of default under this Loan Agreement and the rights and remedies provided by this Loan Agreement upon the occurrence of an Event of Default shall not apply to any such failure, but the continuing disclosure agreement may be enforced only as provided therein.

Section 6.18. Brokerage Fee. The Authority shall not be liable to the Borrower for any brokerage fee, finder's fee, or loan servicing fee and the Borrower shall hold the Authority harmless from any such fees or claims.

Section 6.19. Borrower to Perform Certain Covenants Under Indenture. The Borrower acknowledges that it has received an executed copy of the Indenture, and that it is familiar with its provisions, and agrees to be bound to the fullest extent permitted by law to all provisions thereof directly or indirectly relating to it, and that, in consideration of the Loan made hereunder, it will take all such actions as are required or contemplated of it under the Indenture to preserve and protect the rights of the Trustee and of the Bondholders thereunder and that it will not take or effect any action which would cause a default thereunder or jeopardize such rights. The Borrower hereby assumes and agrees to perform all of the covenants and other obligations of the Authority under the Indenture, excepting only any approval or consents permitted or required to be given by the Authority thereunder, and those covenants contained in Article VIII of the Indenture which are not within the control of the Borrower. However, nothing contained herein shall prevent the Authority from choosing from time to time, in its sole discretion, to perform any of the covenants or other obligations hereby assumed by the Borrower.

Section 6.20. Limitation on Incurrence of Additional Indebtedness. The Borrower agrees that it will not incur or assume any Additional Indebtedness except as set forth in this Section 6.20. Provided no Event of Default under this Agreement shall have occurred and be continuing, the Borrower may incur or assume:

(a) Long-Term Indebtedness, incurred for the purpose of repairs, additional renovations or other capital projects related to the Project Facilities, provided that immediately upon incurring such Additional Indebtedness the Borrower delivers to the Trustee a Certificate stating that upon incurrence of such Additional Indebtedness the Borrower is still in compliance with the requirements set forth in Section 6.21 hereof;

(b) Long-Term Indebtedness incurred for the purpose of refunding or refinancing other Long-Term Indebtedness; and

(c) Short-Term Indebtedness; provided that any such Short-Term Indebtedness must, for a period of 14 consecutive days during each Fiscal Year, be reduced to $0; provided further, that such "clean-down" requirement shall be waived upon delivery by the Borrower to the Trustee of a Certificate stating that the Short-Term Indebtedness cannot be paid down a result of delays in the receipt of public funds, either directly or indirectly (in the case of rent due from a tenant).

Any Additional Indebtedness hereafter incurred or assumed as provided in this Section 6.20 that is secured by a lien on and security interest in the Mortgaged Property and rent due under the Lease Agreement may be secured by a lien on and security interest in the Mortgaged Property and rent due under the Lease Agreement ranking either on a parity with or subordinate to the lien and security interest granted under the Mortgage and the Assignment of Leases

Section 6.21. Lease Ratio . The Borrower covenants that it will at all times establish Base Rent (as such term is defined in the Lease) such that the ratio of Base Rent to the Debt Service Requirement in each Fiscal Year is at least 1.15.

Section 6.22. Notice of Default. Immediately upon receipt of any oral or written knowledge thereof, the Borrower shall give notice to the Trustee and to the Authority of any event or condition that has occurred and is continuing which constitutes an "Event of Default" as defined in this Loan Agreement or which, after notice or lapse of time, or both, would constitute such an Event of Default, or of any event or condition that has occurred and is continuing which constitutes a default under Section 14.1(e) of the Lease and, if any such condition or event exists, specifying the nature and period of existence thereof, and what action the Borrower is taking and proposes to take with respect thereto.

Section 6.23. Enforcement of the Lease The Borrower shall observe any all requirements imposed upon the Borrower under the Lease. In addition, the Borrower shall take any and all actions reasonably required to enforce performance and observance of any material obligation, agreement or covenant of the School under the Lease.

Section 6.24. Post Issuance Tax Compliance.

(i) The Borrower shall follow its tax procedures adopted pursuant to Section 6.03(p) in order to satisfy its Tax Covenants.

(ii) On or prior to each annual anniversary of the Issue Date, the Borrower will file with the Authority and the Trustee a certification to the effect that it is in compliance with its Tax Covenants.

(iii) The Borrower shall notify the Authority and the Trustee of a Determination of Taxability by reason of an Event Notice (as defined in the definition of Determination of Taxability) as soon as practicable after the determination that a violation of a Tax Covenant has occurred.

(iv) If pursuant to the Borrower's procedures the Borrower determines that it must take remedial action to cure a violation of a Tax Covenant, it will promptly notify the Authority as to the action to be taken.

(v) In the event the Authority becomes aware of a possible violation of a Tax Covenant, the Authority shall have the right, upon notice to the Borrower, to conduct its own investigation, and at the sole cost or expense of the Borrower, to retain Bond Counsel to determine any and all actions required to remediate such violation.

ARTICLE VII

COVENANTS OF THE BORROWER

The Borrower covenants and agrees, so long as this Loan Agreement shall remain in effect or the Bonds or any Note shall be Outstanding, as follows:

Section 7.01 Preservation of Corporate Existence, Business and Property. The Borrower will at all times preserve and maintain its existence, rights, privileges and franchises, necessary to conduct its existing business and will preserve and protect the Project Facilities and will keep the Project Facilities in good repair, working order and condition, and from time to time will make, or will cause to be made, all needed and proper repairs, renewals, replacements, betterments and improvements to the Project Facilities.

Section 7.02. Insurance Required. Until payment of the Bonds shall be made in full, the Borrower will keep the Project Facilities continuously insured against such risks as are required by the Authority and including, without limiting the generality of the foregoing:

(a) commercial casualty insurance insuring loss by reason of casualty of any kind (except only as limited by the standard form of extended coverage endorsement used in the State) to the Project Facilities in a minimum amount equal to the greater of (x) the outstanding principal amount of the Bonds and (y) the replacement value thereof, naming the Authority and the Trustee as additional insureds;

(b) general comprehensive liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Project Facilities (such coverage to include provisions waiving subrogation against the Authority and the Trustee) in amounts not less than $1,000,000 with respect to bodily injury to any one person, $3,000,000 aggregate with respect to bodily injury to two or more persons in any one accident and $1,000,000, with respect to property damage resulting from any one occurrence naming the Authority and the Trustee as additional insureds;

(c) liability insurance with respect to the Project Facilities under the workers' compensation laws of the State; provided, however, that the insurance so required may be provided by blanket policies now or hereafter maintained by the Borrower; and

(d) if at any time any portion of the Project Site is in an area that has been identified by the Secretary of Housing and Urban Development as having special flood and mud slide hazards, a policy of flood insurance covering improvements located on such portion of the Project Site with the maximum available coverage.

Section 7.03. General Requirements Applicable to Insurance.

(a) Each insurance policy obtained in satisfaction of the requirements of Section 7.02 hereof:

(i) shall be by such insurer (or insurers) as shall be financially responsible, qualified to do business in the State and of recognized standing or its equivalent;

(ii) shall be in such form and have such provisions (including, without limitation, the lenders long-form loss payable clause, the waiver of subrogation clause, the deductible amount, if any, and the standard mortgagee endorsement clause), as are generally considered standard provisions for the type of insurance involved and conform to all requirements of the Authority;

(iii) shall prohibit cancellation or substantial modification, termination or lapse in coverage by the insurer without at least 30 days' prior written notice to the Authority and the Trustee; and

(iv) without limiting the generality of the foregoing, all insurance policies carried on the Project Facilities shall name the Borrower, the Authority and the Trustee as parties insured thereunder as the respective interests of each may appear and all liability insurance shall name the Authority and the Trustee as additional insureds.

(b) Prior to expiration of any such policy, the Borrower shall furnish the Authority and the Trustee with evidence satisfactory to the Authority and the Trustee that the policy or certificate has been renewed or replaced in compliance with this Loan Agreement or is no longer required by this Loan Agreement.

(c) Upon request therefor, the Borrower shall furnish the Authority and the Trustee with copies of any policy requested and proof of the coverages required under Section 7.02 above.

(d) In the event the Borrower shall fail to maintain the insurance coverage required by this Loan Agreement, the Authority or the Trustee may (but shall be under no obligation to), after ten (10) days written notice to the Borrower unless cured within such ten (10) days, contract for the required policies of insurance and pay the premiums on the same and the Borrower agrees to reimburse the Authority or the Trustee to the extent of the amounts so advanced with interest thereon at the maximum rate permitted by law.

Section 7.04. Payment of Taxes, etc. The Borrower will promptly pay and discharge or cause to be promptly paid and discharged all, if applicable, taxes, assessments and governmental charges or levies imposed upon it or in respect of any of its property and assets, except for any tax, assessment and governmental charge or levy that is being contested in good faith provided that during such contest the same will not result in a lien upon the Collateral or for which an appropriate bond or surety is posted to assure payment of such lien.

The Borrower agrees to cause any order, writ or warrant of attachment, garnishment, execution, replevin or similar process filed against any part of the funds or accounts held by the Trustee under the Indenture to be discharged, vacated, bonded or stayed within ninety (90) days after such filing (or such longer period if the Borrower is contesting such process in good faith), but in any event not later than five (5) days prior to any proposed execution or enforcement with respect to such filing or any transfer of moneys or investments pursuant to such filing.

Section 7.05. Compliance with Applicable Laws. The Borrower agrees to construct, operate and maintain the Project and its business in accordance with all material applicable Federal, State, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter including, but not limited to such public safety, workers' compensation, sanitary, safety, non-discrimination and zoning laws, ordinances, rules and regulations as shall be binding upon the Borrower and, specifically, without limitation, with respect to environmental protection laws, ordinances, rules and regulations as shall be binding upon the Borrower, as provided in the Mortgage.

Section 7.06. Financial Statements. The Borrower agrees that, so long as any of the Bonds remain Outstanding, it will deliver, or cause to be delivered, to the Trustee and, upon the request of the Authority, to the Authority: on behalf of the Borrower and the School:

(a) as soon as practicable, and in any event within one hundred eighty (180) days after the end of each Fiscal Year, audited balance sheets, as at the end of such year; and audited income and expense statements and statements of cash flows for such year, in reasonable detail, certified by independent accountants selected by the Borrower as having been prepared in accordance with generally accepted accounting principles, consistently applied except as otherwise stated; and

(b) with the submission of each financial report required in (a) above, to the Trustee and to the Authority a certificate signed by an Authorized Borrower Representative or a principal accounting officer of the Borrower which shall state whether or not, to the best of the knowledge of the signers, any condition has occurred and is continuing which constitutes an "Event of Default" as defined in this Loan Agreement or which, after notice or lapse of time, or both, would constitute such an Event of Default, and, if any such condition or event exists, specifying the nature and period of existence thereof, and what action the Borrower is taking and proposes to take with respect thereto.

The Trustee shall make copies of the financial statements and certificates required under this Section 7.06 available to the Bondholders upon written request. The Trustee shall have no obligation or duty to review and/or analyze any financial statements delivered to it pursuant to this Section.

Section 7.07. Reserved.

Section 7.08. Assignment of Loan Agreement. Subject to the provisions of Section 6.15, the Borrower may not assign or transfer the whole or any part of this Loan Agreement without the prior express written consent of the Authority. Any assignment of this Loan Agreement by the Borrower without the prior express written consent of the Authority shall be null and void.

Section 7.09. Transfer of Project Facilities. The Borrower shall not sell or otherwise dispose of any possessory interest in whole or part of the Project Facilities without complying with the provisions of Section 6.15, except for worn out or obsolete equipment, provided the equipment or fixtures which are worn out or obsolete are replaced with items of equal or greater utility and value. The Borrower shall take all action necessary to include such replacement equipment or fixtures to be included as part of the Collateral.

Section 7.10. Reserved .

Section 7.11. Covenant by Borrower as to Compliance with Indenture. The Borrower covenants and agrees that it will not interfere with the exercise of the power and authority granted to the Trustee in the Indenture. The Borrower further agrees to aid in furnishing to the Authority or the Trustee any documents, certificates or opinions that may be required under the Indenture and to comply with the provisions thereof to the extent applicable to the Borrower.

Section 7.12. Payment of Prevailing Wage. The Borrower shall, in every Construction Contract to which it is a party or by other means satisfactory to the Authority, require the Contractor to pay workers engaged in the performance of such Construction Contract a wage rate not less than the Prevailing Wage Rate. The Borrower shall further require that the Contractor execute the Contractor's Certificate and Agreement, submit certified copies of payroll records to the Authority, as required by the Authority, and execute and file the Contractor's Completion Certificate. The Borrower shall cooperate with the Authority in securing the compliance of the Contractor and any Subcontractor with the foregoing.

Section 7.13. Compliance with the Affirmative Action and Prevailing Wage Requirements. As determined by the Authority, the Borrower shall comply with the Authority's Affirmative Action and Prevailing Wage Rate Regulations and to that end copies of the Affirmative Action Regulations are available on the Authority's Internet web page at: www.njeda.com/affirmativeaction or by contacting: New Jersey Economic Development Authority - Internal Process Management - 24 Commerce Street, Suite 301, Newark, NJ 07102 Phone 973-855-3450 or e-mail: affirmativeaction@njeda.com.

Section 7.14. Insurance Proceeds and Condemnation Awards. The Borrower shall notify the Authority and the Trustee promptly of the occurrence of any damage to or destruction, condemnation or conveyance in lieu of condemnation of all or any portion of the Project Facilities. All insurance proceeds, condemnation award or other similar sums received as a result of any such occurrence shall be applied as follows:

(a) At the election of the Borrower, such amounts may be used:

(i) to pay the cost of reconstructing, replacing or repairing the affected property, if the Borrower determines that such action is practicable, taking into account the nature of the affected property, the estimated cost of the proposed reconstruction, replacement or repair and the adequacy of available funds to pay such costs; or

(ii) to pay the Redemption Price of Bonds upon Extraordinary Redemption if all Outstanding Bonds are so to be redeemed.

The foregoing determinations shall be set forth in a Certificate of the Borrower delivered to the Authority and the Trustee as soon as practicable after the occurrence to which it relates. Such Certificate shall be supported by such additional Certificates (including an Architect's Certificate or Consultant's Certificate) as the Authority or the Trustee may reasonably request.

(b) If the Borrower determines in good faith that the conditions set forth in subsection (a) above cannot be satisfied with respect to any proposed action, it shall deliver a Certificate to such effect to the Trustee, and the insurance proceeds, condemnation award or other similar sum shall be required to be used to pay the Redemption Price of Bonds upon Extraordinary Redemption as provided in Section 7.01(c) of the Indenture.

(c) Moneys to be used for any reconstruction, replacement or repair pursuant to subsection (a) above shall be deposited in the Project Fund for such purpose and shall be disbursed by the Trustee upon requisition of the Borrower in substantially the manner set forth in Section 4.02 of the Indenture. The balance of any moneys so deposited after completion of such reconstruction, replacement or repair (as evidenced to the Trustee by a Certificate of the Borrower) shall be used to pay the Redemption Price of Bonds upon Extraordinary Redemption. Moneys to be used to redeem Bonds pursuant to subsection (a), (b) or (c) of this Section 7.14 shall be deposited in the Redemption Fund for such purpose.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Any one or more of the following events shall constitute an Event of Default with respect to the Bonds hereunder:

(a) if any representation or warranty made herein or in any other Loan Document, the Bond Purchase Agreement or in any report, certificate, financial statement or other instrument furnished in connection with this Loan Agreement shall prove to be false or misleading in any material respect when made;

(b) default in the payment of any installment of the principal or interest on the Note within five (5) Business Days of the date when due;

(c) default in the payment of any installment of the principal of or interest due upon the Extraordinary Mandatory Redemption of the Note or the Bonds;

(d) default in the due observance or performance of any material covenant, condition or agreement on the part of the Borrower to be observed or performed pursuant to the terms of the Loan Documents, other than the payment of principal and interest which shall be governed by (b) and (c) above, and such default shall continue unremedied for sixty (60) days after written notice thereof given by the Authority or the Trustee, provided that in the event such default cannot be reasonably cured within such sixty (60) day period, the Borrower shall be permitted such additional period as may be necessary to cure such default provided the Borrower is diligently pursuing a cure of such default;

(e) default in the performance or breach of any covenant or warranty of the Borrower in this Loan Agreement relating to the discharge, vacation, bonding or stay of any order, writ or warrant of attachment, garnishment, execution, replevin or similar process filed against any part of the funds or accounts held by the Trustee under the Indenture;

(f) the Borrower shall have applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of its assets; or shall generally not be paying its debts as they become due; or shall have made a general assignment for the benefit of creditors; or shall have submitted a petition or an answer seeking reorganization or an arrangement with creditors; or shall have taken advantage of any insolvency law, or submitted an answer admitting the material allegations of a petition in bankruptcy, reorganization or insolvency proceeding; or an order, judgment or decree shall have been entered, without the application, approval or consent of the Borrower, by any court of competent jurisdiction approving a petition seeking reorganization of the Borrower, or appointing a custodian, receiver, trustee or liquidator of the Borrower or of a substantial part of any of its assets and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) consecutive days; or the Borrower shall have filed a voluntary petition in bankruptcy; or if any order for relief has been entered against the Borrower under the Federal Bankruptcy Code; or

(g) a Determination of Taxability shall have occurred.

Section 8.02. Remedies. (i) Whenever any Event of Default referred to in Section 8.01 hereof shall have occurred and be subsisting, provided that written notice of the default, when required, has been given to the Borrower by the Authority or the Trustee and the Event of Default has not theretofore been cured, and such declaration shall not have been rescinded by the Authority, any one or more of the following remedial steps may be taken:

(a) The principal of the Note may be accelerated, together with interest then due thereon, by delivery of written notice of the Authority's or the Trustee's exercise of such right to the Borrower, such payments to be immediately due and payable; and

(b) The Authority may take any action at law or in equity to collect the payments then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement.

(ii) Notwithstanding any other provision in this Loan Agreement, without the necessity of obtaining the consent of the holders of the Bonds: (a) if the Borrower commits a breach, or threatens to commit a breach of the Authority's Reserved Rights, the Authority shall have the right and remedy, without posting bond or other security, to have the applicable provisions of this Loan Agreement specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach will cause immediate and irreparable injury to the Authority and that money damages will not provide an adequate remedy therefor; (b) if a payment default occurs under Section 8.01(b) or(c) hereof, the Authority may cause the Borrower's payment obligations under this Loan Agreement and under the Note to be accelerated, together with interest then due thereon, by delivery of written notice of the Authority's exercise of such option to the Trustee and the Borrower, such payments to be immediately due and payable or (c) if the Borrower ceases to operate the Project, or to cause the Project to be operated, as an authorized "project" under the Act for twelve (12) consecutive months, without first obtaining the prior written consent of the Authority or if any representation or warranty made by the Borrower in this Agreement or in any report, certificate, financial statement or other instrument furnished by the Borrower in connection with this Agreement shall prove to be false or misleading in any material respect when made, the Authority may cause the mandatory redemption of the Bonds in accordance with the Indenture.

Section 8.03. No Remedy Exclusive. No remedy herein conferred or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article, it shall not be necessary to give notice, other than such notice as may be required in this Article.

Section 8.04. Additional Remedies. In addition to the above remedies, if the Borrower commits a breach or threatens to commit a breach of this Loan Agreement, the Trustee shall have the right and remedy, without posting bond or other security, to have the provisions of this Loan Agreement specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Trustee and that money damages will not provide an adequate remedy therefor.

Section 8.05. Agreement to Pay Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Loan Agreement or other Loan Documents and either the Authority or the Trustee shall require and employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Borrower or enforcement of the Bonds under any Loan Document, the Borrower agrees that it will, on demand therefor, pay to the Authority or the Trustee, as the case may be, the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Authority or the Trustee.

Section 8.06. No Additional Waiver Implied by One Waiver. In the event any agreement contained in any Loan Document should be breached by any party and thereafter such breach should be waived by any party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.07. Authority May File Claim in Bankruptcy. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar judicial proceeding relative to the Borrower or any other obligor upon the Loan Agreement or the Bonds or to property of the Borrower, or such other obligor or the creditors of any of them, the Authority (irrespective of whether the principal of the Note shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether demand shall have made on the Borrower for the payment on the Note of an amount equal to overdue principal or interest or additional interest) shall be entitled and empowered, by intervention in such proceeding or otherwise to:

(i) file and prove a claim for the reasonable compensation, expenses, disbursements and advances of the Authority, its agents and counsel allowed in such judicial proceeding; and

(ii) file and prove a claim arising out of a claim for indemnification by or on behalf of the Authority, any Person who "controls" the Authority (within the meaning of Section 15 of the Securities Act of 1933, as amended and Section 20 of the Securities Exchange Act of 1934, as amended) and members, officers, directors, officials, employees, agents and attorneys of the Authority and the State and their respective agents and counsel allowed in such judicial proceeding; and

(iii) file and prove a claim for funds held in, or which should have been held in, the Rebate Account or the payment of the Rebate Amount due under Section 6.04 hereof; and

(iv) collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices. Any notice to the parties to this Loan Agreement shall be conclusively deemed to have been received by, and to be effective on the date on which sent by electronic or facsimile transmission or delivered to it, at the address listed below or, if sent by nationally recognized overnight courier, on the next business day after the day on which so sent or, if sent by certified mail, postage prepaid, on the third business day after the day on which mailed, addressed to the party at said address:

Authority:	New Jersey Economic Development Authority 36 West State Street PO Box 990 Trenton, New Jersey 08625 Attn: Director, Finance & Bond Portfolio Management Telephone: (609) 858-6700 Email: dweick@njeda.com
Borrower:	NSA 18th Avenue, LLC 826 Broadway, 9th Floor New York, N.Y 10003 Attn: Chief Financial Officer Telephone No. (212) 844-7905 Email: dflynn@uncommonschools.org
Trustee:	ZB, National Association dba Zions Bank Corporate Trust 800 W. Main Street, Ste 700 Boise, ID 83702 Attention: Twyla D. Lehto, Senior Vice President Telephone: (208) 501-7493 Email: twyla.lehto@zionsbank.com

The addresses set forth hereinabove may be changed pursuant to notice given in accordance with this Section 9.01.

Section 9.02. Concerning Successors and Assigns. All covenants, agreements, representations and warranties made herein by the Borrower, in the other Loan Documents and in the certificates delivered pursuant hereto and thereto, including the Borrower's covenant to indemnify the Authority and Trustee pursuant to Section 6.07 hereof, shall survive the making of the Loan herein contemplated and the execution and delivery of the Note and shall continue in full force and effect so long as the Obligations are outstanding and unpaid. Whenever in this Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of the Authority.

Section 9.03. Expenses and Fees. All expenses in connection with the preparation, execution, delivery, recording and filing of this Loan Agreement, and the other Loan Documents and in connection with the preparation, issuance and delivery of the Bonds, the Authority's fees, the fees and expenses of Chiesa Shahinian & Giantomasi PC, the fees and expenses of the Trustee, the fees and expenses of Trustee's counsel and the fees and expenses of counsel to the Underwriter shall be payable by the Borrower. The Borrower shall also pay throughout the term of the Bonds the Authority's fees and expenses and the Trustee's annual and extraordinary fees and expenses under the Indenture, the Loan Agreement and the other Loan Documents, including, but not limited to, reasonable attorney's fees and expenses, and all costs of issuing, collecting payment on and redeeming the Bonds thereunder, and any costs and expenses of any Bondholder (or beneficial owner) in connection with any approval, consent or waiver under, or modification of, any such document.

Section 9.04. New Jersey Law Governs. This Loan Agreement and the other Loan Documents shall be construed in accordance with and governed by the laws of the State.

Section 9.05. Modification in Writing. The waiver or amendment of any provision of this Loan Agreement or any other Loan Document, or consent to any departure by the Borrower therefrom shall, in no event, be effective unless the same shall be in writing and signed by the Authority and the Borrower. Any such waiver or amendment shall be effective only in the specific instance and for the purpose for which given. No notice to or demand upon the Borrower in any case shall entitle it to any other further notice or demand in the same circumstances. Any amendment of this Loan Agreement shall be effected only in the manner provided in Article XII of the Indenture.

Section 9.06. Failure to Exercise Rights. Neither any failure nor any delay on the part of the Authority in exercising any right, power or privilege hereunder or under any other Loan Document shall operate as a waiver hereof or thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege.

Section 9.07. Assignment of Loan Documents. The Borrower acknowledges that with the exception of the Authority's Reserved Rights, the Loan Documents, including the Note, shall be assigned by the Authority to the Trustee as security for the Bonds pursuant to the terms of the Indenture. The Authority retains the right, jointly and severally with the Trustee, to specifically enforce the provisions contained in the Loan Documents.

The Borrower assents to such assignment and hereby agrees that, as to the Trustee, its obligation to make payments under the Loan Documents and the Note shall be absolute, and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority of any duty or obligation to the Borrower, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the Borrower by the Authority.

Section 9.08. Further Assurances and Corrective Instruments. The Authority and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or for carrying out the intention of or facilitating the performance of this Loan Agreement in the manner provided in Article XII of the Indenture.

Section 9.09. Captions. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Loan Agreement.

Section 9.10. Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render any other provision hereof unenforceable.

Section 9.11. Counterparts. This Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 9.12. Effective Date and Term. This Loan Agreement shall become effective upon its execution and delivery by the parties hereto, and all representations and warranties of the Borrower shall be deemed to have been made as of such date of execution and delivery and shall remain in full force and effect from the date hereof and, subject to the provisions hereof, shall expire on such date as the Bonds and the interest thereon, the Note and the interest thereon and all other expenses, penalties, fees, additions to tax or sums to which the Authority and the Trustee are entitled, have been fully paid and retired.

Section 9.13. Incorporation of Terms. The other Loan Documents shall be made subject to all the terms and conditions contained in this Loan Agreement to the same extent and effect as if this Loan Agreement were fully set forth in and made a part of the other Loan Documents. This Loan Agreement is made subject to all the conditions, stipulations, agreements and covenants contained in the other Loan Documents to the same extent and effect as if the other Loan Documents were fully set forth herein and made a part hereof. Notwithstanding any of the foregoing, if any provisions in the other Loan Documents (other than the Indenture and the Bonds) are inconsistent with covenants contained within this Loan Agreement, to that extent this Loan Agreement shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement and, where applicable, caused it to be attested, as of the day first written above.

ATTEST:	NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
______________________________	By:______________________________
Richard T. LoCascio Assistant Secretary	Arlene M. Clark Director of Closing Services

ATTEST:	NSA 18TH AVENUE, LLC
______________________________	By:______________________________
Name:	Diane Flynn, Authorized Signatory

SCHEDULE A TO LOAN AGREEMENT

Property Description

Lot 1 in Block 358

BEGINNING at the corner formed by the intersection of the westerly sideline of South Sixteenth Street and the southerly sideline of Eighteenth Avenue; thence running

1. Southerly along the said westerly sideline of South Sixteenth Street, South 23 degrees 00 minutes 00 seconds West, 125.00 feet to a point; thence

2. North 67 degrees 00 minutes 00 seconds West, 200.00 feet to a point on the easterly sideline of South Seventeenth Street; thence

3. Northerly along said sideline, North 23 degrees 00 minutes 00 seconds East, 125.00 feet to the corner formed by the intersection of the said easterly sideline of South Seventeenth Street and the aforesaid southerly sideline of Eighteenth Avenue; thence

4. Easterly along said sideline, South 67 degrees 00 minutes 00 seconds East, 200.00 feet to the POINT AND PLACE OF BEGINNING.

The above described parcel contains 25,000 square feet or 0.574 acres of land.

Lot 1 in Block 359

BEGINNING at the corner formed by the intersection of the easterly sideline of South Sixteenth Street and the southerly sideline of Eighteenth Avenue; thence running

1. Easterly along the said southerly sideline of Eighteenth Avenue, South 67 degrees 00 minutes 00 seconds West, 100.00 feet to a point; thence

2. South 23 degrees 00 minutes 00 seconds West, 130.00 feet to a point; thence

3. North 67 degrees 00 minutes 00 seconds West, 100.00 feet to a point on the aforesaid easterly sideline of South Sixteenth Street; thence

4. Northerly along said sideline, North 23 degrees 00 minutes 00 seconds East, 130.00 feet to the POINT AND PLACE OF BEGINNING.

The above described parcel contains 13,000 square feet or 0.298 acres of land.

EXHIBIT A TO LOAN AGREEMENT

FORM OF SERIES 2017 NOTE

AFTER THE ENDORSEMENT OF THIS NOTE AS HEREIN PROVIDED, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO A SUCCESSOR OF THE TRUSTEE UNDER THE TRUST INDENTURE REFERRED TO IN THE LOAN AGREEMENT REFERRED TO HEREIN.

SERIES 2017 NOTE

$24,575,000

West Orange, New Jersey
Dated: October 25, 2017

FOR VALUE RECEIVED, **NSA 18TH AVENUE, LLC** (the "Borrower") promises to pay to the order of the **NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY** (the "Authority") at its offices located at 36 West State Street, P.O. Box 990, Trenton, New Jersey, the sum of TWENTY FOUR MILLION FIVE HUNDRED SEVENTY-FIVE THOUSAND and 00/100 DOLLARS ($24,575,000) in lawful money of the United States, together with interest thereon as set forth on the attached Schedule A.

This Note shall be payable in such manner and upon such terms so as to provide for the timely payment of the principal and interest of the Authority's $24,575,000 Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc. - 2017 Project) (the "Bonds"), as set forth on the attached Schedule A, and any other sums due and owing from the Authority under the Trust Indenture dated as of October 1, 2017, by and between the Authority and ZB, National Association dba Zions Bank, as Trustee (the "Indenture"), including any Additional Bonds issued by the Authority pursuant to such Indenture (all words and terms not defined herein shall have the respective meanings and be construed herein as provided in the Indenture). It is the intent of the parties that the Trustee shall have on deposit the sums to pay the amounts due on the Bonds fifteen (15) days prior to their respective due dates. To that end, the Borrower shall make the following payments to the Trustee for the account of the Authority:

On or before the first day of each quarter (beginning October 1, January 1, April 1 and July 1) commencing January 1, 2019, the Borrower shall make quarterly payments equal to one-third (1/3rd) of the amount which is necessary for the payment of the principal of the Series 2017 Bonds coming due on July 15th of the following year, subject to credit for other available funds in the manner provided in the Indenture. Commencing October 1, 2019, the Borrower shall make quarterly payments equal to one-fourth (1/4th) of the amount which is necessary for the payment of the principal of the Series 2017 Bonds coming due on July 15th of the following year, subject to credit for other available funds in the manner provided in the Indenture.

On January 1, 2018, the capitalized interest on deposit in the Debt Service Fund shall be used for the payment of the interest of the Bonds coming due on January 15, 2018. On or before the first day of each quarter thereafter (being April 1, July 1, October 1 and January 1), commencing April 1, 2018, the Borrower shall make quarterly payments equal to one-half (1/2) of the amount which is necessary, after credit for the capitalized interest on deposit in the Debt

Service Fund, for the payment of the interest of the Bonds coming due on each July 15 and January 15, thereafter, subject to credit for any other available funds in the manner provided in the Indenture.

In any event, on July 15, 2047 all unpaid principal and accrued interest on the Bonds shall be due and payable hereunder.

This Note is the Note referred to in the Indenture and is subject to all the terms and provisions of said Indenture and a Loan Agreement dated as of October 1, 2017 by and between the Authority and the Borrower (the "Agreement"). This Note is secured by a Mortgage and Security Agreement from the Borrower dated the date of this Note (the "Mortgage") and an Absolute Assignment of Leases and Rents from the Borrower dated the date of this Note (the "Assignment of Leases"). This Note, the Agreement, the Mortgage and the Assignment of Leases have been assigned by the Authority to the Trustee in accordance with the terms of the Indenture.

In the event of a Determination of Taxability with respect to interest on the Bonds issued by the Authority in connection with the Project, this Note shall become subject to acceleration and shall be due and payable in an amount equal to the Redemption Price of the Bonds, plus accrued interest to the date set for redemption of the Bonds as a result of a Mandatory Redemption, as such term is used in the Indenture.

This Note is subject to prepayment, by the Borrower on or after July 15, 2027, at the option of the Borrower, in whole at any time or in part on any Interest Payment Date at the redemption price and in accordance with the redemption schedule set forth in the Bonds.

In the event that any of the Bonds may be subject to Extraordinary Redemption, Extraordinary Mandatory Redemption or Mandatory Sinking Fund Redemption, as such terms are used in the Indenture, the amount necessary to pay the Redemption Price of the Bonds shall become due and payable hereunder, together with interest accrued to the date set for redemption of the Bonds.

If any Event of Default (as defined in the Agreement) occurs, the principal of and interest on this Note may become payable at the times, in the manner, with the effect and subject to the conditions provided in the Indenture and the Agreement.

Undersigned and all endorsers (if any) of this Note waive presentment, demand for payment, protest and notice of dishonor of this Note, and authorize the holder, without notice or further consent, to grant extensions of time in the payment of any moneys payable under this Note, to waive compliance with any of the provisions of this Note or the Agreement, and to release all or any part of the Collateral subject to the Agreement from the lien thereof or the Mortgage.

IN WITNESS WHEREOF, the undersigned has caused this Note to be duly executed by its proper member as of the day and year first above written.

ATTEST: NSA 18TH AVENUE, LLC

_______________________________ By:____

Name: Diane Flynn, Authorized Signatory

ENDORSEMENT

Pay to the order of ZB, National Association dba Zions Bank, as Trustee for the benefit of the Bondholders under the Trust Indenture between the Authority and the Trustee, without recourse. This endorsement is given and made without any warranty as to the authority and genuineness of the signature of the maker of the foregoing Note.

Dated as of the date first above written.

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By:______________________________________
Arlene M. Clark
Director of Closing Services

SCHEDULE A TO NOTE

Date	Principal	Coupon	Interest	Total P+I
01/15/2018	-	-	264,022.22	264,022.22
07/15/2018	-	-	594,050.00	594,050.00
01/15/2019	-	-	594,050.00	594,050.00
07/15/2019	380,000.00	5.000%	594,050.00	974,050.00
01/15/2020	-	-	584,550.00	584,550.00
07/15/2020	400,000.00	5.000%	584,550.00	984,550.00
01/15/2021	-	-	574,550.00	574,550.00
07/15/2021	420,000.00	5.000%	574,550.00	994,550.00
01/15/2022	-	-	564,050.00	564,050.00
07/15/2022	440,000.00	5.000%	564,050.00	1,004,050.00
01/15/2023	-	-	553,050.00	553,050.00
07/15/2023	460,000.00	5.000%	553,050.00	1,013,050.00
01/15/2024	-	-	541,550.00	541,550.00
07/15/2024	485,000.00	5.000%	541,550.00	1,026,550.00
01/15/2025	-	-	529,425.00	529,425.00
07/15/2025	510,000.00	5.000%	529,425.00	1,039,425.00
01/15/2026	-	-	516,675.00	516,675.00
07/15/2026	535,000.00	5.000%	516,675.00	1,051,675.00
01/15/2027	-	-	503,300.00	503,300.00
07/15/2027	560,000.00	5.000%	503,300.00	1,063,300.00
01/15/2028	-	-	489,300.00	489,300.00
07/15/2028	590,000.00	5.000%	489,300.00	1,079,300.00
01/15/2029	-	-	474,550.00	474,550.00
07/15/2029	620,000.00	5.000%	474,550.00	1,094,550.00
01/15/2030	-	-	459,050.00	459,050.00
07/15/2030	650,000.00	5.000%	459,050.00	1,109,050.00
01/15/2031	-	-	442,800.00	442,800.00
07/15/2031	680,000.00	5.000%	442,800.00	1,122,800.00
01/15/2032	-	-	425,800.00	425,800.00
07/15/2032	715,000.00	5.000%	425,800.00	1,140,800.00
01/15/2033	-	-	407,925.00	407,925.00
07/15/2033	750,000.00	4.000%	407,925.00	1,157,925.00
01/15/2034	-	-	392,925.00	392,925.00
07/15/2034	780,000.00	4.000%	392,925.00	1,172,925.00
01/15/2035	-	-	377,325.00	377,325.00
07/15/2035	810,000.00	4.000%	377,325.00	1,187,325.00
01/15/2036	-	-	361,125.00	361,125.00
07/15/2036	845,000.00	4.000%	361,125.00	1,206,125.00
01/15/2037	-	-	344,225.00	344,225.00
07/15/2037	880,000.00	4.000%	344,225.00	1,224,225.00
01/15/2038	-	-	326,625.00	326,625.00
07/15/2038	915,000.00	5.000%	326,625.00	1,241,625.00
01/15/2039	-	-	303,750.00	303,750.00
07/15/2039	960,000.00	5.000%	303,750.00	1,263,750.00
01/15/2040	-	-	279,750.00	279,750.00
07/15/2040	1,010,000.00	5.000%	279,750.00	1,289,750.00
01/15/2041	-	-	254,500.00	254,500.00
07/15/2041	1,060,000.00	5.000%	254,500.00	1,314,500.00

01/15/2042	-	-	228,000.00	228,000.00
07/15/2042	1,110,000.00	5.000%	228,000.00	1,338,000.00
01/15/2043	-	-	200,250.00	200,250.00
07/15/2043	1,165,000.00	5.000%	200,250.00	1,365,250.00
01/15/2044	-	-	171,125.00	171,125.00
07/15/2044	1,225,000.00	5.000%	171,125.00	1,396,125.00
01/15/2045	-	-	140,500.00	140,500.00
07/15/2045	1,285,000.00	5.000%	140,500.00	1,425,500.00
01/15/2046	-	-	108,375.00	108,375.00
07/15/2046	1,350,000.00	5.000%	108,375.00	1,458,375.00
01/15/2047	-	-	74,625.00	74,625.00
07/15/2047	2,985,000.00	5.000%	74,625.00	3,059,625.00
Total	**$24,575,000.00**	**-**	**$23,305,522.22**	**$47,880,522.22**

EXHIBIT B TO LOAN AGREEMENT
FORM OF REQUISITION

TO: ZB, National Association dba Zions Bank
Corporate Trust
800 W. Main Street, Ste 700
Boise, ID 83702

New Jersey Economic Development Authority
PO Box 990
Trenton, New Jersey 08625
Attn: Director, Finance & Bond Portfolio Management

Re: New Jersey Economic Development Authority
$24,575,000 Charter School Revenue Bonds
(North Star Academy Charter School of Newark, Inc. - 2017 Project)

REQUISITION NO. ___

PAYMENT FROM THE [PROJECT FUND][COSTS OF ISSUANCE FUND]

The undersigned, an Authorized Borrower Representative of NSA 18th Avenue, LLC (the "Borrower"), pursuant to the Loan Agreement by and between the New Jersey Economic Development Authority (the "Authority") and the Borrower, dated as of October 1, 2017 (the "Loan Agreement") makes the following requisition for payment from the Project Fund or the Costs of Issuance Fund (as set forth above), established pursuant to the Loan Agreement entered into with regard to the North Star Academy Charter School of Newark, Inc. – 2017 Project Bonds (all words and terms not defined herein shall have the respective meanings and be construed herein as provided in the Loan Agreement).

The Schedule A attached to this requisition includes information regarding to whom payment is to be made, the amounts being requested and the reasons for payment.

If this requisition is for payment to be made to the Borrower for a reimbursable advance, included with this requisition is proof of payment of the amount for which reimbursement is sought.

We hereby certify that (a) the obligation to make such payment was incurred by the Borrower in connection with the acquisition and/or renovation of the Project, is a proper charge for the Costs of the Project or the costs related to the issuance of the Bonds, as the case may be, is unpaid or unreimbursed, and has not been the basis for any prior requisition which has been paid; (b) the Borrower has received no written notice of any lien, right to lien or attachment upon, or claim affecting the right of such payee to receive payment of, any of the money payable under this requisition to any of the Persons named herein, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released, discharged or will be released or discharged upon payment of this requisition; (c) this requisition contains no items representing payment on account of any retained percentages which the Borrower are required to retain at this date; (d) this requisition contains no items which are not a Proper Charge; (e) no Event of Default or event of default which after notice or lapse of time or both would constitute an Event of Default has occurred and not been waived; and (f) the amount requisitioned hereby is being expended in a manner consistent in all material respects with the representations and warranties of the Borrower set forth in the Loan Agreement.

If this requisition is for payment to the Borrower to reimburse it for costs or expenses incurred by reason of work performed or supervised by officers or employees of the Borrower or any of its affiliates, the amount to be paid does not exceed the actual cost thereof to the Borrower or any of its affiliates.

I hereby certify that insofar as any amount covered by the above requisition from the Project Fund includes payments to be made for labor or to contractors, builders or materialmen, including payment for equipment, materials or supplies, in connection with the acquisition of the Project: (i) all obligations to make such payments have been properly incurred, (ii) any such labor was actually performed and any such equipment, materials or supplies were actually furnished or installed on or about the Project and are a proper charge against the Costs of acquisition of the Project, (iii) such equipment, materials or supplies either are not subject to any lien or security interest or, if the same are so subject, such lien or security interest will be released or discharged upon payment of this requisition. I hereby certify that the Amount of this Requisition set forth above represents 100% of the amount due on account of a payment to a Contractor or Subcontractor on account of a Construction Contract, less the holdback required by the Authority's Affirmative Action Regulations (copies of the Affirmative Action Regulations were available on the Authority's Internet web page at: www.njeda.com/affirmativeaction or by contacting: New Jersey Economic Development Authority - Internal Process Management - 24 Commerce Street, Suite 301, Newark, NJ 07102, Phone 973-855-3450 or by e-mail: affirmativeaction@njeda.com).

IN WITNESS WHEREOF, I have hereunto set my hand this ______ day of ____________, 20__.

NSA 18TH AVENUE, LLC

By:___________________________________
Authorized Borrower Representative

SCHEDULE A

EXHIBIT C TO LOAN AGREEMENT

TO: ZB, National Association dba Zions Bank
Corporate Trust
800 W. Main Street, Ste 700
Boise, ID 83702
Attention: Twyla D. Lehto, Senior Vice President
Telephone: (208) 501-7493
Email: twyla.lehto@zionsbank.com

New Jersey Economic Development Authority
PO Box 990
Trenton, New Jersey 08625
Attn: Director, Finance & Bond Portfolio Management

Re: New Jersey Economic Development Authority
$24,575,000 Charter School Revenue Bonds
(North Star Academy Charter School of Newark, Inc. – 2017 Project)

BORROWER'S COMPLETION CERTIFICATE

Pursuant to Section 3.04 of the Loan Agreement by and between the Authority and NSA 18th Avenue, LLC (the "Borrower") dated as of October 1, 2017 (the "Loan Agreement"), the undersigned, an Authorized Borrower Representative (all words and terms not defined herein shall have the respective meanings and be construed herein as provided in the Loan Agreement), as of the date hereof, certifies that:

(i) that portion of the Project Facilities to be financed with the proceeds of the Authority's Bonds were completed as of ______________________, 20___;

(ii) the cost of all labor, services, materials and supplies used in the Project have been paid, or will be paid from amounts retained by ZB, National Association dba Zions Bank, the Trustee, at the Borrower's direction for any cost of the Project not now due and payable or, if due and payable, not presently paid;

(iii) the Project Facilities necessary for the Project, if any, have been installed to the Borrower's satisfaction; such Project Facilities so installed are suitable and sufficient for the efficient operation of the Project for the intended purposes and all costs and expenses, if any, incurred in the acquisition and installation of such Project Facilities have been paid, or will be paid from amounts retained by the Trustee at the Borrower's direction for any cost of the Project not now due and payable or, if due and payable, not presently paid;

(iv) the Project is being operated as an authorized “project” under the Act and substantially as proposed in the Application of the Borrower.

(v) If determined by the Authority to be applicable, the Borrower has complied with the Authority’s Affirmative Action and Prevailing Wage Rate Regulations in using the proceeds of the Authority’s Bonds, or insurance or condemnation awards for the restoration of the Project, and the Borrower herewith submits approval of such compliance by the Authority (copies of the Affirmative Action Regulations were available on the Authority’s Internet web page at: www.njeda.com/affirmativeaction or by contacting: New Jersey Economic Development Authority - Internal Process Management - 24 Commerce Street, Suite 301, Newark, NJ 07102, Phone 973-855-3450 or by e-mail: affirmativeaction@njeda.com).

I acknowledge that any amount hereafter remaining in the Project Fund (except amounts therein sufficient to cover costs of the Project not now due and payable or not presently paid and except for interest or other income earned from the investment of the moneys held in the Project Fund, if any,) shall be transferred into the Bond Redemption Fund and shall be used to redeem Bonds on the next succeeding redemption date on which Bonds can be redeemed without penalty or premium. Amounts held in the Bond Redemption Fund shall not be invested at a yield materially higher than the yield on the Bonds.

This certificate is given without prejudice to any rights against third parties which exist on the date hereof or which may subsequently come into being.

NSA 18TH AVENUE, LLC

By:__________________________________
Authorized Borrower Representative

Dated: _______________________, 20__

APPENDIX D

Form of Indenture

TRUST INDENTURE

By and Between

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

and

ZB, NATIONAL ASSOCIATION DBA ZIONS BANK,
as Trustee

Relating to the issuance of:

New Jersey Economic Development Authority
$24,575,000 Charter School Revenue Bonds
(North Star Academy Charter School of Newark, Inc.-2017 Project)

Dated as of October 1, 2017

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TRUST INDENTURE

(North Star Academy Charter School of Newark, Inc.-2017 Project)

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TRUST INDENTURE

THIS INDENTURE, dated as of October 1, 2017, by and between the **NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY** (the "Authority"), a public body corporate and politic constituting an instrumentality of the State of New Jersey, and **ZB, NATIONAL ASSOCIATION DBA ZIONS BANK**, as Trustee (the "Trustee"), a national banking association having trust and fiduciary powers in New Jersey, having its corporate trust office and place of business in Boise, Idaho.

W I T N E S S E T H:

WHEREAS, the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of the State of New Jersey, approved on August 7, 1974, as amended and supplemented (the "Act"), declares it to be in the public interest and to be the policy of the State of New Jersey (the "State") to foster and promote the economy of the State, increase opportunities for gainful employment and improve living conditions, assist in the economic development or redevelopment of political subdivisions within the State, and otherwise contribute to the prosperity, health and general welfare of the State and its inhabitants by inducing manufacturing, industrial, commercial, recreational, retail, service and other employment promoting enterprises by making available financial assistance, to locate, remain or expand within the State; and

WHEREAS, the Authority, to accomplish the purposes of the Act, is empowered to extend credit to such employment promoting enterprises in the name of the Authority, on such terms and conditions and such manner as it may deem proper for such consideration and upon such terms and conditions as the Authority may determine to be reasonable; and

WHEREAS, NSA 18th Avenue, LLC (the "Borrower") has applied to the Authority for financial assistance in the amount of up to $26,500,000, in order to fund the costs to (i) renovate an existing school building of approximately 30,800 sq. ft. located at 563-569 and 571-585 18th Avenue, in the City of Newark, County of Essex and State of New Jersey, (ii) construct an addition to the school building of approximately 47,160 sq. ft., (iii) fund capitalized interest, (iv) fund a Debt Service Reserve Fund, and (v) pay costs of issuance of the Bonds (the "Project"); and

WHEREAS, by resolution adopted by the Authority on April 13, 2017, the Authority determined to loan the Borrower up to $26,500,000 from the sale of its Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc.-2017 Project); and

WHEREAS, to finance the Project, the Authority's Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc.-2017 Project) (the "Series 2017 Bonds") will be issued on the Issue Date (as defined herein) in the aggregate principal amount of $24,575,000; and

WHEREAS, the Authority at a meeting thereof duly convened and held on April 13, 2017, has by resolution duly authorized the execution and delivery of this Indenture and the issuance hereunder of the Bonds (as hereinafter defined) upon and subject to the terms and conditions hereinafter set forth, which authorization was amended by resolution duly adopted by the Authority on April 13, 2017; and

WHEREAS, the Authority will loan the Borrower the net proceeds from the sale of its $24,575,000 Series 2017 Bonds, pursuant to a Loan Agreement by and between the Authority and the Borrower dated as of October 1, 2017 (the "Agreement"); and

WHEREAS, all acts and things have been done and performed, which are necessary to make the Bonds when executed and issued by the Authority, authenticated by the Trustee and delivered, the valid and binding legal obligations of the Authority in accordance with their terms and to make this Indenture a valid and binding agreement for the security of the Bonds authenticated and delivered under this Indenture;

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That, to provide for the payment of principal or Redemption Price (as the case may be) and interest in respect of all Bonds issued and outstanding under this Indenture, the rights of the Bondholders (as hereinafter defined) and the performance of the covenants contained in said Bonds and herein, and the payment of all other amounts due under this Indenture, and all Additional Bonds, if any, issued hereunder, the Authority has caused the Borrower to deliver to the Trustee, in addition to the Agreement, the Series 2017 Note in the principal amount of the net proceeds from the sale of its $24,575,000 (the "Note") secured by a Mortgage and an Assignment of Leases (both as defined in the Agreement) with the respect to the property described in Schedule A to the Mortgage from the Borrower to the Authority for the term of the Bonds, and does hereby sell, assign, transfer, set over and pledge unto the Trustee, its successors in trust and its assigns forever, all the right, title and interest of the Authority in and to, and remedies under, the Note, the Mortgage, the Assignment of Leases, and the other Loan Documents (as such terms are defined in the Agreement) and the Agreement (except for the Reserved Rights of the Authority under the Agreement) as the same relate to the Bonds issued under the Indenture, as the same may be amended and supplemented and all the right, title and interest of the Authority in and to the Revenues, the Project Fund, the Costs of issuance Fund, the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Redemption Fund (as such terms are hereinafter defined) (collectively, the "Trust Estate");

TO HAVE AND TO HOLD all and singular said right, title and interest of the Authority granted, bargained, sold, assigned, transferred, enfeoffed, conveyed, mortgaged, pledged, alienated, remised, released, confirmed and set over by the Authority as aforesaid or intended so to be, unto the said Trustee, its successors and assigns, forever.

IN TRUST, NEVERTHELESS, under and subject to the terms and conditions hereinafter set forth, for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which regardless of the time or times of their issuance or maturity, shall be of equal rank, without preference, priority or distinction of any of the Bonds over any other thereof, except as otherwise provided in or pursuant to this Indenture, and for securing the observance and performance of all the conditions, covenants, promises, stipulations, agreements and terms and provisions of this Indenture and the uses and purposes herein expressed and declared.

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. As used or referred to in this Indenture, the following terms shall have the following meanings unless a different meaning clearly appears from the context, and terms not otherwise defined herein shall have the meaning provided in the Loan Agreement:

"Account" or "Accounts" means any or all of the accounts created pursuant to this Indenture;

"Act" means the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of the State of New Jersey, approved on August 7, 1974, as amended and supplemented;

"Additional Bonds" means any Bonds or series of Bonds, authorized pursuant to Section 3.02(ii) hereof, and authenticated and delivered under this Indenture, other than the Series 2017 Bonds;

"Additional Series Note" shall mean the additional series note or notes executed and delivered by the Borrower in a principal amount equal to the corresponding series of Additional Bonds;

"Agreement" or "Loan Agreement" means the Loan Agreement dated as of October 1, 2017 between the Authority and the Borrower, as so amended or supplemented;

"Articles" and "Sections" mentioned by number are the respective Articles and Sections of this Indenture so numbered, unless the context already indicates otherwise;

"Authorized Denomination" or "Authorized Denominations" shall have the meaning set forth in Section 2.03 hereof;

"Authority" means the New Jersey Economic Development Authority, a public body corporate and politic constituting an instrumentality of the State of New Jersey, exercising public and essential governmental functions and its successors or assigns;

"Authority Officer" means the Chairman, Vice Chairman, Chief Executive Officer, Chief Financial Officer, Director of Underwriting, Director of Closing Services, Director, Finance & Bond Portfolio Management, Secretary or Assistant Secretary and, when used with reference to an act or document, also means any other person authorized by resolution of the Authority to perform such act or sign such document;

"Bond" or "Bonds" shall mean the Series 2017 Bonds in the aggregate principal amount of $24,575,000, and any Additional Bonds issued hereunder, all of which shall be substantially in the form annexed hereto as Exhibit A and authenticated in accordance with this Indenture, as well as such Bonds issued in replacement for mutilated, destroyed, lost or stolen Bonds pursuant to Section 2.09 of this Indenture, and any written amendments thereto, and any renewals and extensions thereof, permitted by this Indenture.

"Bondholder", "Holder" or "Registered Owner" or any similar term, when used with reference to a Bond or Bonds, means any Person who shall be the registered owner of any Outstanding Bond or Bonds, respectively;

"Bond Counsel" means Chiesa Shahinian & Giantomasi PC, or any other attorney or firm of attorneys of nationally recognized standing on the subject of municipal bonds appointed by the Authority or the Borrower and not unacceptable to the Trustee;

"Bond Year" with respect to a series of Tax Exempt Bonds, when used in the context of the rebate requirement imposed under Section 148(f) of the Code means, with respect to the first Bond Year, the period beginning on the date of issuance of the Bonds, i.e., the date of initial delivery of the Tax Exempt Bonds in exchange for the issue price from the Underwriter, and ending one (1) year later or the close of business of such earlier date selected by the Authority at the direction of the Borrower which is the last day of a compounding interval used in computing the Yield on the Tax Exempt Bonds. Each subsequent Bond Year begins on the day after the expiration of the preceding Bond Year;

"Borrower" shall mean NSA 18th Avenue, LLC, a New Jersey limited liability company (and its successors or assigns) authorized to do business in the State of New Jersey;

"Business Day" means any day upon which the Trustee is not authorized or required by law or executive order to remain closed and on which the New York Stock Exchange remains open;

"Certificate" means a certificate or report executed: (a) in the case of an Authority Certificate, by an Authorized Authority Representative; (b) in the case of a Borrower Certificate, by an Authorized Borrower Representative; and (c) in the case of a Certificate of any other Person, by such Person, if an individual, and otherwise by an officer, partner or other authorized representative of such Person.

"Certified Resolution" means a copy of one or more resolutions or amending resolutions certified by the Secretary or Assistant Secretary of the Authority to have been duly adopted by the Authority and to be in effect on the date of such certification;

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder from time to time in effect;

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business in relation to this Indenture shall be principally administered;

"Cost" or "Costs", as used herein, shall include those items set forth in Section 3(c) of the Act and all expenses as may be necessary or incident to acquiring, constructing or installing the Project Facilities and costs of issuance of the Bonds;

"Costs of Issuance Fund" shall mean the fund so designated and established pursuant to Section 5.13 hereof;

"Counsel" means an attorney at law or law firm designated by the party for which it is offering an opinion as its counsel, and not unsatisfactory to the Trustee;

"Debt Service Fund" means the fund so designated and established pursuant to Section 5.04 hereof;

"Debt Service Reserve Fund" means the fund so designated and established pursuant to Section 5.05 hereof;

"Determination of Taxability" shall have the meaning set forth in the Loan Agreement;

"DTC" shall mean The Depository Trust Company, having a principal business office at 55 Water Street, New York, New York 10041;

"Event of Default" means any of the events specified in Section 9.01 hereof to be an Event of Default;

"Fiscal Year" means the twelve months ending June 30 or such other twelve month period as the Borrower may determine;

"Funds" shall mean the Project Fund, Revenue Fund, Redemption Fund, Rebate Fund, Debt Service Fund, Debt Service Reserve Fund and the Costs of Issuance Fund;

"Government Obligations" means

(i) Cash (insured at all times by the Federal Deposit Insurance Corporation),

(ii) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including, but not limited to:

- U.S. treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

(iii) Obligations of Government – Sponsored Agencies that are not backed by the full faith and credit of the U.S. Government including, but not limited to:

- Federal Home Loan Mortgage Corp. (FHLMC) Debt obligations
- Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives)
- Federal Home Loan Banks (FHL Banks)
- Federal National Mortgage Association (FNMA) Debt obligations
- Financing Corp. (FICO) Debt obligations
- Resolution Funding Corp. (REFCORP) Debt obligations
- U.S. Agency for International Development (U.S. A.I.D) Guaranteed Note

"Indenture" means this Trust Indenture, as amended or supplemented;

"Interest Payment Date" shall mean each successive January 15 and July 15, commencing January 15, 2018;

"Investment Obligations" means those investments described in N.J.S.A. 40A:5-15.1 (which, although not applicable to the Borrower, is referenced herein for purposes of identifying the types of permitted investments) or such other investments determined by the Borrower to be prudent, but only to the extent rated AA- or higher by a nationally recognized credit rating agency, except that for purposes of Section 13.01 hereof, only those obligations which constitute direct and general obligations of the United States or are otherwise fully and unconditionally guaranteed by the United States shall be considered Investment Obligations;

"Issue Date" shall mean October 25, 2017;

"Lease" shall mean the lease for the Mortgaged Property between the Borrower and the School, dated as of October 25, 2017;

"Loan Agreement" or "Agreement" means the Loan Agreement dated as of October 1, 2017 between the Authority and the Borrower, as so amended or supplemented;

"Loan Documents" shall mean any or all of this Indenture, the Loan Agreement, the Note, the Mortgage, the Assignment of Leases and the Lease;

"Mortgaged Property" shall have the meaning set forth in the Loan Agreement;

"Note" shall mean the Series 2017 Note executed and delivered by the Borrower on the Issue Date in the principal amount of $24,575,000 and any Additional Series Note.

"Outstanding", when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (a) any Bond cancelled by the Trustee at or before said date, (b) any Bond for the payment or redemption of which either (i) cash, equal to the principal amount or Redemption Price (as defined below) thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) Government Obligations in the amounts, of the maturities and otherwise conforming with the provisions of Section 13.01, shall have theretofore been deposited with the Trustee in trust whether upon or prior to maturity or the redemption date of such Bonds and, except in the case of a Bond to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with Article VII, and (c) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the provisions of this Indenture;

"Paying Agent" means ZB, National Association dba Zions Bank, and its successor or successors of any other corporation or association which may at any time be substituted in its place pursuant to this Indenture;

"Payment Date" means (i) the scheduled dates for the payment of the principal of (whether at maturity or upon mandatory sinking fund redemption thereof pursuant to Section 7.01(a) hereof) or interest on the Bonds, (ii) the dates established for the payment of principal on any Additional Bonds, and (iii) the date(s) set by the Trustee for the payment of the principal or redemption price, if any, of or interest on the Bonds upon redemption prior to the scheduled payment dates;

"Permitted Investments" means, to the extent permitted by law

(i) Government Obligations,

(ii) obligations rated at the time of purchase in one of the two highest whole rating categories (without regard to graduations within a category) by one of the Rating Agencies,

(iii) money market funds investing exclusively in the obligations listed in (i) or (ii) of this definition,

(iv) shares of an Investment Company organized under the Investment Company Act of 1940, as amended, including an Investment Company for which the Trustee, or any of its affiliates, is investment advisor, which invests its assets substantially in obligations of the type described in clauses (i) and (ii) of this definition,

(v) banker's acceptances drawn on and accepted by commercial banks (including the Trustee or its affiliates) having combined capital and surplus of not less than $25,000,000,

(vi) certificates of deposit, time deposits and demand deposits, including interest bearing money market accounts, of any bank organized under the laws of the United States or any state thereof which has combined capital, surplus and undivided profits of at least $25,000,000, including the Trustee and, to the extent then permitted by law for the Trustee, any other investments of its trust funds provided that any such certificates and investments are fully collateralized by obligations mentioned in clauses (i) or (ii) of this definition,

(vii) commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P;

(viii) direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" or better by Moody's and "A-" or better by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated, or revenue bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in this section (i) and rated "AA-" or better by S&P and "Aa3" or better by Moody's (any such securities are without regard to exemption of interest from federal taxation);

(ix) repurchase agreements that provide for the transfer of securities from a dealer, bank or financial institution (seller/borrower) to the "Borrower", or the Trustee on its behalf (buyer/lender), and the transfer of cash from the "Borrower", or the Trustee on its behalf, to the dealer, bank or financial institution with an agreement that the dealer or bank will repay the cash plus the yield to the "Borrower", or the Trustee on its behalf, in exchange for the securities at a specified date provided that such repurchase agreements satisfy the following criteria:

(a) the repurchase agreement must be between the "Borrower", or the Trustee on its behalf, and a primary dealer listed on the Federal Reserve reporting dealer list that falls under the jurisdiction of the Securities Investor Protection Corporation, a bank, or financial institution and that is rated "A" or better(without regard to any refinement or gradation of rating category by numerical modifier or otherwise) by at least two of S&P, Moody's, or Fitch,

(b) the repurchase agreement must be in writing and include the following

(1) the securities that are acceptable for transfer are of the type listed in (i) (ii) or (iii) above;

(2) the collateral must be delivered to the "Borrower", the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment, and

(3) the securities must be valued weekly, marked-to-market at current market price plus accrued interest, and the value of the collateral must be equal to 102% of the amount of cash transferred by the "Borrower",

or the Trustee on its behalf, to the dealer, bank or financial institution under the repurchase agreement plus accrued interest. If the value of the collateral drops below 102% of the value of the cash transferred by the "Borrower", or the Trustee on its behalf, then additional cash and/or acceptable securities must be transferred. If securities used as collateral are in (i) or (ii) above, then the value of the collateral must be equal to 103%;

(x) forward Purchase Agreements by a financial institution rated at the time of execution by any Rating Agency in one of three highest rating categories assigned by such Rating Agency (without regard to any refinement or graduation of rating category by numerical modifier or otherwise). Securities eligible for delivery under the agreement will include those described in sections (i), (ii) or (iii) above. Any Forward Purchase Agreement must be accompanied by a bankruptcy opinion that the securities delivered will not be considered part of the bankruptcy estate in the event of a declaration of bankruptcy or insolvency by the provider; and

(xi) investment agreements with banks that at the time any such agreement is executed are rated by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) or investment agreements with non-bank financial institutions or vehicles if all of the unsecured, direct long-term debt of either the non-banking financial institution, vehicle, or the related guarantor of such non-bank financial institution or vehicle is rated by any Rating Agency at the time such agreement is executed in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or

(a) if such non-bank financial institutions vehicles or related guarantor have no outstanding long-term debt that is rated, all of the short-term debt of either the non-banking financial institution, vehicle, or the related guarantor of such non-bank financial institution is rated by any Rating Agency in the highest rating category (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short-term indebtedness by such Rating Agency or

(b) such non-bank financial institution, vehicle, or the related guarantor has a claims paying ability rated by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numeral modifier or otherwise); provided that if at any time after purchase the provider of the investment agreement drops below the three highest rating categories assigned by such Rating Agency, the investment agreement must, within 30 days, either be assigned to a provider rated in one of the three highest rating categories, or be secured by the provider with collateral securities described in clause (i) (ii) or

(iii) above, the fair market value of which, in relation to the amount of the investment agreement including principal and interest, is equal to at least 102%.

"Person" or "Persons" shall mean any individual, corporation, limited liability company, partnership, joint venture, trust, or unincorporated organization, or a governmental agency or any political subdivision thereof.

"Project" shall have the meaning set forth in the recitals hereto;

"Project Facilities" shall have the meaning set forth in the Loan Agreement;

"Project Fund" means the fund so designated and established pursuant to Section 4.01 hereof;

"Rating Agency" or "Rating Agencies" means Standard & Poor's Ratings Group, Inc. ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Rating Services, Inc. ("Fitch") or any successor thereto;

"Rebate Fund" shall mean the fund so designated and established pursuant to Section 5.10 hereof;

"Record Date" shall mean the January 1 and July 1 next preceding an Interest Payment Date;

"Redemption Fund" means the fund so designated and established pursuant to Section 5.06 hereof;

"Redemption Price", when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant to this Indenture;

"Requisition Form" shall mean the form of requisition required by Section 3.02(a) of the Loan Agreement as a condition precedent to the disbursement of moneys from the Project Fund and the Costs of Issuance Fund, in the form made part of the Record of Proceedings (as such term is defined in the Loan Agreement);

"Reserve Fund Requirement" means for the Series 2017 Bonds an amount equal to the least of (i) 10% of the original stated principal amount of the Series 2017 Bonds, (ii) maximum annual debt service or (iii) 125% of average annual debt service, in an initial amount of $1,569,500.00; and for each series of Additional Bonds such amount as is set forth in a supplement to this Indenture;

"Reserved Rights" shall have the meaning set forth in the Loan Agreement;

"Resolution" shall mean the resolution of the Authority dated April 13, 2017, accepting the Application for Financial Assistance and making certain findings and determinations with respect to the Project and authorizing the issuance and sale of the Bonds and determining other matters in connection therewith;

"Revenues" means (i) all amounts payable in respect of, or proceeds from, the Bonds, (ii) investment income in respect of any money held by the Trustee pursuant to this Indenture, (iii) any other amounts paid by the Borrower to the Trustee pursuant to the Agreement (except for amounts payable under Sections 2.01(d), 6.04, 6.05, 6.06, 6.07, 8.05 and 9.03 of the Agreement); (iv) the "Rent" due under the Lease received by the Trustee from the School, the tenant under the Lease, or any successor or assign under the Lease, and (v) all amounts received from the sale or liquidation of the Collateral (as defined in the Agreement);

"Revenue Fund" means the fund so designated and established pursuant to Section 5.03 hereof;

"Series 2017 Bonds" means the Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc.-2017 Project) in the aggregate principal amount of $24,575,000 issued hereunder;

"Series 2017 Note" means the Series 2017 Note executed and delivered by the Borrower to the Authority on the Issue Date;

"School" shall mean North Star Academy Charter School of Newark, Inc.

"Tax Certificate" means the tax certificate relating to the Bonds dated the Issue Date from the Borrower addressed to the Authority and Bond Counsel, as the same shall be amended and supplemented to relate to any Additional Bonds that are Tax Exempt Bonds.

"Tax Exempt Bonds" shall mean the Bonds and any series of Additional Bonds the interest on which is, in the opinion of Bond Counsel, exempt from federal income tax, as the name of such Additional Bonds shall denote;

"Trustee" shall mean ZB, National Association dba Zions Bank, a national banking association having trust and fiduciary powers in New Jersey, not in its individual capacity but solely as Trustee under this Indenture, or any successor trustee or co-trustee serving as such under this Indenture;

"Underwriter" shall mean George K. Baum & Company;

"Yield" shall mean a yield as shall be determined under Section 1.148-4 of the Treasury Regulations.

The words "hereof", "herein", "hereto", "hereby" and "hereunder" (except in the form of Bonds) refer to this entire Indenture. Unless the context otherwise requires, words in the singular include the plural and words in the plural include the singular.

ARTICLE II

AUTHORIZATION, TERMS AND EXECUTION OF BONDS

Section 2.01. Issuance of Bonds. Bonds issued under and secured by this Indenture, shall be equally and ratably secured by this Indenture, the Loan Agreement, the Mortgage and the Assignment of Leases.

Section 2.02. Particular Terms of the Bonds. There shall be issued under and secured by this Indenture, Bonds for the purpose of financing the Project to be designated "Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc.-2017 Project)" in the total aggregate principal amount of $24,575,000, which shall contain substantially the terms recited in the form of the Bonds in Exhibit A hereto, as the same may be amended or supplemented to include the form of any Additional Bonds. The particular terms of the Series 2017 Bonds are set forth in Exhibit B hereto. The particular terms of any Additional Bonds shall be set forth in a supplement to this Indenture. The Bonds shall provide that principal or Redemption Price, and interest in respect thereof, shall be payable only out of the Revenues. The Bonds are a special, limited obligation of the Authority, payable solely out of the Revenues or other receipts, funds or moneys of the Authority pledged under this Indenture and from any amounts otherwise available under this Indenture for the payment of the Bonds. The Bonds do not now and shall never constitute a charge against the general credit of the Authority. The Authority has no taxing power.

Section 2.03. General Terms of Bonds. Every Bond shall be payable, with respect to principal or Redemption Price, and interest, in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for payment of public and private debts. Every Bond shall be issued in the form of a fully registered Bond and payable to a named Person or registered assigns and shall be substantially in the form as provided in this Indenture. Interest on the Series 2017 Bonds shall be payable from and after the Issue Date first on January 15, 2018 and on each July 15 and January 15 thereafter to any Holder of the Series 2017 Bonds as of the close of business on the Record Date next preceding such Interest Payment Date until the Authority's obligation with respect to the payment of the principal sum of such Series 2017 Bonds shall be paid in full. Interest on any series of Additional Bonds shall be payable from and after the Issue Date thereof on the first Interest Payment Date following the Issue Date of such Additional Bonds and on each Interest Payment Date thereafter to any Holder of the Bonds as of the close of business on the Record Date next preceding such Interest Payment Date until the Authority's obligation with respect to the payment of the principal sum of such Bonds shall be paid in full. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months. Upon written request received not later than the applicable Record Date, any holder of Bonds aggregating $1,000,000 or more shall be entitled to receive interest payments from the Trustee by wire transfer, but only to an account located in the United States. All Bonds shall each be of the minimum denomination of $25,000 or any integral multiple of $5,000 in excess thereof (each an "Authorized Denomination" or "Authorized Denominations"). The Bonds shall each be in substantially the form provided for in Exhibit A hereto. The Series 2017 Bonds shall finally mature on July 15, 2047. Each series of Additional Bonds shall mature on such dates, and shall be subject to mandatory sinking fund redemption, as shall be established in a supplement to this Indenture. The Series 2017 Bonds shall be subject to mandatory sinking fund redemption, such redemptions to be made on July 15th in each of the years and in such amounts as set forth in Exhibit B hereto. The Series 2017 Bonds shall be initially dated the Issue Date and each series of Additional Bonds shall be dated their Issue Date. Thereafter, each Bond shall be dated as of the date six months preceding the Interest Payment Date next following the date of authentication thereof by the Trustee, except that (a) if such date of such authentication shall be an Interest Payment Date thereof, said Bond shall be dated as of such date of authentication, or (b) if interest on such Bond shall not have been paid in full in accordance with its terms, then, notwithstanding any of the foregoing provisions of this Section, such Bond shall be dated as of the date to which interest has been paid in full on such Bond. Temporary bonds in authorized denominations specified by the Underwriter are authorized to be issued, authenticated and delivered to the Underwriter thereof in lieu of and until such time as bonds in definitive form are available for authentication and delivery.

Section 2.04. Execution of Bonds. The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman, Chief Executive Officer, Director of Underwriting, Director of Closing Services, Director, Finance & Bond Portfolio Management, or any other Authority Officer of the Authority and its corporate seal shall be thereunto affixed, imprinted or otherwise reproduced and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Authority. In case any officer who shall have signed, sealed or attested any of the Bonds shall cease to be such officer of the Authority before the Bonds so signed, sealed or attested shall have been authenticated and delivered by the Trustee, such Bonds may nevertheless be authenticated and delivered as herein provided as if the person who so signed, sealed or attested such Bonds had not ceased to be such officer. Any Bond may be signed, sealed or attested on behalf of the Authority by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not have held such office.

Section 2.05. Authentication of Bonds. The Bonds shall bear thereon a certificate of authentication, substantially in the form set forth hereinafter in this Indenture, duly executed by the Trustee. Only such Bonds shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless such certificate of authentication upon such Bond shall have been duly executed by the Trustee, and such certificate of authentication by the Trustee upon any Bond executed on behalf of the Authority shall be conclusive and the only evidence that the Bond so authenticated has been duly authenticated and delivered under this Indenture and that the holder thereof is entitled to the benefit of this Indenture.

Section 2.06. Transfer and Registry of Bonds and Agency Therefor. The Authority shall cause the Trustee to maintain and keep registry books for the registration and transfer of Bonds, and, upon presentation and surrender thereof for such purpose at the Corporate Trust Office of the Trustee, the Trustee shall register or cause to be registered therein, and permit to be transferred thereon or to be exchanged, under such reasonable regulations as the Authority or the

Trustee may prescribe, any Bond entitled to registration, transfer or exchange. The Trustee is hereby appointed the agent of the Authority for such registration, transfer or exchange of Bonds.

Section 2.07. Transfer of Bonds. The Bonds shall be transferable only upon the books of the Authority at the Corporate Trust Office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney. Upon the transfer of any such Bond, the Authority shall execute, and the Trustee shall authenticate and deliver, a new Bond or Bonds in Authorized Denominations registered in the name of the transferee of the same aggregate principal amount as the surrendered Bond.

Section 2.08. Ownership of Bonds and Effect of Registration. The Authority, the Trustee and any Paying Agent may treat and consider the Person in whose name any registered Bond for the time being shall be registered as the Holder and absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or Redemption Price thereof or interest thereon and for all other purposes whatsoever; and payment of, or on account of, the principal or Redemption Price of or interest on such Bond shall be made only to, or upon the order of, such registered owner thereof, but such registration may be changed or discharged as herein provided. All payments made as in this Section provided shall be valid and effectual to satisfy and discharge the liability upon the several Bonds to the extent of the sum or sums so paid.

Section 2.09. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds. In case any Outstanding Bond shall become mutilated or be destroyed, stolen, or lost, the Trustee shall authenticate and deliver a new bond of like tenor, number and amount as the Bond so mutilated, destroyed, stolen, or lost, in exchange and substitution for such mutilated Bond and upon surrender of such mutilated Bond or, in lieu of and substitution for the Bond, destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Authority and the Trustee that such Bond has been destroyed, stolen or lost, and upon furnishing the Authority and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority and the Trustee may adopt and payment of such costs as the Authority and/or the Trustee incur in connection therewith. In lieu of reissuing a mutilated, destroyed, lost or stolen Bond which is due and payable, the Trustee may pay the amount due on such Bond to the owner thereof, provided all the other requirements of this Section have been met.

Section 2.10. Regulations with Respect to Registrations, Exchanges and Transfers. In all cases in which the privilege of transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate Bonds in accordance with the provisions of this Indenture. For every transfer of Bonds, the Authority and the Trustee may charge a sum sufficient to reimburse them for any tax, fee or other governmental charge required to be paid and any mailing, delivery or insurance expense incurred with respect to such transfer, which sum shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of effecting such transfer. During the period from the Record Date (January 1 or July 1, as the case may be) next preceding any Interest Payment Date of the Bonds or, in the case of any proposed redemption of Bonds, during the fifteen (15) days next preceding the date of such redemption, neither the Authority nor the Trustee shall be required to make any transfer of Bonds under the provisions of this Article.

Section 2.11. Cancellation and Destruction of Surrendered Bonds. Bonds surrendered for payment, redemption or transfer and Bonds purchased from any moneys held by the Trustee hereunder or surrendered to the Trustee by the Authority or by the Borrower shall be cancelled and destroyed by the Trustee. If surrendered to the Authority or any Paying Agent, such Bonds shall be cancelled by it and delivered to the Trustee for destruction. The Trustee shall deliver to the Authority and to the Borrower, upon request, certificates of destruction in respect of all such Bonds. No such Bonds shall be deemed Outstanding under this Indenture and no Bonds shall be issued in lieu thereof (except for a Bond transferred pursuant to Section 2.07 hereof).

Section 2.12. Book-Entry Bonds. The Borrower may make appropriate arrangements for the Bonds (or any portion thereof) to be issued or held by means of a book-entry system administered by DTC with no physical distribution of Bonds made to the public (other than those Bonds, if any, not held under such book-entry system). References in this Section 2.12 to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the book-entry system. In such event, one Bond of each maturity shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in Authorized Denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE TRUSTEE SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS INDENTURE.

Payments of principal, interest, and premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Trustee directly to DTC or its nominee, Cede & Co. as provided in the Blanket Issuer Letter of Representations dated December 17, 1995 from the Authority to DTC (the "Letter of Representation") with respect to the Bonds. DTC shall remit such payments to DTC participants, and such payments thereafter shall be paid by DTC participants to the Beneficial Owners. The Authority, the Borrower and the Trustee shall not be responsible or liable for payment by DTC or DTC participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Borrower or the Trustee determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the Authority shall, at the request of the Borrower or the Trustee, discontinue the book-entry system with DTC with respect to the Bonds. If the Borrower fails to identify another qualified securities depository to replace DTC, the Trustee shall authenticate and deliver replacement Bonds in the form of fully registered Bonds pursuant to the written instructions of DTC.

THE AUTHORITY, THE BORROWER AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO BENEFICIAL OWNERS; (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

In the event that a book-entry system of evidence and transfer of ownership of the Bonds is discontinued pursuant to the provisions of this Section, the Bonds shall be delivered solely as fully registered Bonds without coupons in the Authorized Denominations, shall be lettered "R" and numbered separately from 1 upward, and shall be payable, executed, authenticated, registered, exchanged and canceled pursuant to the provisions hereof.

The Borrower shall not be limited to utilizing a book-entry system maintained by DTC but may enter into a custody agreement with any bank or trust company serving as custodian (which may be the Trustee serving in the capacity of custodian) to provide for a book-entry or similar method for the registration and registration of transfer of all or a portion of the Bonds.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THIS INDENTURE RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES WITH RESPECT TO THE BONDS SHALL BE DEEMED INAPPLICABLE OR BE OTHERWISE SO CONSTRUED AS TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM.

ARTICLE III

AUTHENTICATION AND DELIVERY OF BONDS

Section 3.01. Authorization of Series 2017 Bonds. (i) The aggregate principal amount of Series 2017 Bonds which may be executed by the Authority and authenticated by the Trustee and delivered and secured by this Indenture is limited to the $24,575,000 total aggregate principal amount of Bonds. The Trustee shall authenticate and deliver the Series 2017 Bonds to the Underwriter and apply the net proceeds of such Bonds (i.e. $26,007,968.70, comprised of the par amount of the Bonds of $24,575,000, less an underwriting discount of $368,625.00 and plus a net original issue premium of $1,801,593.70), together with other available funds, as follows:

(a) Proceeds of the Series 2017 Bonds in the amount of $23,125,183.98 shall be deposited in the Project Fund.

(b) Proceeds of the Series 2017 Bonds in the amount of $1,569,500.00 shall be deposited in the Debt Service Reserve Fund.

(c) Proceeds of the Series 2017 Bonds in the amount of $158,187.50 shall be deposited in the Costs of Issuance Fund.

(d) Proceeds of the Series 2017 Bonds in the amount of $1,155,097.22 shall be deposited in the Debt Service Fund as capitalized interest.

(ii) This Indenture creates and shall be and constitutes a continuing, irrevocable and exclusive lien upon, and pledge of, the Revenues, and the income earned by the investment of funds under this Indenture to the extent provided in this Indenture. All Bonds issued and to be issued hereunder are, and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication or delivery or maturity of the Bonds or any of them, so that subject as aforesaid, all Bonds at any time outstanding hereunder shall have, except as otherwise provided herein, the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same or any of them shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date.

Section 3.02. Issuance of Bonds and Additional Bonds. (i) The Series 2017 Bonds as described in Section 2.03 hereof shall forthwith be executed by the Authority and delivered to the Trustee for authentication, together with a statement as to the amount and disposition of the proceeds of the sale of such principal amount of said Bonds, and thereupon the Series 2017 Bonds shall be authenticated by the Trustee and shall be delivered to or upon the written order of an Authority Officer. Prior to authentication and delivery of the Series 2017 Bonds by the Trustee, the Trustee shall also have received the following:

(a) A copy of the resolution adopted by the Authority on April 13, 2017, authorizing the execution and delivery of the Agreement and this Indenture and the issuance and delivery of the Series 2017 Bonds, duly certified by the Secretary or Assistant Secretary of the Authority, to have been duly adopted by the Authority and to be in full force and effect on the date of such certification;

(b) An original executed counterpart of the Agreement, this Indenture and the Lease;

(c) The original executed Note;

(d) An Arbitrage Certificate of an Authority Officer executed and delivered in accordance with Section 1.148-2(b)(2) of the Regulations promulgated under the Code;

(e) The opinions of Counsel for the Borrower and the School required by Section 2.05 of the Agreement and the opinion of Bond Counsel required by Section 2.06 of the Agreement;

(f) Certificates of insurance evidencing the insurance required to be maintained as provided for in Sections 7.02 and 7.03 of the Agreement; and

(g) $26,007,968.70 from the Underwriter, comprised of the par amount of the Series 2017 Bonds of $24,575,000, less an underwriting discount of $368,625.00 and plus a net original issue premium of $1,801,593.70.

(ii) The Authority may issue one or more series of Additional Bonds from time to time and lend the proceeds thereof to the Borrower pursuant to the Loan Agreement to provide funds for Costs of undertaking the acquisition of land, improvements and site work to the land and the renovation and construction of buildings as part of the Project or otherwise completing the Project or the Cost of refunding or refinancing all or a portion of the Outstanding Bonds of any one or more series. The Trustee shall authenticate and deliver such Additional Bonds at the request of the Authority, but only upon compliance with the requirements set forth in Section 6.20 of the Loan Agreement, and upon delivery to the Trustee of:

(a) A copy of the resolution adopted by the Authority, authorizing the execution and delivery of a supplement to the Agreement and a supplement to this Indenture and the issuance and delivery of the Additional Bonds, duly certified by the Secretary or Assistant Secretary of the Authority, to have been duly adopted by the Authority and to be in full force and effect on the date of such certification;

(b) An original executed counterpart of a supplement to the Agreement and a supplement to this Indenture;

(c) The original executed Additional Series Note;

(d) Supplements to the Lease, the Mortgage and the Assignment of Leases reflecting the increase in the amount of the indebtedness of the Borrower under the Loan Agreement and under the supplement to the Loan Agreement;

(e) An Arbitrage Certificate of an Authority Officer executed and delivered in accordance with Section 1.148-2(b)(2) of the Regulations promulgated under the Code with respect to such Additional Bonds;

(f) The opinion of Counsel for the Borrower required by Section 2.05 of the Agreement with respect to the Additional Indebtedness (paragraph (b) of Section 2.05 shall be applicable only to the supplemental documents being delivered in conjunction with the Additional Indebtedness) and the opinion of Bond Counsel required by Section 2.06 of the Agreement with respect to the Additional Bonds (paragraphs (a) and (b) of Section 2.06 shall be applicable only to Additional Bonds which are Tax Exempt Bonds);

(g) Certificates of insurance evidencing the insurance required to be maintained as provided for in Sections 7.02 and 7.03 of the Agreement with respect to the additional Project site; and

(h) The purchase price of the Additional Bonds from the Underwriter, representing the par amount of the Additional Bonds, less original issue discount, plus accrued interest, if any, which amounts shall be set forth in the supplement to this Indenture.

ARTICLE IV

PROJECT FUND AND COSTS OF ISSUANCE FUND

Section 4.01. Establishment of Project Fund. The Authority hereby establishes and creates the Project Fund, which shall be a special fund held by the Trustee.

Section 4.02. Payments into the Project Fund/Costs of Issuance Fund; Disbursements. (A) The proceeds from the issuance and sale of the Series 2017 Bonds as set forth in Section 3.01 hereof shall be deposited in the Costs of Issuance Fund. The proceeds from the issuance and sale of the Series 2017 Bonds as set forth in Section 3.01 hereof, or the proceeds of any insurance or condemnation award from the Project Facilities, shall be deposited in the Project Fund. The Trustee shall establish additional Project Funds or Costs of Issuance Funds for the payment of Costs of any additional work on the Project to be paid from the proceeds of Additional Bonds or for costs related to the issuance of the Bonds, as the case may be, or from insurance proceeds, condemnation awards (or other similar sums) pursuant to the Loan Agreement. Project Funds shall consist of the amounts required or permitted to be deposited therein pursuant to any provision hereof or of the Loan Agreement. Such additional Project Funds or Costs of Issuance Fund or accounts within a given Project Fund or Costs of Issuance Fund shall be maintained for each series of Additional Bonds. Payments from any Project Fund or Costs of Issuance Fund established hereunder shall be made only in respect of the Costs of the additions to the Project (or portion thereof) for which it is established or for costs related to the issuance of the Additional Bonds, and only upon compliance with Section 3.02 of the Loan Agreement.

(B) The Trustee is hereby authorized and directed to make each disbursement required by the provisions of the Agreement from the Project Fund and the Costs of Issuance Fund and to issue its checks or to make wire transfers, as the case may be, therefor. In connection therewith, the Trustee shall be entitled to rely entirely on the Requisition Form delivered to it pursuant to Section 3.02 of the Agreement and the Trustee shall have no liability to the Authority or the Bondholders with respect to any disbursement made from the Project Fund supported by any such Requisition Form. The Trustee shall have no duty to review or investigate the accuracy of the requisition for other than the form and format. The Trustee shall keep and maintain a record of such Requisition Forms and disbursements from the Project Fund, the Costs of Issuance Fund and all such payments therefrom.

(C) Upon the occurrence of an Event of Default, any moneys held in the Project Fund and the Costs of Issuance Fund shall be transferred to the Debt Service Fund for application to pay the principal of and interest on the Bonds in accordance with Section 9.10 hereof.

Section 4.03. Completion of the Project. The completion of the Project and payment or provision made for payment of all Costs of the Project shall be evidenced by the filing with the Trustee of the certificate required by the provisions of Section 3.04 of the Agreement. As soon as practicable and, in any event, not more than sixty (60) days from the date of receipt of the certificate referred to in the preceding sentence, any balance remaining in the Project Fund (except amounts the Borrower shall have directed the Trustee in writing to retain for any costs of the Project not then due or payable or if due and payable, not then paid) shall without further authorization, be deposited in the Redemption Fund by the Trustee. Amounts transferred hereunder into the Redemption Fund in an amount less than an Authorized Denomination shall be used to pay interest on the Bonds on the next Interest Payment Date and amounts equal to an Authorized Denomination shall be used to redeem the Bonds on the next succeeding redemption date on which such Bonds can be redeemed without penalty or premium in accordance with the provisions of Sections 7.01 and 7.02 hereof.

ARTICLE V

REVENUES AND APPLICATIONS THEREOF

Section 5.01. Payments, etc., to be Sufficient. The payments under the Loan Agreement and the Note have been fixed so that the Revenues will be sufficient in each Fiscal Year to provide for the payment, when due, of the principal or Redemption Price upon mandatory sinking fund redemption of the Bonds and interest on the Bonds in order to correspond to the payments required under the Bonds and to provide for all other deposits and other payments required to be made hereunder.

Section 5.02. Revenues to Be Paid Over to Trustee. The pledge of the Revenues as security for the performance of all obligations of the Authority hereunder shall be valid and binding from the time such pledge is made. The Revenues shall immediately be subject to the lien of the pledge created by the Loan Agreement and this Indenture without any physical delivery thereof or further act. Pursuant to the assignment made by this Indenture of the Authority's rights under the Loan Agreement, the Revenues shall be paid directly to the Trustee by or on behalf of the Borrower. Upon receipt of any Revenues or other payments hereunder, the Trustee shall deposit the same in the appropriate Fund or Funds established hereunder as set forth herein or, where appropriate, as set forth in a Borrower Certificate. Except as otherwise provided herein, the Revenues shall be collected, held and applied for the payment of the equal and ratable benefit and security of all Bondholders. From and after the occurrence of an Event of Default, the Revenues shall be applied as provided in Section 9.10 hereof.

Section 5.03. Revenue Fund; Application Thereof. (i) There is hereby established a Revenue Fund, into which the Trustee shall, except as otherwise provided in this Indenture, deposit all Revenues received by the Trustee, including payments made pursuant to the Loan Agreement and any other amounts required or permitted to be deposited therein pursuant to the provisions hereof or of the Loan Agreement or the Lease (if any).

(ii) On or before the Business Day preceding any required payment hereunder, the Trustee shall apply Revenues on deposit in the Revenue Fund to the following Funds, accounts or entities, in the order of priority set forth below (including curing any deficiency in deposits, transfers or payments required in prior months or Bond Years, except as otherwise provided), the requirements of each Fund or account, deposit, transfer or payment to be fully satisfied, leaving no deficiencies, prior to any deposit, transfer or payment later in priority:

First, to the Debt Service Fund the amount necessary for the payment of the principal of and interest on the Bonds on the following Interest Payment Date, as described in Section 5.04(a) of this Indenture;

Second, to replenish each account within the Debt Service Reserve Fund for amounts withdrawn therefrom pursuant to Section 5.05 hereof, and in accordance with Section 2.01(f) of the Loan Agreement;

Third, when required for payment, into the Redemption Fund any amount required for the payment of the Redemption Price of the Bonds upon a partial Optional Redemption of the Bonds;

Fourth, when required for payment, into the Rebate Fund any amount required for the payment of rebate as directed by the Borrower.

Provided that (i) no Event of Default has occurred and is continuing hereunder, and (ii) the balance in the Debt Service Reserve Fund is equal to the Reserve Fund Requirement for the Bonds, the Trustee shall return to the Borrower any Revenues remaining in the Revenue Fund on July 15 of each year after application of the Revenues for the purposes provided above and accounting for deposits designated for future payments which shall remain in the Revenue Fund.

Section 5.04. Debt Service Fund. There is hereby established a Debt Service Fund, the moneys on deposit within which (including funds deposited therein pursuant to Section 3.01(d) hereof for the payment of capitalized interest) shall be applied by the Trustee as follows (in the following order of priority):

(a) (i) moneys on deposit within the Debt Service Fund to the payment of interest, when due, on all Outstanding Bonds, including any accrued interest due in connection with redemptions of Bonds pursuant to this Section 5.04 or Sections 5.06 and 7.01 hereof; and

(ii) moneys on deposit within the Debt Service Fund, to the payment, when due, of the principal or Redemption Price of the respective series of Bonds then payable at maturity, upon mandatory sinking fund redemption or upon extraordinary redemption, subject to reduction by the principal amount of such Bonds of the same maturity which are either (i) purchased by the Borrower and surrendered to the Trustee for cancellation, provided that, in the case of Bonds subject to mandatory sinking fund redemption, such Bonds shall be surrendered to the Trustee for cancellation at least 15 days prior to the giving of notice of such redemption by the Trustee, or (ii) purchased for cancellation by the Trustee pursuant to subsection (b) below or Section 5.06 hereof.

(b) during the twelve (12) month period preceding each principal maturity or mandatory sinking fund redemption date, the Borrower may purchase Bonds of the maturity coming due on such principal maturity or mandatory sinking fund redemption date, and, at the request of the Borrower, the Trustee will transfer funds from the Revenue Fund to the Debt Service Fund for such purpose; provided, however, that no such purchase shall be made unless (i) the purchase price does not exceed 100% of the principal amount of the Bonds so to be purchased, (ii) in the case of any purchase of any maturity of Bonds which are subject to mandatory sinking fund redemption, firm commitments for the sale of such Bonds from the holders thereof shall have been accepted at least 15 days prior to the giving of notice of such redemption by the Trustee, and (iii) upon the making of any transfer of moneys from the Revenue Fund to the Debt Service Fund in connection with the proposed purchase, there shall be no deficiency in the Revenue Fund, taking into account the amounts then required to be paid or transferred therefrom for other purposes or reserved therein against such payments and transfers.

Section 5.05. Debt Service Reserve Fund.

(a) There is hereby established a Debt Service Reserve Fund into which the Trustee shall initially deposit an amount equal to the initial Reserve Fund Requirement for the Series 2017 Bonds. The Trustee shall establish additional accounts and make additional deposits in connection with the issuance of Additional Bonds if and to the extent required under subsection (c) below. If any withdrawal is made under subsection (b)(i) below, the amount of the withdrawal shall be restored by the Borrower in accordance with Section 2.01(f) of the Agreement on or prior to the next Interest Payment Date following the Interest Payment Date on which the withdrawal is made. If the value of the assets in the Debt Service Reserve Fund, determined in accordance with Section 6.03 hereof, is less than 95% of the Reserve Fund Requirement (except to the extent that such deficiency relates to any withdrawal made under subsection (b)(i) below), the difference between such Reserve Fund Requirement and the value of the Debt Service Reserve Fund shall be restored by deductions from the Revenue Fund in approximate equal quarterly amounts so as to restore the Debt Service Reserve Fund to its proper value on or prior to the next succeeding Interest Payment Date following the date of such valuation.

(b) Subject to the further provisions of Section 6.02 hereof, moneys on deposit in the Debt Service Reserve Fund shall be applied as follows:

(i) On the date of each required payment from the Debt Service Fund, moneys in the Debt Service Reserve Fund shall be applied to cure any deficiency in the Debt Service Fund;

(ii) On each July 10th and at the time of any other valuation, any amount in the Debt Service Reserve Fund in excess of the Reserve Fund Requirement shall be transferred to the Revenue Fund; and

(iii) In each quarter during the twelve (12) month period preceding the final maturity date of the Bonds, moneys held in the Debt Service Reserve Fund shall be credited against the payment of principal of and interest on the respective series of Bonds and shall be transferred to the respective Account in the Debt Service Fund for the payment of such principal and interest; provided, however, that no such credit shall be given and no such transfer shall be made if and to the extent that, immediately prior to such crediting and transfer, the amount on deposit in the Debt Service Reserve Fund is not at least equal to the Reserve Fund Requirement, less the amounts previously transferred to the Debt Service Fund during such twelve (12) month period pursuant to this subparagraph (iii).

(c) The Reserve Fund Requirement in connection with the issuance of any Additional Bonds shall be determined in accordance with the terms of the supplement to the Trust Indenture; provided that the Authority may, at the request of the Borrower, issue Additional

Bonds which are not secured by or otherwise entitled to any payments from the Debt Service Reserve Fund. If any calculation of the Reserve Fund Requirement is made which indicates that excess moneys are on deposit in the Debt Service Reserve Fund, such excess shall be applied as provided in Section 5.05(b)(ii). If any calculation indicates that the amount on deposit in the Debt Service Reserve Fund is less than the Reserve Fund Requirement, an additional deposit to cure such deficiency shall be made on the issue date for the Additional Bonds.

(d) The Trustee shall establish additional accounts within the Debt Service Reserve Fund as may be provided in supplemental indentures to this Indenture authorizing Additional Bonds to be held as security for such Additional Bonds, as provided in the applicable supplemental indenture.

(e) At the option of the Borrower, all or any portion of the Reserve Fund Requirement may be satisfied by a reserve fund credit facility (the "Reserve Fund Credit Facility"), subject to the following requirements: (i) each Reserve Fund Credit Facility shall have a term of not less than five years and shall permit the Trustee to make drawings thereunder in the amounts and for the purposes specified in this Section 5.05 (including any drawings required by this subsection); (ii) prior to its acceptance of any Reserve Fund Credit Facility (including any replacement for a Reserve Fund Credit Facility previously issued), the Trustee shall have received written confirmation from one of the Rating Agencies that the unsecured, long term senior debt obligations of the issuer of the Reserve Fund Credit Facility are rated in one of the two highest rating categories disregarding qualifications of such categories by numerical symbols or symbols such as "+" or "-"); and (iii) the Trustee shall be required to draw the full amount available under any such Reserve Fund Credit Facility and to deposit such amount in the appropriate account in the Debt Service Reserve Fund (A) on the first Business Day which is less than sixty days prior to the expiration of the Reserve Fund Credit Facility, unless the Reserve Fund Credit Facility is renewed or replaced prior to such Business Day, (B) on the last Business Day on which a drawing can be made under the Reserve Fund Credit Facility, if it is to be terminated prior to expiration, unless the Reserve Fund Credit Facility is replaced prior to such Business Day, or (C) on the first Business Day which is more than 12 months after the Trustee has received written notice from one of the Rating Agencies that the issuer of the Reserve Fund Credit Facility no longer meets the requirements of clause (ii) above, unless the Reserve Fund Credit Facility is replaced prior to such Business Day. If any Reserve Fund Credit Facility is issued to replace moneys then on deposit in an Account in the Debt Service Reserve Fund, such moneys shall be applied in such a manner as may be directed in writing by an Authorized Borrower Representative, which direction shall be accompanied by an opinion of Bond Counsel to the effect that the proposed action is in accord with the terms of this Indenture and the Loan Agreement and will not cause the interest on the Bonds to become includable in the gross income of the registered owners of the Bonds for Federal income tax purposes.

Section 5.06. Redemption Fund. There is hereby established a Redemption Fund into which the Trustee shall deposit such amounts as are required or permitted to be deposited therein pursuant to the provisions of the Loan Agreement or this Indenture, including, but not limited to, Section 7.14 of the Loan Agreement. The Trustee shall create Accounts within the Redemption

Fund if necessary to account for which series of Bonds such moneys are to redeem. Moneys in the Redemption Fund shall be applied solely to the redemption of the respective series of Bonds pursuant to Article VII hereof.

Section 5.07. Procedure When Funds Are Sufficient to Pay All Bonds. If at any time the Trustee receives a Certificate of the Borrower to the effect that the amounts held by the Trustee in the Funds established under this Article V, other than the Rebate Fund, are sufficient to pay principal or Redemption Price of and interest on all Bonds then Outstanding to maturity or prior redemption, together with any amounts due the Authority and the Trustee, and the Trustee receives confirmation of the accuracy of the determinations in a Certificate of the Borrower, the Trustee shall so notify the Authority and apply the amounts in the Funds to the payment of the aforesaid obligations and neither the Authority nor the Borrower shall be required to pay over any further Revenues unless and until it shall appear to the Trustee that there is a deficiency in the Funds held by the Trustee.

Section 5.08. Moneys to Be Held for All Bondholders, With Certain Exceptions. Until applied as herein provided, the moneys and investments held in all Funds and Accounts established hereunder, other than the Rebate Fund, and the proceeds of any remedies exercised under Article IX hereof shall be held in trust for the benefit of the holders of all Outstanding Bonds, except that: (a) on and after the date on which the interest on or principal or Redemption Price of any particular Bond or Bonds is due and payable from the Debt Service Fund or Redemption Fund, the unexpended balance of the amount deposited or reserved in either or both of such Funds for the making of such payments shall, to the extent necessary therefor, be held for the benefit of the Bondholder or Bondholders entitled thereto; (b) any special redemption fund established in connection with the issuance of any Additional Bonds for a refunding shall be held for the benefit of the holders of Bonds being refunded (subject to the escheat provisions of Section 14.03(b) hereof); (c) the rights of any Bondholders with respect to principal or interest payments extended beyond their due dates pursuant to Section 9.10 hereof shall be subordinate to the rights of Bondholders with respect to payments not so extended; (d) moneys on deposit in the Debt Service Reserve Fund shall be applied first to the respective series of Bonds to which the accounts apply and only upon payment of all Bonds Outstanding of such series shall any funds in an account in the Debt Service Reserve Fund securing such series be applied to another series of Bonds (e) and if any Additional Bonds are issued which are not secured by the Debt Service Reserve Fund, the moneys on deposit therein and the income from the investment thereof shall not be available to pay any portion of the principal or Redemption Price of or the interest on such Additional Bonds; and (f) unless otherwise provided in the applicable supplemental indenture, any Debt Service Reserve Fund established for a series of Additional Bonds shall be held as security only for such Additional Bonds.

Section 5.09. Cancellation of Bonds. All Bonds purchased, redeemed or paid shall, if surrendered to the Authority or any Paying Agent, be cancelled by it and delivered to the Trustee, or if presented and surrendered to the Trustee, be cancelled by it. No such Bonds shall be deemed Outstanding under this Indenture and no Bonds shall be issued in lieu thereof. All such Bonds shall be cancelled and shall be destroyed and a certificate thereof delivered to the Authority.

Section 5.10. Rebate Fund. There is hereby established with the Trustee a Rebate Fund with respect to the Bonds, and within the Rebate Fund a separate rebate account with respect to each series of Additional Tax Exempt Bonds, all of which shall be held separate and apart from all other funds established under this Indenture. The Borrower shall comply with the provisions of Section 6.04 of the Agreement and instruct the Trustee in writing to transfer from the Revenue Fund or the applicable account in the Project Fund to the Rebate Fund, or shall otherwise pay to the Trustee for deposit into the Rebate Fund, such amounts as shall be necessary to cause the aggregate amount transferred to or otherwise deposited in the Rebate Fund to equal the amount of rebateable arbitrage required to be paid to the United States as determined under Section 6.04 of the Agreement, plus earnings attributable to investment of such amount as of the end of each Bond Year; provided that, as set forth in such Section 6.04, no such transfers or deposits shall be necessary with respect to the Tax Exempt Bonds if the proceeds of the Tax Exempt Bonds, together with the investment earnings thereon, are fully expended within six months of the date of issue and the Trustee receives a Certificate from the Authority or the Borrower to that effect. Withdrawals from the Rebate Fund may be made only pursuant to written directions of the Borrower given in accordance with Section 6.04 of the Agreement. All amounts in the Rebate Fund, including income earned from investment of the Rebate Fund, shall be held by the Trustee free and clear of the lien of this Indenture, and the Trustee shall pay said amounts over to the United States from time to time as the Trustee shall be instructed in writing by the Borrower.

Notwithstanding anything contained in this Indenture to the contrary, neither the Authority nor the Trustee shall be responsible or liable for any loss, liability, or expense incurred to the extent incurred as a result of the failure of the Borrower to fulfill its obligations with respect to the calculation and payment of the Rebate Amount. The Authority and Trustee shall be entitled to rely conclusively upon the calculations provided by the Borrower. The Trustee's only duties with respect to rebating the rebatable arbitrage to the United States shall be as expressly stated in this Section 5.10 and in accordance with Section 6.04(m) of the Loan Agreement, the Borrower shall indemnify and hold the Trustee harmless from and against any losses or claims resulting from the failure of the Borrower or the Authority to comply with Section 148 of the Code and the Treasury Regulations 1.148-1 through 1.148-11, as supplemented and amended. Moneys held in the Rebate Fund shall be held by the Trustee for a period of not less than seventy-five days following the redemption or final maturity of the applicable series of Tax Exempt Bonds. Upon payment of the final rebate amount to the United States, any amount remaining in the Rebate Fund following such final payment shall be returned to the Borrower upon receipt by the Trustee of a written request therefor from the Borrower.

Section 5.11. Rebate Reminder. The Trustee agrees to furnish the Borrower and the Authority with notice of the Borrower's obligation to file its report with the Authority in accordance with Section 6.04 of the Loan Agreement and to file its rebate calculation and make its rebate payment, if any, to the Internal Revenue Service; provided, however, that the Trustee shall have no liability for its failure to furnish such notice. Regardless of whether the Trustee furnishes such a notice to the Borrower, the Borrower shall not be relieved of its obligation to calculate and pay any Rebate Amount, provided further, that the Trustee shall not be required under any circumstances to monitor the Borrower's compliance with its obligation to calculate and pay any Rebate Amount nor be charged with any knowledge of the Borrower's compliance with its obligations on account of the Trustee having delivered a notice pursuant to this section. Such reminder notice shall be furnished to the Borrower and the Authority at least 90 days prior to each fifth anniversary of the issuance of the applicable series of Tax Exempt Bonds as set forth in Section 6.04 of the Loan Agreement and within 30 days following the redemption or final payment of such Bonds. The Trustee shall have no further obligation for the computation of the Rebate Amount or the filing or payment thereof.

Section 5.12. Additional Accounts and Subaccounts.

At the written request of the Borrowers, the Trustee shall establish and maintain additional Funds or Accounts within the Funds or subaccounts within the Accounts established hereunder, including any Fund required to be established in connection with the issuance of any series of Additional Bonds; provided that (i) in each case, the written request of the Borrower shall set forth in reasonable detail the sources of deposits into and disbursements from the Account or subaccount to be established, (ii) in each case, the sources of deposits into and disbursements from the Account or subaccount to be established shall be limited to the sources of deposits permitted or required to be made into and the disbursements permitted or required to be made from the Fund or Account within which it is to be established, and (iii) except as otherwise provided in Section 5.08 hereof or, with regard to any rebate fund, in the supplemental indenture establishing such Fund, each additional Fund, Account or subaccount established hereunder shall be held in trust for the benefit of the holders of all Outstanding Bonds (subject to the escheat provisions of Section 14.03(b) hereof).

Section 5.13. Cost of Issuance Fund. There is hereby established a Costs of Issuance Fund, the moneys on deposit within which shall be applied by the Trustee to pay for the costs of issuance associated with the Bonds. Each disbursement from the Costs of Issuance Fund shall be made in accordance with a Requisition Form delivered to the Trustee pursuant to Section 3.02 of the Agreement. Any amounts remaining in the Costs of Issuance Fund after January 15, 2018 shall be transferred by the Trustee to the Project Fund and applied to pay Costs of the Project.

ARTICLE VI

INVESTMENT AND DEPOSIT OF MONEYS

Section 6.01. Deposits. All moneys received by the Trustee under this Indenture shall, except as hereinafter provided, be deposited with the Trustee, until or unless invested as provided in Section 6.02 hereof. The Trustee may deposit such moneys with any other depository which is authorized to receive them and is subject to supervision by public banking authorities.

Section 6.02. Investments. Subject to the restrictions hereinafter set forth in this Section 6.02 and in the Tax Certificate, moneys held in the Revenue Fund (other than moneys on deposit for the payment or redemption of Bonds), the Project Fund, the Costs of Issuance Fund, the Debt Service Fund and Debt Service Reserve Fund shall be invested and reinvested by the Trustee upon the written instructions of the Borrower in Investment Obligations, maturing no later than two (2) Business Days prior to the date on which it is estimated that such moneys will be required to be paid out hereunder. Moneys held in the Redemption Fund for the payment or redemption of Bonds shall be invested only in Government Obligations, which mature as needed for payment. All investment instructions hereunder shall be provided to the Trustee no later than one Business Day prior to the making of the investment directed therein. The Trustee may make any and all such investments through its own investment department, or through any of its affiliates or subsidiaries. The Trustee shall be entitled to rely on all written investment instructions provided by the Borrower hereunder, and shall have no duty to monitor the compliance thereof with the restrictions set forth in this Section 6.02 and in the Tax Certificate. The Trustee shall not be responsible or liable for the performance of any such investments or for keeping the moneys held by it hereunder fully invested at all times. Absent the provision of investment instructions hereunder, the Trustee shall not make any investment of the moneys held pursuant hereto. Any obligations acquired by the Trustee as a result of such investment or reinvestment shall be held by or under the control of the Trustee (except for such investments held in book entry form) and shall be deemed to constitute a part of the Fund or Account from which the moneys used for its purchase were taken. All investment income shall be retained in the Fund or Account to which the investment is credited from which such income is derived, and otherwise be available for the uses set forth herein with respect to such Funds or Accounts.

Section 6.03. Valuation of Investments. The value of any Investment Obligation shall be determined as follows:

(a) For the purpose of determining the amount in any fund, all Investment Obligations credited to such fund shall be valued at fair market value. The Trustee shall be authorized to retain such professionals as shall be required to determine the fair market value based on accepted industry standards and from accepted industry providers.

(b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and

(c) As to any investment not specified above: the value thereof established by prior agreement by the Trustee.

ARTICLE VII

REDEMPTION OF BONDS

Section 7.01. Bonds Subject to Redemption; Selection of Bonds to be Called for Redemption. The Bonds shall be subject to redemption prior to maturity upon such terms as are acceptable to the required number of Holders and the Borrower, and as expressed in the Bonds, subject, however, to the following:

(a) Mandatory Sinking Fund Redemption. The Series 2017 Bonds shall be required to be redeemed from moneys deposited in the Debt Service Fund for such purpose, such redemptions to be made on July 15th in each of the years and in such amounts as set forth in Exhibit B hereto, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the Redemption Date.

(b) Optional Redemption. The Series 2017 Bonds maturing on and after July 15, 2032 are subject to redemption prior to maturity at the option of the Authority, at the direction of the Borrower, in whole or in part at any time on or after July 15, 2027 at a redemption price of 100%.

(c) Extraordinary Redemption. The Series 2017 Bonds are subject to redemption prior to maturity, in whole or in part, at any time (i) from surplus money in the Project Fund which is transferred to the Redemption Fund, at a Redemption Price equal to the "amortized value" (as defined below), plus accrued interest to the redemption date, and (ii) from insurance proceeds, condemnation awards, proceeds of conveyances in lieu of condemnation or proceeds from the sale of the Project Facilities deposited in the Redemption Fund and available for such purpose, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date. For purposes of clause (i) of the preceding sentence, amortized value means the principal amount of the Series 2017 Bonds to be redeemed multiplied by the price of such Series 2017 Bonds expressed as a percentage, calculated based on industry standard methods of calculating bond prices using (a) a delivery date equal to the redemption date, (b) the earlier of the maturity date of such Series 2017 Bonds or the first date such Series 2017 Bonds are subject to optional redemption, and (c) a yield equal to such Series 2017 Bond's original offering yield.

(d) Extraordinary Mandatory Redemption. The Series 2017 Bonds are subject to extraordinary mandatory redemption in whole at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the Redemption Date, when, at the option of the Authority, the Authority provides written notice to the Trustee that any of the following events has occurred:

i. the Borrower ceases to operate the Project, or to cause the Project to be operated, as an authorized "project" under the Act for twelve (12) consecutive months, without first obtaining the prior written consent of the Authority; or

ii. any representation or warranty made by the Borrower in the Loan Agreement or in any report, certificate, financial statement or other instrument furnished by the Borrower to the Authority in connection with the Loan Agreement shall prove to be false or misleading in material respect when made.

(e) Extraordinary Mandatory Redemption Upon Taxability. The Series 2017 Bonds are subject to extraordinary mandatory redemption in whole at a Redemption Price of 100% of the principal amount thereof, plus interest accrued to the date of redemption, after receipt by the Trustee of a notice of the occurrence of a Determination of Taxability.

In the event that less than all the Bonds are to be redeemed, the Bonds shall be selected for redemption in such manner as may be expressed herein, subject, however, to the following:

(i) in the case of any series having Bonds of varying denominations, each Bond shall be treated as representing that number of Bonds which is obtained by dividing the face amount thereof by the smallest Authorized Denomination; and

(ii) in no event shall any partial redemption result in a Bond of a denomination of less than the Authorized Denomination.

Section 7.02. Procedure for Redemption. When the Trustee shall be required or authorized, or shall receive notice from the Authority given by the Borrower of its election, to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and of this Indenture, mail a notice of redemption by first class mail to the holders of all Bonds to be redeemed at the registered addresses appearing in the registration books of the Trustee. Each such notice shall (i) be mailed not more than 45 nor less than 30 days prior to the redemption date, (ii) identify the Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the Bonds), (iii) specify the redemption date, the Redemption Price and, if less than all of any particular Bond is to be redeemed, the principal amount so to be redeemed, (iv) state that on the redemption date the Bonds called for redemption will be payable at the Corporate Trust Office of the Trustee, that from that date interest will cease to accrue, that no representation is made as to the accuracy or correctness of the CUSIP numbers (if any) printed therein or on the Bonds, and (v) provide any other descriptive information which may be necessary in order to identify the Bonds to be redeemed, including without limitation the original issuance date, maturity date and interest rate applicable to such Bonds. No defect affecting any Bond, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds.

In case the Authority shall have elected to redeem all or fewer than all of the Outstanding Bonds, it shall in each such instance, at least fifteen (15) days before the first date upon which the notice of redemption hereinbefore mentioned is required to be given, notify the Trustee in writing through notice given by the Borrower of such election and of the aggregate principal amount of Bonds to be redeemed, the series and maturity dates of the Bonds to be redeemed, and thereupon the Trustee shall redeem such Bonds. In the event the Borrower does not designate the series and maturities of Bonds to be redeemed, the Trustee shall select the Bonds from all series and maturity dates by lot. In case any Bond shall be redeemed in part only, such notice shall specify the principal amount thereof to be redeemed, which amount shall be in a multiple of $5,000. Partial redemption of any Bond issued in book entry form may be made without surrender of such Bond, and the Trustee shall keep a record of the amounts and dates of each such partial redemption. For Bonds not held in book entry form, such partially redeemed Bond shall be surrendered upon redemption, in which case a new Bond or Bonds in Authorized Denominations and of an aggregate principal amount equal to the unredeemed portion of such Bond will be issued in lieu thereof, and the Authority shall execute and the Trustee shall authenticate and deliver such new Bond or Bonds to or upon the written order of the registered owner of such Bond, at the expense of the Borrower.

On or before the redemption date specified in the notice above provided for, there shall be deposited with the Trustee an amount of cash sufficient to effect the redemption of the Bonds specified in such notice, except that such amount may be reduced to the extent that moneys then held by the Trustee under any of the provisions of this Indenture are available for such redemption. All moneys deposited with the Trustee, or set apart by the Trustee under the provisions of this Indenture, for the redemption of Bonds shall be held in trust for the account of the respective registered owners of the Bonds to be redeemed and applied in accordance with the provisions of Section 14.03 hereof.

On the redemption date designated in such notice, the principal amount of each Bond so to be redeemed, together with the accrued interest thereon to such date, and such premium, if any, as is due and payable on such Bond upon such redemption, shall become due and payable; and from and after such date (such notice having been given in accordance with the provisions of this Section 7.02 and such deposit having been made or moneys set apart as aforesaid), then, notwithstanding that any Bonds so called for redemption shall not have been surrendered, no further interest shall accrue on any such Bond (or on the portion thereof so to be redeemed). From and after such date of redemption (such notice having been given in accordance with the provisions of this Section 7.02 and such deposit having been made or moneys set apart as aforesaid), or from and after the date upon which such notice is mailed, if such notice shall state that moneys to effect such redemption have been deposited with or set apart by the Trustee, all such Bonds or such portions thereof, as the case may be, insofar as such deposit shall have been made or moneys set apart as aforesaid, shall be deemed to have been paid in full as between the Authority and the respective registered owners thereof and shall no longer be deemed to be Outstanding hereunder, and the Authority shall be under no further liability in respect thereof.

If at the time of mailing of any notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that the payment of the redemption amount to the Holders is conditional in that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and that in the case of an optional redemption, such notice shall be of no effect unless such moneys are so deposited.

Section 7.03. Payment of Redemption Price. If (a) notice of redemption has been given by mail and (b) moneys sufficient to redeem all the Bonds called for redemption have been duly deposited with the Trustee on or prior to the date of the Authority's notice to the Trustee, then the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price. Payment of the Redemption Price together with accrued interest shall be made by the Trustee, out of the Revenues or other funds deposited for such purpose, to or upon the order of the Holders of the Bonds called for redemption either upon surrender of such Bonds or in accordance with the book-entry provisions of Section 2.12 hereof if all Bonds are held by DTC.

Section 7.04. Notice of Redemption of Bonds. The Trustee agrees to provide timely notice to the Authority that some or all of the Bonds have been redeemed or paid, except that the Trustee shall not be required to give notice to the Authority of any mandatory sinking fund redemption pursuant to Section 7.01(a) hereof.

ARTICLE VIII

REGARDING THE AUTHORITY

Section 8.01. Payment of Principal of and Interest on Bonds. The Authority shall promptly pay or cause to be paid the principal or Redemption Price of, and the interest on, every Bond issued hereunder according to the terms thereof, but shall be required to make such payment or cause such payment to be made only out of the Revenues or any other moneys held by the Trustee under this Indenture. The Authority shall appoint one or more paying agents for such purpose, each such agent to be a national banking association, a bank and trust Company or a trust company. The Authority hereby appoints ZB, National Association dba Zions Bank, as Paying Agent, and designates the Corporate Trust Office of such agent in Boise, Idaho as the place of payment, such appointment and designation to remain in effect until notice of change is filed with the Trustee.

Notwithstanding the foregoing, the Authority may enter into a written agreement with any Holder of any Bond providing for the payment of principal or Redemption Price of and interest on such Bond at a place other than the place specified in such Bond as the place for payment without the necessity of surrendering the Bond to the Trustee; provided, that (a) there shall be filed with the Trustee a duplicate original of such agreement and (b) such agreement will provide that in each case in which payment of principal is so made, the Holder will not sell, transfer or otherwise dispose of such Bond unless it shall have caused notation to be made thereon by the Trustee of the amount of principal paid thereon and the last date to which interest has been paid thereon.

Section 8.02. Organization; Authority to Issue Bonds. The Authority is a public body corporate and politic constituting an instrumentality of the State, duly organized, established and existing under the laws of the State, particularly the Act. The Authority is authorized to issue the Bonds in accordance with the Act and to use the proceeds thereof to make the loan to the Borrower.

Section 8.03. Enforcement of Agreement; Prohibition Against Amendments of Agreement; Notice of Default. The Authority may, but shall not be obligated to, require the Borrower to perform its obligations under the Agreement. The Authority may exercise all its rights under the Agreement as amended or supplemented from time to time, including the right to amend the Agreement to cure any ambiguity or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provision contained therein or herein and to make such other provision in regard to matters or questions arising under the Agreement or this Indenture; provided that it shall not amend the Agreement or make such other provisions in a manner which materially and adversely affect the interests of Bondholders without the written consent of the Trustee pursuant to Section 12.03 hereof and provided further that it shall not amend the substantive terms of the Agreement or make such other provisions in a manner that would materially and adversely affect the interest of the Borrower without the written consent of the Borrower. Prior to making any amendment pursuant to this Section 8.03, the Authority shall file with the Trustee and the Borrower (i) a copy of the proposed amendment and (ii) an opinion of nationally recognized Bond Counsel to the effect that such amendment or supplement will not have an adverse effect on the exemption of interest on the Bonds from Federal income tax, and, unless the Trustee shall have otherwise given its consent to such amendment or supplement pursuant to Section 12.03 hereof (and the Borrower shall have otherwise given its consent to such amendment or supplement in the case where the amendment or supplement materially and adversely affects the interest of the Borrower), to the further effect that such amendment or supplement will not otherwise materially and adversely affect the interests of the Bondholders and the Borrower. The Authority shall give prompt written notice to the Trustee of any default known to the Authority under the Agreement or any amendment or supplement thereto.

Section 8.04. Further Assurances. Except to the extent otherwise provided in this Indenture, the Authority shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, at the expense of the Borrower, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Indenture.

Section 8.05. Filing and Recording. The Authority agrees that it will cooperate with the Borrower, at the expense of the Borrower, in connection with the Borrower's obligation to cause all documents, statements, memoranda or other instruments to be registered, filed or recorded in such manner and at such places as may be required by law fully to protect the security of the registered owners and the right, title and interest of the Trustee in and to any moneys of securities held hereunder or any part thereof (including any refilings, continuation statements or such other documents as may be required). Any document, statement, memorandum or other instrument (including any refilings, continuation statements or such other documents as may be required) registered, filed or recorded pursuant to this Section 8.05 shall clearly indicate that it is filed in connection with a public-finance transaction pursuant to the New Jersey Uniform Commercial Code, as from time to time in effect. The Borrower shall promptly notify the Trustee and the Authority of any information, action or development which would cause any financing statement or related continuation statement to be or become seriously misleading.

Section 8.06. Indemnification. (a) Pursuant to Section 6.07 of the Loan Agreement, the Borrower shall indemnify the Authority, the Trustee, the State and the Paying Agent, any Person who "controls" the Authority, the Trustee, the State or the Paying Agent, within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended, and any member, director, officer, official, agent, attorney and employee of the Authority, the Trustee, the State or the Paying Agent (herein the "Indemnified Parties").

(b) To secure the Borrower's indemnification payment obligation to the Authority, the Trustee and the Paying Agent, the Authority, the Trustee and the Paying Agent shall have a lien prior to the lien created by this Indenture for the benefit of the owners of the Bonds on all money or property held or collected by the Trustee, except for money held for the payment of the principal of redemption price of any Bonds, and interest on any Bonds previously matured or called for redemption in accordance with this Indenture, which shall be held for the benefit of the registered owners of such Bonds only. Such obligations shall survive the satisfaction and discharge or termination of this Indenture and the resignation or removal of the Trustee and the Paying Agent.

(c) When an Indemnified Party incurs expenses or renders services after an Event of Default, the expenses and compensation for the services are intended to constitute expenses of administration under any applicable bankruptcy law.

Section 8.07. Federal Tax Covenant. Pursuant to Section 6.04 of the Loan Agreement, the Borrower has covenanted to comply with the provisions of Sections 103 and 141 through 150 of the Code with respect to the Tax Exempt Bonds. The Authority hereby covenants not to take or omit to take any action so as to cause interest on the Tax Exempt Bonds to be no longer excluded from gross income for the purposes of federal income taxation and to otherwise comply with the requirements of Sections 103 and 141 through 150 of the Code, and all applicable regulations promulgated with respect thereto, throughout the term of the Tax Exempt Bonds. Pursuant to the Loan Agreement all investments of the proceeds of the Bonds will be at the written direction of the Borrower.

Section 8.08. The Bonds. When the Bonds are issued, transferred and delivered in accordance with the provisions of this Indenture, the Bonds will have been duly authorized, executed, issued and delivered and will constitute the valid special, limited obligation of the Authority payable solely from the Revenues and other monies derived by the Authority from the Loan Agreement (except for payment intended for the Authority as provided in Sections 2.01(d), 6.04, 6.05, 6.06, 6.07, 6.18, 8.05 and 9.03 of the Agreement), and nothing in the Bonds or this Indenture shall be construed as assigning or pledging therefor any other funds or assets of the Authority. **THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THE BONDS. THE BONDS ARE A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.**

The Act provides that neither the members of the Authority nor any person executing bonds for the Authority shall be liable personally on said bonds by reason of the issuance thereof.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following shall be considered an Event of Default with respect to the Bonds under this Indenture:

(a) payment of the principal or Redemption Price, if any, on any Bond shall not be made when the same shall be due and payable at maturity, upon redemption or otherwise; or

(b) payment of an installment of interest on any Bond shall not be made when the same shall be due and payable; or

(c) the occurrence of an "Event of Default" under the Agreement that is continuing; or

(d) the Authority shall default in the due and punctual performance of any covenant in this Indenture on the part of the Authority to be performed, and such default shall continue for sixty (60) consecutive days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority and the Borrower by the Trustee, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding.

If any of the foregoing shall occur or be continuing after the expiration of any applicable grace period, with respect to the Bonds, the Trustee may, and shall, at the written direction of the Holders of at least a majority of the aggregate principal amount of all Bonds then Outstanding by written notice given to the Authority and the Borrower (provided that the default has not theretofore been cured), declare the principal of all Bonds then Outstanding to be due and payable immediately and upon such declaration, without further action, said principal together with interest accrued thereon, shall become due and payable immediately at the place of payment provided in the said notice, anything in this Indenture or in said Bonds to the contrary notwithstanding.

The above provisions, however, are subject to the condition that if, after the principal of all Bonds then Outstanding shall have been so declared to be due and payable and prior to the entry of a judgment or decree for the payment of any moneys due pursuant to the Bonds, this Indenture or the Agreement, all arrears of interest upon such Bonds, and interest on overdue installments of interest (to the extent permitted by law) at the applicable rate per annum borne by such Bonds and the principal on all Bonds then Outstanding which shall have become due and payable otherwise than by acceleration, and all other sums payable under this Indenture, except the principal of, and interest on, the Bonds which by such declaration shall have become due and payable, shall have been paid by or on behalf of the Authority, all other Events of Default hereunder shall have been cured, and all other things in respect of which there may have been a default under this Indenture, shall have performed, and the reasonable fees and expenses of the Authority, the Trustee and of the Holders of such Bonds, including reasonable attorneys' fees paid or incurred shall have been paid, then and in every such case, subject to Section 9.05(b) hereof, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Trustee may rescind and annul such declaration, whereupon the Trustee shall give written notice thereof to the Authority and the Borrower by registered mail. Any such rescission and annulment shall be binding upon all Bondholders, but no such rescission and annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon. Immediately upon such annulment, the Trustee shall cancel any demand for redemption made by the Trustee pursuant to Section 9.03 of this Indenture.

Section 9.02. Enforcement of Agreement. In any case under the provisions of Section 9.01 of this Indenture in which the Trustee has the right to declare the principal of all Bonds then Outstanding to be due and payable immediately, or when the Bonds by their terms mature (upon redemption or otherwise) and are not paid, the Authority agrees that the Trustee shall have the right, subject to the Authority's Reserved Rights, as assignee of the Authority (but not in the name of the Authority) to enforce all rights of the Authority and all obligations of the Borrower under and pursuant to the Loan Agreement and the other Loan Documents, for and on behalf of the Holders of the Bonds, whether or not the Authority is in default hereunder.

Section 9.03. Judicial Proceedings by Trustee. Upon the happening and continuance of any Event of Default, then and in every such case the Trustee, in its discretion may and upon the written request of the Holders of at least a majority of the aggregate principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction shall, and upon written request of the Authority if an Event of Default occurs pursuant to Section 9.01(c) of this Indenture shall:

(a) exercise any and all rights or powers permitted to be taken or exercised by it or by the Authority under this Indenture, the Agreement, the Note or any other Loan Documents;

(b) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders under the Note, the Agreement or other Loan Documents;

(c) bring suit upon the Bonds;

(d) exercise, with respect to the security interest granted hereunder, all of the rights and remedies of a secured party under the New Jersey Uniform Commercial Code.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar judicial proceeding relative to the Borrower or any other obligor upon the Loan Agreement or the Bonds or to property of the Borrower, or such other obligor or the creditors of any of them, the Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the fees, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondholders allowed.

Section 9.04. Discontinuance or Abandonment of Proceedings. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Bondholders of the Bonds shall be restored to their former positions and rights under this Indenture, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.05. Bondholders May Direct Proceedings. (a) The Holders of a majority in principal amount of the Bonds Outstanding hereunder shall have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided that such direction shall not be in conflict with any rule of law or with this Indenture or unduly prejudice the rights of minority Bondholders (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any such directions are unduly prejudicial to such minority Bondholders).

(b) Notwithstanding anything in this Indenture or in any of the other Loan Documents to the contrary, neither the Trustee nor the registered owners, shall have the right to waive an Event of Default under any of the Loan Documents which arises out of a violation of a Reserved Right without the prior written consent of the Authority, which it shall give in its sole and complete discretion. Notwithstanding anything herein or in any other Bond Document to the contrary, nothing herein shall affect the Authority's unconditional right to specifically enforce its Reserved Rights or to accelerate the Borrower's payment obligations under the Loan Agreement upon the occurrence of an Event of Default under Section 8.01(c) of the Loan Agreement or to cause an Extraordinary Mandatory Redemption of the Bonds.

Section 9.06. Limitations on Actions by Bondholders. No Bondholder shall have any right to pursue any remedy with respect to the Bonds hereunder unless:

(a) the Trustee shall have been given written notice of an Event of Default;

(b) the Holders of at least a majority in principal amount of all of the Bonds then Outstanding shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names;

(c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities; and

(d) the Trustee shall have failed to comply with such request within a reasonable time.

Notwithstanding the foregoing provisions of this Section 9.06 or any other provision of this Indenture, the obligation of the Authority shall be absolute and unconditional to pay hereunder, but solely from the Revenues and other funds pledged under this Indenture, the principal or Redemption Price of, and interest on, the Bonds to the Holders thereof on the due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

Section 9.07. Trustee May Enforce Rights Without Possession of Bonds. All rights under this Indenture and the Bonds may be enforced by the Trustee without the possession of any Bonds or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Holders of the Bonds.

Section 9.08. Remedies Not Exclusive. No remedy herein conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.09. Delays and Omissions Not to Impair Rights. No delays or omissions in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by this Article IX may be exercised from time to time and as often as may be deemed expedient.

Section 9.10. Application of Moneys in Event of Default. Any moneys relating to the Bonds received by the Trustee pursuant to any right given or action taken under the provisions of this Article IX shall (after payment of the costs and expenses (including legal fees and expenses) of the proceedings resulting in the collection of such moneys and of the fees and expenses, liabilities and advances of the Authority and the Trustee, it being understood that such payment shall not be made from any moneys already held for the benefit of the Bondholders) be deposited in the Debt Service Fund, and all moneys in such Fund shall be applied as follows:

(i) Unless the principal of all the Bonds Outstanding shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the Persons entitled thereto of all installments of interest then due on the Outstanding Bonds and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege (provided, however, that no payment shall be made with respect to any Bond held by or for the account of the Borrower or any affiliate or Related Person thereof); and

SECOND - To the payment to the Persons entitled thereto of the unpaid principal of, and premium, if any, on, the Outstanding Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are already held pursuant to the provisions of this Indenture) in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of each Bond due on any particular date, together with such premium, then to the payment ratably, according to the amount of principal and premium due on such date, to the Persons entitled thereto, without any discrimination or privilege (provided, however, that no payment shall be made with respect to any Bond held by or for the account of the Borrower or any affiliate or Related Person thereof).

(ii) If the principal of all the Outstanding Bonds shall have become due or shall have been declared due and payable by acceleration, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due on such Bonds, without preference or priority of principal and premium over interest or of interest over principal and premium, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the Persons entitled thereto, without any discrimination or privilege (provided, however, that no payment shall be made with respect to any Bond held by or for the account of the Borrower or any affiliate or Related Person thereof).

(iii) If the principal of all the Outstanding Bonds shall have been declared due and payable by acceleration, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article IX, then the moneys shall be applied in accordance with the provisions of subsection (i) above; provided, however, that in the event that the principal of all the Bonds shall later become due or be declared due and payable by acceleration, the moneys shall be applied in accordance with the provisions of subsection (ii) above.

Notwithstanding the foregoing, moneys in the Debt Service Reserve Fund shall be applied only to the payment of the Bonds and such Additional Bonds as shall specifically benefit from deposits made therein.

Notwithstanding the foregoing restrictions on payment in respect of any Bond held by or for the account of the Borrower or any affiliate or Related Person of the Borrower, moneys may be applied to such payment, but only after payment in full of all other Outstanding Bonds; and, to the extent that such surplus moneys are not available for application to such Borrower Bonds after acceleration of the Bonds, all such Borrower Bonds shall be deemed to be no longer Outstanding and shall be cancelled, and no payment shall be made in respect thereof. Whenever moneys are to be applied pursuant to the provisions of this Section 9.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine is appropriate upon due consideration of the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

Whenever the Trustee shall apply such funds it shall fix the date of application, which shall be an Interest Payment Date unless it shall deem, in the reasonable exercise of its discretion, another date more suitable. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Section 9.11. Trustee's Right to Receiver; Compliance With Act. As provided by the Act, the Trustee shall be entitled as of right to the appointment of a receiver of the assets of the Borrower; and the Trustee, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act.

Section 9.12. Trustee and Bondholders Entitled to All Remedies Under Act. It is the purpose of this Article to provide such remedies to the Trustee and Bondholders as may be lawfully granted under the provisions of the Act; but should any remedy herein granted be held unlawful, the Trustee and the Bondholders shall nevertheless be entitled to every remedy provided by the Act. It is further intended that, insofar as lawfully possible, the provisions of this Article shall apply to and be binding upon any trustee or receiver appointed under the Act.

Section 9.13. Authority's Rights. Notwithstanding anything in this Indenture or in the Loan Agreement or in any of the other Loan Documents to the contrary, neither the Trustee nor the Registered Owners shall have the right to waive an Event of Default under any of the Loan Documents which arises out of a violation of a Reserved Right without the prior written consent of the Authority, which the Authority may give in its sole and complete discretion. Notwithstanding any other provision contained in this Indenture or any other Loan Document to the contrary, nothing herein or therein shall affect the Authority's unconditional right to enforce its Reserved Rights.

ARTICLE X

THE TRUSTEE

Section 10.01. Acceptance of Trust. The Authority hereby appoints ZB, National Association dba Zions Bank to serve as Trustee under this Indenture. The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the parties hereto and the Bondholders agree. The Borrower shall have the right to appoint any successor trustee in accordance with the terms of this Article X.

Section 10.02. No Responsibility, etc. The recitals, statements and representations in this Indenture or in the Bonds and any information contained in any Preliminary Official Statement and any final Official Statement, save only the Trustee's certificate of authentication upon the Bonds, have been made by the Authority and not by the Trustee; and the Trustee shall be under no responsibility for the correctness thereof.

Section 10.03. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence; Not Liable For Action Taken in Accordance With Bondholder Direction. The Trustee may exercise any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of Counsel concerning all matters of trust hereof and duties hereunder and to rely on any such advice contained in a written opinion of such Counsel. The Trustee shall not be answerable for the negligence, default or misconduct of any attorney or agent selected by it with reasonable care. Except as otherwise provided herein, the Trustee shall not be answerable for the exercise of any discretion or power under this Indenture nor for anything whatever in connection with the trust hereunder, except only its own willful misconduct or negligence. The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Bonds Outstanding relating to the exercise of any right, power or remedy available to the Trustee. The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct.

Section 10.04. Compensation. The Borrower shall pay the Trustee's and any other paying, authenticating or rating agent's closing and annual fees (as agreed in writing) and expenses, charges and disbursements under the Loan Agreement and this Indenture, including, but not limited to, reasonable attorneys' fees and all costs of issuing, collecting payment on and redeeming the Bonds hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Authority shall not be responsible for payment of any such fees and expenses. The Trustee shall have a lien on the Trust Estate which is second only to the lien of the Authority, with right of payment prior to payment of the principal or redemption price of, and the interest on, any Bond, for the foregoing fees and expenses of the Trustee.

Section 10.05. Notice of Default. The Trustee shall, within thirty (30) days after notice thereof, give written notice by registered mail to the Authority and the Holders of Bonds of all defaults known to the Trustee (the term "defaults" for purposes of this Section and Section 10.06 being defined to mean the events specified in clauses (a) through (d) of Section 9.01). The Trustee shall not be deemed to have notice of any default other than defaults under clauses (a) and (b) of Section 9.01, unless specifically notified in writing of such default by the Holders of at least twenty-five percent (25%) of the principal amount of all Bonds then Outstanding or by the Authority at the Corporate Trust Office of the Trustee and such notice references the Bonds and this Indenture and any of the other Loan Documents as appropriate.

Section 10.06. Obligation to Act. If any Event of Default shall have occurred and be continuing of which a Responsible Officer of the Trustee has actual notice, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent person would exercise or use in the circumstances in the conduct of his or her own affairs; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it. No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

Section 10.07. Reliance on Requisition, etc. The Trustee may act on any requisition, resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of this Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

In no event shall the Trustee be responsible or liable for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Trustee agrees that it shall hold all documents, affidavits, certificates and opinions delivered to the Trustee pursuant to Section 3.02 of the Agreement for the term of the Bonds. During such period, the Authority shall have the right to inspect such documents, affidavits, certificates and opinions at the principal office of the Trustee at reasonable times and upon reasonable notice; and the Trustee shall provide copies of such documents, affidavits, certificates and opinions to the Authority at its written request and expense.

The Trustee shall furnish the Borrower monthly and at such other times as the Borrower or the Authority may reasonably request a statement of account of any moneys held in the Funds by the Trustee.

Section 10.08. Permitted Acts. The Trustee and its directors, officers, employees or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any holder of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the Authority or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture.

Section 10.09. No Duty to Renew Insurance. The Trustee shall be under no duty to effect or to renew any insurance policy required under Section 7.02 of the Loan Agreement nor shall it incur any liability for the failure of the Borrower to effect or renew insurance or to report or file claims of loss thereunder.

Section 10.10. Construction of Ambiguous Provisions. The Trustee may construe any ambiguous or inconsistent provisions of this Indenture, and any construction by the Trustee shall be binding upon the Bondholders, the Authority and the Borrower.

Section 10.11. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Indenture by written resignation filed with the Secretary of the Authority (and a copy to the Borrower) not less than sixty (60) days before the date when it is to take effect, provided notice of such resignation is mailed by first-class mail to the registered Holders of the Bonds not less than fifty (50) days prior to the date when the resignation is to take effect. Such resignation shall take effect only upon the appointment of a successor trustee.

Section 10.12. Removal of Trustee. The Trustee hereunder may be removed at any time by the Borrower or by the Holders of a majority in principal amount of the Bonds then Outstanding, by an instrument appointing a successor to the Trustee so removed, executed by the Holders of a majority in principal amount of the Bonds then Outstanding and filed with the Trustee and the Authority, provided that such removal shall not prevent the Trustee from suing the Borrower for all amounts due and owing the Trustee under the Indenture. Such removal shall only be effected with simultaneous appointment of a successor trustee.

Section 10.13. Appointment of Successor Trustee. If the Trustee or any successor trustee is dissolved or if its property or business is taken under the control of any state or Federal court or administrative body and a vacancy shall forthwith exist in the office of the Trustee, or if the Trustee or any successor trustee resigns or is removed, the Borrower shall appoint a successor trustee and the Borrower shall mail notice thereof immediately by first-class mail to the registered Holders of the Bonds. If the Borrower fails to make such appointment promptly, the Holders of a majority in principal amount of the Bonds then Outstanding may do so. In the event that a successor trustee is not appointed within sixty (60) days following the date of resignation or removal of the Trustee, the Trustee may apply to any court of competent jurisdiction for the appointment of a successor trustee.

Section 10.14. Qualification of Successor. A successor trustee shall be a national banking association with trust powers or a bank and trust company or a trust company having capital and surplus of at least $75,000,000, if there be one able and willing to accept the trust on reasonable and customary terms.

Section 10.15. Instruments of Succession. Any successor trustee shall execute, acknowledge and deliver to the Authority an instrument accepting such appointment hereunder; and thereupon such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder shall pay over to the successor trustee all moneys held by it hereunder; and, upon request of the successor trustee, the Trustee ceasing to act and the Authority shall execute and deliver an instrument transferring to the successor trustee all the estates, properties, rights, powers and trusts hereunder of the Trustee ceasing to act.

Section 10.16. Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or any corporation to which any Trustee may sell or transfer all or substantially all of its corporate trust business, provided such corporation shall be eligible under Section 10.14 hereof, shall be the successor trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.17. Notice of Non-Compliance. Upon the receipt of notice by or the receipt of actual knowledge by any officer responsible for the administration of the Funds, the Trustee shall report immediately to the Authority any breach of any covenant or any Event of Default by the Borrower under the Loan Agreement or any fact or circumstance which, except for any grace period permitted by the Loan Agreement, would result in any breach of a covenant or Event of Default by the Borrower thereunder.

Section 10.18. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including without limitation the laws of the State of New Jersey) denying or restricting the right of banks or trust companies to transact business as trustees in that jurisdiction. It is recognized that (a) if there is litigation under the Indenture or other instruments or documents relating to the Bonds and the Project, and in particular, in case of the enforcement hereof or thereof upon a default or an Event of Default, or (b) if the Trustee should deem that, by reason of any present or future law of any jurisdiction, it may not (i) exercise any of the powers, rights or remedies granted herein to the Trustee, (ii) hold title to the properties, in trust, as granted herein, or (iii) take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or additional institution as a Co-Trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an individual or additional institution as a Co-Trustee, each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee shall be exercisable by, vest in and be conveyed to that Co-Trustee, but only to the extent accepted by such Co-Trustee and necessary for it to be so vested and conveyed and to enable that Co-Trustee to exercise it. The Co-Trustee shall acknowledge its acceptance of the trusts so conveyed to it, in writing to the Authority. Every covenant, agreement and obligation necessary to the exercise thereof by such Co-Trustee shall run to and be enforceable by it.

This Article X of this Indenture is hereby made applicable to any Co-Trustee appointed hereunder.

Should any instrument or document in writing from the Authority reasonably be required by any Co-Trustee for vesting and conveying more fully and certainly in and to that Co-Trustee those trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens, that instrument or document shall be executed, acknowledged and delivered, but not prepared, by the Authority. Any Co-Trustee may resign or be removed and a successor Co-Trustee appointed upon the same terms as provided for the Trustee.

Section 10.19. Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

ARTICLE XI

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

Section 11.01. Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. Proof of the execution by any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and any Paying Agent with regard to any action taken, suffered or omitted by any of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgements within such jurisdiction, to the effect that the person signing such instrument acknowledged before him or her the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the Bond register.

Nothing contained in this Article XI shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters in this Article XI stated which to it may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond and any Bond or Bonds issued in exchange or substitution therefor or upon the registration of transfer thereof in respect of anything done by the Trustee in pursuance of such request or consent.

ARTICLE XII

AMENDMENTS AND SUPPLEMENTS

Section 12.01. Amendments and Supplements Without Bondholders' Consent. This Indenture may be amended or supplemented from time to time without the consent of the Bondholders by a supplemental indenture for one or more of the following purposes:

(a) in connection with the issuance of Additional Bonds, to set forth such matters as are specifically required or permitted hereunder or such other matters as will not adversely affect the holders of the Bonds then Outstanding;

(b) to add additional covenants of the Authority or to surrender any right or power herein conferred upon the Authority;

(c) to make conforming changes in connection with any changes to the Loan Agreement pursuant to Section 12.04(c) hereof;

(d) to cure any ambiguity or to cure, correct or supplement any defective provision hereof (whether because of any inconsistency with any other provision hereof or other wise), which shall supersede any actions taken by the Trustee under Section 10.10 hereof, or to make any other amendments to this Indenture, provided that the amendments do not impair the security hereof or adversely affect the Bondholders; and

(e) in connection with obtaining a rating on any series of Bonds from one of the Rating Agencies; provided that the amendments do not impair the security hereof or adversely affect the Bondholders.

Section 12.02. Amendments With Bondholders' Consent. This Indenture may be amended or supplemented from time to time by a supplemental indenture with the consent of (i) the Borrower and (ii) the holders of at least 51% in aggregate principal amount of the Bonds then Outstanding; provided, with respect to the approval of the Bondholders that (a) no amendment shall be made which adversely affects the Bonds without the consent of the holders of at least 51% of the then Outstanding Bonds, (b) no amendment shall be made which affects the rights of some but less than all the Outstanding Bonds without the consent of the holders of 51% of the Bonds so affected, and (c) no amendment which alters the interest rates on any Bonds, the maturities, Interest Payment Dates or redemption provisions of any Bonds, this Article XII or the security provisions hereunder may be made without the consent of the holders of all Outstanding Bonds adversely affected thereby.

Section 12.03. Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The Trustee is authorized to join with the Authority in the execution and delivery of any supplemental indenture or amendment permitted by this Article XII and in so doing shall be fully protected by an opinion of Bond Counsel that such supplemental indenture or amendment is so permitted and has been duly authorized by the Authority, that all conditions precedent to the execution and delivery of such supplemental indenture or amendment have been met by the Authority or waived by the Authority and that all things necessary to make it a valid and binding agreement of the Authority have been done.

Section 12.04. Amendments to the Loan Agreement Without Consent of Bondholders. The Loan Agreement may be amended without the consent of the Bondholders (a) to correct any ambiguity, inconsistency or formal defect or omission therein, (b) in connection with the issuance of Additional Bonds, to set forth such matters as are permitted or required hereunder in connection with such issuance or to set forth other matters that do not adversely affect the holders of the Bonds then Outstanding, or (c) to make any other change in the Loan Agreement which, in the judgment of Bond Counsel, does not materially adversely affect the rights of the holders of any Bonds, provided that there is delivered to the Authority and the Trustee an opinion of Bond Counsel not unacceptable to the Trustee addressed to the Authority and the Trustee to the effect that (i) the action proposed to be taken is authorized or permitted by this Indenture and the Loan Agreement and complies with their respective terms; and (ii) such action will not adversely affect the exemption of interest on the Tax Exempt Bonds from Federal income taxation and the validity of the Bonds. No prior notice to the Bondholders of any proposed changes pursuant to this Section shall be required.

Section 12.05. Amendments to the Loan Agreement with Consent of Bondholders. Except for amendments, changes or modifications as specifically provided in Section 12.04 hereof, neither the Authority nor the Trustee shall consent to any amendment, change or modification of the Loan Agreement or waive any obligation or duty of the Borrower under the Loan Agreement without the written consent of the holders of not less than 51% in aggregate principal amount of the Outstanding Bonds affected thereby; provided, however, that no such waiver, amendment, change or modification shall permit termination or cancellation of the Loan Agreement or any reduction of the amounts payable under Section 2.01 of the Loan Agreement or change the date when such payments are due without the consent of the holders of all the Bonds then Outstanding.

Section 12.06. Conditions to Supplements and Amendments. Before the Authority and the Trustee shall enter into any supplemental indenture, or before the Authority and the Borrower shall enter into any amendment or supplement of the Loan Agreement, there shall have been delivered to the Trustee (i) an opinion of Bond Counsel not unacceptable to the Trustee addressed to the Authority and the Trustee to the effect that (a) the action proposed to be taken is authorized or permitted by this Indenture and the Loan Agreement and complies with their respective terms, all conditions precedent to the execution and delivery of such supplemental indenture or amendment have been met by the Authority or waived by the Authority and that all things necessary to make it a valid and binding agreement of the Authority have been done; and (b) such action will not adversely affect the exemption of interest on the Tax Exempt Bonds from Federal income taxation and the validity of the Bonds and (ii) any required consents, in writing, of the Bondholders. The Authority and the Trustee shall be fully protected in relying upon any such opinion of Bond Counsel.

ARTICLE XIII

DEFEASANCE

Section 13.01. Defeasance. When principal or the Redemption Price (as the case may be) of, and interest on, all Bonds issued hereunder have been paid, or provision has been made for payment of the same when due in the manner described in this Section 13.01, whether at maturity or upon redemption, acceleration, or otherwise, together with all other sums payable hereunder or under the Agreement, the right, title and interest of the Trustee shall thereupon cease (except with respect to moneys or securities held by the Trustee hereunder for the payment of the principal or Redemption Price (as the case may be) of, and interest on, the Bonds and other amounts) and the Trustee, on written demand of the Authority, shall release the lien of this Indenture and shall execute documents to evidence such release as may be reasonably required by the Authority, shall surrender the Note to the Borrower and shall turn over to the Borrower or to such person, body or authority as may be entitled to receive the same all balances then held by it hereunder.

Provision for the payment of Bonds shall be deemed to have been made upon the delivery to the Trustee of (i) cash in an amount which, when added to any other moneys held by the Trustee and available for such payment, would be sufficient to make all payments specified above, or (ii) Government Obligations which are non-callable prior to the stated maturity thereof and having stated maturities arranged so that the principal of and interest becoming due and payable on such Government Obligations will, under any and all circumstances (and without further investment or reinvestment of either the principal amount thereof or the interest earned thereon), be sufficient (as confirmed by a nationally recognized firm of public accountants certified in writing to the Trustee) to make all such payments, or (iii) any combination of such cash and such Government Obligations the amounts of which and interest thereon, when due, are or will be, in the aggregate, sufficient to make all such payments, and in each case, the delivery to the Trustee of (a) an opinion of Bond Counsel to the effect that such defeasance is permitted under this Section 13.01 and (b) an opinion of Counsel selected by the Trustee and reasonably acceptable to the Borrower as to such other matters as the Trustee may reasonably request. Neither the obligations nor moneys deposited with the Trustee pursuant to this Section shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal of, the Redemption Price of and interest on said Bonds.

The release of the obligations of the Authority under this Section 13.01 shall not affect the obligations of the Borrower to make direct payments to the Authority or the Trustee pursuant to the Agreement.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Dissolution. In the event of the dissolution of the Authority, all the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of, or for the benefit of, the Authority, shall bind or inure to the benefit of the successors of the Authority from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Authority shall be transferred.

Section 14.02. (Intentionally Omitted).

Section 14.03. Deposit of Funds for Payment of Bonds; Escheat. (a) If the Authority deposits with the Trustee funds sufficient to pay the principal or Redemption Price of any Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, all interest on such Bonds shall cease to accrue on the due date and all liability of the Authority with respect to such Bonds shall likewise cease, except as hereinafter provided. Thereafter the Holders of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds, provided that such restriction shall not affect the obligations of the Borrower to make payments for the benefit of the Holders of the Bonds pursuant to this Indenture or the Agreement, and the Trustee shall hold such funds in trust for such Holders.

(b) If any Bond or evidence of beneficial ownership of such Bond shall not be presented for payment when the principal thereof becomes due (whether at maturity, by acceleration, upon call for redemption, upon purchase or otherwise), all liability of the Authority to the registered owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged if funds sufficient to pay such Bond and interest due thereon, if any, are held by the Trustee uninvested for the benefit of the registered owner thereof. Thereupon it shall be the duty of the Trustee to comply with the Uniform Unclaimed Property Act, N.J.S.A. 46:30B-1 et. seq., with respect to such funds. The registered owner shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond.

Section 14.04. Severability of Invalid Provisions. In case any one or more of the provisions of this Indenture or of the Bonds issued under this Indenture shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Indenture or of said Bonds, and this Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 14.05. No Personal Recourse. In the exercise of the powers of the Authority and its members, directors, officers, employees, attorneys or agents under this Indenture and the Loan Agreement, and including without limitation the application of moneys, the investment of funds, and the assignment or other disposition of the Trust Estate in the event of default by the

Borrower, neither the Authority nor its members, directors, officers, employees, attorneys or agents shall be accountable to the registered or beneficial owners of the Bonds, the Trustee or the Borrower for any action taken or omitted by it or them in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred. The Authority and its members, directors, officers, employees, attorneys and agents shall be protected in its or their acting upon any paper or document believed by it or them to be genuine, and it and they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any member, director, officer, agent, attorneys, or employee of the Authority in his individual capacity, and neither the members of the Authority nor any official or attorney executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 14.06. Notice. Any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the persons named below shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail return receipt requested or sent by nationally recognized overnight delivery service:

If to the Issuer:	New Jersey Economic Development Authority 36 West State Street PO Box 990 Trenton, New Jersey 08625 Attn: Director, Finance & Bond Portfolio Management Telephone: (609) 858-6700 Email: dweick@njeda.com
If to the Trustee:	ZB, National Association dba Zions Bank Corporate Trust 800 W. Main Street, Ste 700 Boise, ID 83702 Attention: Twyla D. Lehto, Senior Vice President Telephone: (208) 501-7493 Email: twyla.lehto@zionsbank.com
If to the Borrower:	NSA 18th Avenue, LLC 826 Broadway, 9th Floor New York, N.Y 10003 Attn: Chief Financial Officer Telephone No. (212) 844-7905 Email: dflynn@uncommonschools.org

If to the Bondholders, by notification as provided in Section 7.02.

Section 14.07. Execution in Several Counterparts. This Indenture shall be simultaneously executed in several identical counterparts, and all of said counterparts executed and delivered, each as an original and complete in itself, shall constitute but one and the same instrument and any such counterpart may be introduced in evidence, proved, recorded or used for any purpose without the production of any other counterpart.

Section 14.08. Laws Governing Indenture. The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of New Jersey (without regard to the State's conflicts of laws principles).

Section 14.09. Successors and Assigns. All the covenants, promises and agreements in this Indenture contained by or on behalf of the Authority, or by or on behalf of the Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 14.10. Headings for Convenience Only. The descriptive headings in this Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 14.11. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday, Sunday or other day that is not a Business Day, then payment of interest or principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest on such payment shall accrue for the period after such date.

Section 14.12. Authority Not Responsible. (a) The Authority is not under any obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Borrower, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. The Authority shall have no responsibility in respect of the sufficiency of the security provided by this Indenture. The Authority shall not be under any obligation to see that any duties herein imposed upon any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Authority shall not be under any liability for failure to see that any such duties or covenants are so done or performed.

(b) The immunities and exemptions from liability of the Authority hereunder shall extend to its directors, members, attorneys, officers, employees and agents.

Section 14.13. Authority May Rely On Certificates. The Authority shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith and in accordance with the terms of this Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of the Loan Agreement or this Indenture, or upon the written opinion of any attorney, engineer, accountant or other expert believed by it to be qualified in relation to the subject matter, and the Authority shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

Section 14.14. Interested Parties. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any Person, other than the Authority, the Trustee, the Paying Agent and the registered Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agent and the registered Holders of the Bonds.

Section 14.15. Application of New Jersey Contractual Liability Act. Notwithstanding anything to the contrary contained herein, the foregoing is subject to the limitations of the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq. and the New Jersey Tort Claims Act, N.J.S.A. 59:2-1, et seq. While the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq. is not applicable by its terms to claims arising under contracts with the Authority, the Underwriter and the Borrower hereby agree that such statute (except N.J.S.A. 59:13-9) shall be applicable to all claims arising against the Authority under this agreement.

Section 14.16. P.L. 2005 c.92 Compliance. In accordance with State P.L. 2005 c. 92, the Trustee agrees that all services performed by it under this Indenture and any subcontract hereunder, shall be performed within the United States of America.

Section 14.17. Compliance With L. 2005, c.271 Reporting Requirements. The Trustee hereby acknowledges that it has been advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to N.J.S.A. 19:44A-20.27 (L.2005, c. 271, section 3) if the Trustee enters into agreements or contracts such as this Indenture, with a State public entity (including the Authority), and receives compensation or fees of $50,000 or more in the aggregate from State public entities, in a calendar year. It is the Trustee's responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

Section 14.18. Compliance With L. 2005, c. 51. The Trustee represents and warrants that all information, certifications and disclosure statements previously provided in connection with L. 2005, c. 51, which codified Executive Order No. 134 (McGreevey 2004), are true and correct as of the date hereof and all such statements have been made with full knowledge that the Authority and the State will rely upon the truth of the statements contained herein and therein in engaging the Trustee, as trustee in connection with the Series 2017 Bonds. The Trustee agrees that it shall maintain continued compliance with L. 2005, c. 51 and regulations promulgated thereunder while the Series 2017 Bonds are Outstanding. The Trustee acknowledges that upon its failure to make required filings thereunder or the making of a contribution prohibited thereunder the Trustee may be removed as Trustee under this Indenture and any remedies available may be exercised against the Trustee at law or in equity.

Section 14.19. Compliance With Executive Order 117. The Trustee represents and warrants that all information, certifications and disclosure statements previously provided in connection with Executive Order No. 117 (Corzine 2008), are true and correct as of the date hereof and all such statements have been made with full knowledge that the Authority and the State will rely upon the truth of the statements contained herein and therein in engaging the Trustee, as trustee in connection with the Series 2017 Bonds. The Trustee agrees that it shall maintain continued compliance with Executive Order 117 (Corzine 2008) and regulations promulgated thereunder while the Series 2017 Bonds are Outstanding. The Trustee acknowledges that upon its failure to make required filings thereunder or the making of a contribution prohibited thereunder the Trustee may be removed as Trustee under this Indenture and any remedies available may be exercised against the Trustee at law or in equity.

Section 14.20. Compliance With L. 2012, c. 25. The Trustee represents and warrants that all information, certifications and disclosure statements previously provided in connection with L. 2012, c. 25 (N.J.S.A. 52:32-58), are true and correct as of the date hereof and all such statements have been made with full knowledge that the Authority and the State will rely upon the truth of the statements contained herein and therein in engaging the Trustee, as trustee in connection with the Series 2017 Bonds.

Section 14.21. Waiver of Jury Trial. EACH OF THE AUTHORITY AND THE TRUSTEE, AND BY ITS ACCEPTANCE THEREOF, EACH HOLDER OF A BOND, HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE BONDS, OR THE TRANSACTIONS CONTEMPLATED HEREBY.

IN WITNESS WHEREOF, the Authority and the Trustee have caused these presents to be signed by their respective officers thereunto duly authorized and this Indenture to be dated as of the day and year first above written.

ATTEST:	NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
______________________________	By:_______________________________________
Richard T. LoCascio Assistant Secretary	Arlene M. Clark Director of Closing Services

ATTEST: ZB, NATIONAL ASSOCIATION DBA ZIONS BANK, as Trustee

______________________________ By:______________________________

Allison Blackman, Assistant Vice President Twyla D. Lehto, Senior Vice President

EXHIBIT A

Form of Bonds

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BOND. THE BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

No. R-_ $____________

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

CHARTER SCHOOL REVENUE BONDS

(NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK, INC. - 2017 PROJECT)

Maturity Date	Issue Date	Authentication Date	Interest Rate	CUSIP
July 15, __	October 25, 2017	October 25, 2017	_______%	64577B___

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **_____________________ DOLLARS**

The NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (the "Authority"), a public body corporate and politic constituting an instrumentality of the State of New Jersey (the "State"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the Registered Owner identified above, or registered assigns, on the Maturity Date shown above unless this Bond shall have been called for redemption in whole or in part and payment of the redemption price shall have been duly made or provided for, upon surrender hereof, the Principal Amount identified above and to pay to the registered owner hereof (but only out of the sources hereinafter mentioned) interest thereon from the Issue Date shown above until payment of said principal sum has been made or provided for, at the Interest Rate stated above on January 15 and July 15 of each year, commencing on January 15, 2018, to the registered owner hereof as of the close of business on the January 1 or July 1 next preceding such Interest Payment Date, and to pay interest on overdue interest (to the extent permitted by applicable law) at the rate per annum above specified. Except as otherwise provided in the Trust Indenture dated as of October 1, 2017 (the "Indenture") between the Authority and ZB, National Association dba

Zions Bank, as Trustee (the "Trustee"), principal and interest shall be paid at the Corporate Trust Office of the Trustee in Boise, Idaho, or at such other location as designated by the Trustee, or at the duly designated office of any duly appointed alternate or successor paying agent, in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, provided that interest may be paid by check or draft drawn upon any such paying agent and mailed to the registered owner hereof at his address as it appears on the bond registry of the Authority.

This Bond is one of a duly authorized Series 2017 Bonds of the Authority limited in aggregate principal amount to $24,575,000, which are being issued under the Indenture (the "Bonds") and pursuant to a resolution of the Authority dated April 13, 2017, to accomplish the public purposes of the hereinafter defined Act by aiding in financing the costs to (i) renovate an existing school building of approximately 30,800 sq. ft. located at 563-569 and 571-585 18th Avenue, in the City of Newark, County of Essex and State of New Jersey, (ii) construct an addition to the school building of approximately 47,160 sq. ft., (iii) fund capitalized interest, (iv) fund a Debt Service Reserve Fund, and (v) pay costs of issuance of the Bonds (hereinafter collectively referred to as the "Project").

The Bonds are special limited obligations of the Authority, payable solely from payments made on the Series 2017 Note (the "Note") dated October 25, 2017, delivered or to be delivered by the Borrower, which evidences a loan made by the Authority to the Borrower to finance the Project and from certain payments made by the Borrower pursuant to the Loan Agreement by and between the Authority and the Borrower dated as of October 1, 2017 (the "Agreement"), the Mortgage from the Borrower to the Authority dated the Issue Date (the "Mortgage"), the Assignment of Leases from the Borrower to the Authority dated the Issue Date (the "Assignment of Leases"), and from any other moneys held by the Trustee under the Indenture for such purpose, and other than as provided in the Agreement or the Indenture, there shall be no other recourse against the Authority. Except as otherwise specified in the Indenture, this Bond is entitled to the benefits of the Indenture equally and ratably both as to principal (and redemption price) and interest with all other Bonds issued under the Indenture, to which reference is made for a description of the rights of the holders of the Bonds, the rights and obligations of the Authority, the rights, duties and obligations of the Trustee, and the provisions relating to amendments to and modifications of the Indenture. The holder of this Series 2017 Bond may not enforce the provisions of the Note except in accordance with the provisions of the Indenture. Copies of the Note, Mortgage, Assignment of Leases, Indenture and the Agreement are on file at the Corporate Trust Office of the Trustee.

MANDATORY SINKING FUND REDEMPTION

The Bonds maturing July 15, 2032 are subject to mandatory sinking fund redemption prior to maturity in part by lot, on July 15 of the years and in the amounts applicable to each respective maturity set forth as follows, at a redemption price equal to 100% plus accrued interest to the date fixed for redemption.

Year	Amount
2028	$590,000
2029	620,000
2030	650,000
2031	680,000
2032*	715,000

*Stated Maturity

The Bonds maturing July 15, 2037 are subject to mandatory sinking fund redemption prior to maturity in part by lot, on July 15 of the years and in the amounts applicable to each respective maturity set forth as follows, at a redemption price equal to 100% plus accrued interest to the date fixed for redemption.

Year	Amount
2033	$750,000
2034	780,000
2035	810,000
2036	845,000
2037*	880,000

*Stated Maturity

The Bonds maturing July 15, 2047 are subject to mandatory sinking fund redemption prior to maturity in part by lot, on July 15 of the years and in the amounts applicable to each respective maturity set forth as follows, at a redemption price equal to 100% plus accrued interest to the date fixed for redemption.

Year	Amount
2038	$ 915,000
2039	960,000
2040	1,010,000
2041	1,060,000
3042	1,110,000
2043	1,165,000
2044	1,225,000
2045	1,285,000
2046	1,350,000
2047*	2,985,000

*Stated Maturity

OPTIONAL REDEMPTION

The Bonds maturing on and after July 15, 2032 are subject to redemption prior to maturity at the option of the Authority, at the direction of the Borrower, in whole or in part, at any time on or after July 15, 2027 at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

EXTRAORDINARY REDEMPTION

The Bonds are subject to redemption prior to maturity, in whole or in part, at any time (i) from surplus money in the Project Fund which is transferred to the Redemption Fund, at a Redemption Price equal to the "amortized value" (as defined below), plus accrued interest to the redemption date, and (ii) from insurance proceeds, condemnation awards, proceeds of conveyances in lieu of condemnation or proceeds from the sale of the Project Facilities deposited in the Redemption Fund and available for such purpose, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date. For purposes of clause (i) of the preceding sentence, amortized value means the principal amount of the Bonds to be redeemed multiplied by the price of such Bonds expressed as a percentage, calculated based on industry standard methods of calculating bond prices using (a) a delivery date equal to the redemption date, (b) the earlier of the maturity date of such Bonds or the first date such Bonds are subject to optional redemption, and (c) a yield equal to such Bond's original offering yield.

EXTRAORDINARY MANDATORY REDEMPTION

The Bonds are subject to extraordinary mandatory redemption in whole at a Redemption Price of 100% of the principal amount thereof, plus interest accrued to the date of redemption, when, at the option of the Authority, the Authority provides written notice to the Trustee that either of the following events has occurred:

(A) the Borrower ceases to operate the Project, or to cause the Project to be operated, as an authorized "project" under the Act for twelve (12) consecutive months, without first obtaining the prior written consent of the Authority; or

(B) any representation or warranty made by the Borrower in the Agreement or in any report, certificate, financial statements or other instrument furnished by the Borrower in connection with the Agreement shall prove to be false or misleading in any material respect when made.

EXTRAORDINARY MANDATORY REDEMPTION UPON TAXABILITY.

The Bonds are subject to extraordinary mandatory redemption in whole at a Redemption Price of 100% of the principal amount thereof, plus interest accrued to the date of redemption, after receipt by the Trustee of a notice of the occurrence of a Determination of Taxability.

SELECTION OF BONDS FOR REDEMPTION

In the event that less than all the Bonds are to be redeemed, the Bonds shall be selected for redemption in such manner as may be expressed herein, subject, however, to the following:

(a) in the case of any series having Bonds of varying denominations, each Bond of such series shall be treated as representing that number of Bonds which is obtained by dividing the face amount thereof by the smallest Authorized Denomination; and

(b) in no event shall any partial redemption result in a Bond of a denomination of less than the Authorized Denomination.

NOTICE OF REDEMPTION

(a) The Trustee shall cause notice of any redemption of Bonds hereunder to be mailed by first class mail to the holders of all Bonds to be redeemed at the registered addresses appearing in the registration books kept for such purpose pursuant to Article II of the Indenture. Each such notice shall (i) be mailed not more than 45 nor less than 30 days prior to the redemption date, (ii) identify the Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the Bonds), (iii) specify the redemption date, the Redemption Price and, if less than all of any particular Bond is to be redeemed, the principal amount so to be redeemed, (iv) state that on the redemption date the Bonds called for redemption will be payable at the Corporate Trust Office of the Trustee, that from that date interest will cease to accrue, that no representation is made as to the accuracy or correctness of the CUSIP numbers (if any) printed therein or on the Bonds, and (v) provide any other descriptive information which may be necessary in order to identify the Bonds to be redeemed, including without limitation the original issuance date, maturity date and interest rate applicable to such Bonds. No defect affecting any Bond, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds.

(b) Notice of any redemption of Bonds shall also be given by the Trustee on the same day as the mailed notice to Bondholders, (i) in accordance with then current guidelines of the Securities and Exchange Commission and (ii) to such other addresses and/or such other services as the Authority may designate with respect to the Bonds. Such further notice shall contain the information required in subsection (a) above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the Bondholders as described in subsection (a) above.

(c) If at the time of mailing of any notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that the payment of the redemption amount to the Holders is conditional in that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and that in the case of an optional redemption, such notice shall be of no effect unless such moneys are so deposited.

This Series 2017 Bond is transferable by the registered owner hereof or his duly authorized attorney at the Corporate Trust Office of the Trustee, upon surrender of this Bond, accompanied by a duly executed instrument of transfer satisfactory to the Trustee, subject to such reasonable regulations as the Authority or the Trustee may prescribe, and upon payment of any tax, fee or other governmental charge and any mailing, delivery or insurance expense incurred with respect to such transfer. Upon any such transfer a new Bond or Bonds in the same aggregate principal amount will be issued, upon request, to the transferee. The Person in whose name this Bond is registered shall be deemed the owner hereof for all purposes, and the Authority and the Trustee shall not be affected by a notice to the contrary.

The New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of the State of New Jersey, approved on November 7, 1974, as amended and supplemented (the "Act") provides that no member of the Authority nor any person executing bonds for the Authority shall be liable personally on this Bond by reason of the issuance hereof.

The State of New Jersey is not obligated to pay, and neither the faith and credit nor taxing power of the State of New Jersey is pledged to the payment of, the principal or redemption price, if any, of or interest on this Series 2017 Bond. This Series 2017 Bond is a special, limited obligation of the Authority, payable solely out of the revenues or other receipts, funds or moneys of the Authority pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bond. The Bond does not now and shall never constitute a charge against the general credit of the Authority. The Authority has no taxing power.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of New Jersey or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond, exist, have happened and have been performed and that said issue of Bonds, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by said Constitution or statutes.

This Bond is not valid unless the Certificate of Authentication endorsed hereon is duly executed by the Trustee.

IN WITNESS WHEREOF, the New Jersey Economic Development Authority has caused this Series 2017 Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Director of Closing Services or any other Authority Officer, and its corporate seal to be hereunto affixed, impressed or otherwise reproduced, and attested by the manual or facsimile signature of its Assistant Secretary, and this Bond to be dated the Issue Date.

[SEAL]

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

ATTEST:

____
Richard T. LoCascio
Assistant Secretary

By:______________________________________
Arlene M. Clark
Director of Closing Services

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the New Jersey Economic Development Authority Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc.-2017 Project) described in the within mentioned Indenture.

ZB, NATIONAL ASSOCIATION DBA ZIONS BANK, as Trustee

By:______________________________________
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ______________________________________ the within-mentioned registered Bond and does hereby irrevocably constitute and appoint __________________________________ to transfer such Bond on the Bond register with full power of substitution in the premises.

Dated:

Signature: ___________________________________	Signature: ___________________________________
NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank, trust company, national bank association or other banking institution incorporated under the laws of the United States or a state of the United States with membership in an approved signature guarantee medallion program.	NOTICE: The Signature(s) of this Assignment must correspond with the name that appears upon the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

The Trustee will be required to register a Bond in the name of a transferee only if provided with the information requested below. The transferee (or his designated representative(s) should provide as much of the information below as is applicable to him prior to submitting this Bond for transfer.

Name:____
Address:____
Social Security or Employer Identification Number:_______________________________
If a Trust, Name and Address of Trustee:____________________________________

EXHIBIT B

Terms of Bonds and Debt Service Schedule

Maturity (July 15)	Principal Amount	Interest Rate	CUSIP No. (64577B)
2019	$380,000	5.000%	L77
2020	400,000	5.000	L85
2021	420,000	5.000	L93
2022	440,000	5.000	M27
2023	460,000	5.000	M35
2024	485,000	5.000	M43
2025	510,000	5.000	M50
2026	535,000	5.000	M68
2027	560,000	5.000	M76
2032	3,255,000	5.000	M84
2037	4,065,000	4.000	M92
2047	13,065,000	5.000	N26

Optional Redemption

The Bonds are subject to redemption prior to maturity at the option of the Authority, at the direction of the Borrower, in whole or in part, at any time on or after July 15, 2027 at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

Mandatory Redemption

The Bonds maturing July 15, 2032 are subject to mandatory sinking fund redemption prior to maturity in part by lot, on July 15 of the years and in the amounts applicable to each respective maturity set forth as follows, at a redemption price equal to 100% plus accrued interest to the date fixed for redemption.

Year	Amount
2028	$590,000
2029	620,000
2030	650,000
2031	680,000
2032*	715,000

*Stated Maturity

The Bonds maturing July 15, 2037 are subject to mandatory sinking fund redemption prior to maturity in part by lot, on July 15 of the years and in the amounts applicable to each respective maturity set forth as follows, at a redemption price equal to 100% plus accrued interest to the date fixed for redemption.

Year	Amount
2033	$750,000
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*Stated Maturity

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2044	1,225,000
2045	1,285,000
2046	1,350,000
2047*	2,985,000

*Stated Maturity

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APPENDIX E

Form of the Lease Agreement

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made as of October 25, 2017 (the "Commencement Date"), between **NSA 18TH AVENUE, LLC**, a New Jersey limited liability company, having an office c/o Uncommon Schools, 826 Broadway, 9th Floor, New York, New York, 10003 ("Landlord") and **NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK, INC.**, a New Jersey corporation, having an address at 10 Washington Place, Newark, New Jersey 07102 ("Tenant").

RECITALS

A. Landlord is a wholly owned subsidiary of a non-profit public charitable organization whose primary purpose is to support Tenant and other like-minded schools.

B. Tenant is a charter public school.

C. Landlord is the owner of certain property and improvements situate in the City of Newark, Essex County, New Jersey, located at 563-569 18th Avenue, Newark, New Jersey designated as Lot 1, in Block 358 on the Official Tax Maps of the City of Newark, New Jersey, and 571-585 18th Avenue, Newark, New Jersey designated as Lot 1, in Block 359 on the Official Tax Maps of the City of Newark, New Jersey, and as more particularly described on Exhibit A attached hereto (the "Land").

D. Subject to the terms of this Lease, Landlord will construct a building (the "Building") and related improvements on the Land.

E. Tenant desires to lease from Landlord the Land and the Building, subject to and in accordance with the terms of this Lease.

F. Tenant acknowledges that a portion of the funds being used to acquire and undertake construction on the Premises (as defined herein) that Tenant is leasing are proceeds from (a) certain bonds that are intended to be exempt from federal taxation under the Internal Revenue Code of 1986, as amended (the "Code") (the "Bonds"). Tenant further acknowledges that (x) Landlord is incurring the debt to develop the Premises and the Building as a facility for Tenant and (y) a comparable facility to the School facility does not exist in the City of Newark and (z) Tenant has determined that the rent charged to Tenant for purposes of occupying the Premises and the Building are fair and reasonable, given the foregoing. Tenant further acknowledges that certain provisions of this Lease are required by Landlord's lenders in connection with the Bonds and related financing to ensure the eligibility of the Bonds as exempt from federal taxation under the Code and the full repayment of the Bonds and related financing.

G. Capitalized terms used herein, but which are not defined herein, shall have the meanings given to such terms in Exhibit E of this Lease.

NOW, THEREFORE, for good consideration, the parties hereto agree as follows:

ARTICLE I

LEASE OF PROPERTY

1.1 Commencing as of the Commencement Date, Landlord hereby leases to the Tenant, and Tenant hereby leases from Landlord, the Land, the Building and the other improvements located on the Land (collectively, the "Property" or the "Premises"); subject, however, to all liens, encumbrances, easements and restrictions affecting the Premises and such state of facts and/or exceptions to title as a current report on title would indicate and/or which an accurate survey of the Premises or a visual inspection thereof would reveal.

1.2 The parties hereto agree that said letting and hiring is upon and subject to the terms, covenants and conditions herein set forth and Tenant covenants as a material part of the consideration of this Lease to keep and perform each and all of said terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of said performance.

ARTICLE II

TERM; CONSTRUCTION

2.1 (a) The term (the "Term") of this Lease shall commence on the Commencement Date. The Term shall end on June 30, 2021, unless sooner terminated as provided for in this Lease (the "Expiration Date"), provided that this Lease shall automatically renew without further need for action by either Landlord or Tenant for a total of five (5) renewal periods of five (5) years each and one (1) renewal period of two (2) years as long as the Charter is in effect (and/or is in the process of being renewed or extended), provided that the Term shall, in all circumstances, expire no later than June 30, 2048.

(b) While the Term of this Lease shall commence on the Commencement Date, Tenant shall not have the right to occupy any portion of the Premises until the Date of Substantial Completion.

2.2 Tenant shall use its best efforts to maintain in effect its Charter issued by the Commissioner of Education of the State of New Jersey to operate a charter school, pursuant to the terms of the Charter School Law. Notwithstanding any provision contained in this Lease to the contrary, the Term hereof and Tenant's rights hereunder and obligations to pay Base Rent, Supplemental Base Rent, Operating Expenses, or additional rent hereunder, including without limitation Impositions, shall automatically terminate upon the termination of the Tenant's Charter, or upon denial, revocation, non-renewal or involuntary surrender of the Charter. For the avoidance of doubt, if the Tenant's Charter is placed on probation under the Charter School Law (as opposed to being revoked) or if such termination is being challenged, such placement of the Charter on probation shall not be deemed to be a revocation pursuant to this Section 2.2.

2.3 (a) As soon as reasonably possible after Landlord's receipt of all required governmental permits and approvals for the construction of Landlord's Work, Landlord agrees to commence, through a contractor or contractors to be engaged by it, the construction of

Landlord's Work. Landlord agrees further to proceed with such construction with due dispatch (subject to any Excusable Delay), to cause Landlord's Work to be constructed in accordance with the Working Drawings, in a good and workmanlike manner and in accordance with applicable Legal Requirements.

(b) Landlord's Work shall be deemed completed on the Date of Substantial Completion.

(c) If the Date of Substantial Completion does not occur on or before the Completion Deadline, then Tenant shall have the right, upon notice to Landlord at any time after the Completion Deadline and prior to the Date of Substantial Completion, to cancel this Lease. If Tenant cancels this Lease pursuant this Section 2.3(c), then neither party will have any further rights or obligations pursuant to this Lease, other than any right or obligations which, by the express terms of this Lease, survive the expiration or earlier termination of this Lease.

(d) Landlord shall have the right, without Tenant's consent, to modify the Working Drawings from time to time; provided, however, if any such change will have a material adverse effect on Tenant's use of the Property for school purposes, then Landlord shall not make such change without Tenant's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Any notice of disapproval by Tenant shall include the basis for such disapproval and reasonable changes that would be acceptable to Tenant. If Tenant fails to disapprove any proposed change within ten (10) days after written request by Landlord, Tenant shall be deemed to have approved such change.

2.4 Simultaneous with the Landlord's closing of the Purpose Financing, Tenant shall make a one-time payment to the Landlord in the amount of Eight Million Seven Hundred Thousand Dollars ($8,700,000.00) (the "Tenant Improvement Payment"). The Tenant Improvement Payment shall be applied first toward the repayment of predevelopment and construction costs bridged by Landlord, and thereafter in the manner determined by Landlord, in its sole discretion, to best suit the uses and limitations of the various components of the Purpose Financing. Tenant and Landlord agree that the Tenant Improvement Payment is calculated to equal not less than the amount projected to be spent on the interior fit-out portion of the Landlord's Work ("Tenant's Fit Out Work"), the budget and scope of work for which was developed and approved by Landlord and Tenant. Upon final close-out of the Landlord's Work, Landlord shall provide Tenant with an accounting of the total amount spent on Tenant Fit Out Work, and if the total cost of Tenant Fit Out Work is less than the Tenant Improvement Payment, Landlord will refund the difference thereof to Tenant within forty-five (45) days of delivery of the aforesaid accounting. Any revisions to Tenant's Fit Out Work shall be approved by Landlord and Tenant. The Tenant Improvement Payment shall be paid by the Tenant to ZB, National Association dba Zions Bank to be held pursuant to the Lease Payments Accounts Pledge, Control And Custody Agreement executed and made part of the Purpose Financing, which funds shall be released only in accordance with the terms and conditions of said Lease Payments Accounts Pledge, Control And Custody Agreement to cover costs actually incurred as part of the Landlord's Work.

ARTICLE III

RENT

3.1 (a) Base Rent. Whether or not Landlord's Work is complete or Tenant has occupied the entirety of the Premises, Tenant covenants and agrees to pay to Landlord commencing on the Rent Commencement Date and thereafter, without demand, set-off, abatement, deduction or notice of any kind, except as expressly set forth in this Lease, the Base Rent on such dates set forth in the schedule specified in the rent schedule attached hereto as Exhibit C.

(b) After the Rent Commencement Date, all Base Rent required to be paid hereunder shall be paid in advance on the first day of each quarter as shown on Exhibit C.

(c) All payments of Base Rent shall be paid by Tenant, as and when due, in legal tender and lawful money of the United States of America as directed by Landlord or any Landlord Financing Party from time to time.

3.2 Supplemental Base Rent. Tenant covenants and agrees to pay to Landlord during the Term, beginning on a Rent Reset Date (as defined below) and continuing through the end of the Term, as supplemental base rent ("Supplemental Base Rent"), the amount certified by or on behalf of Landlord, not less than ten (10) days prior to a Rent Reset Date, to be the Landlord's additional carrying costs and other charges and expenses including those to redeem the Bonds or to meet covenants as required by Landlord Financing Party under any loan or mortgage documents and, if applicable, lease coverage ratio requirements required by Landlord's lenders, including but not limited to (i) a reduction in the amount payable in connection with the Bonds by the United States Treasury Department as of the date hereof (each such event, a "Subsidy Reduction Event"); or (ii) a refinancing of any indebtedness or a material rate change of any existing indebtedness incurred by Landlord or any direct or indirect lender to Landlord (any parties providing financing (directly or indirectly) to Landlord are referred to collectively as the "Landlord Financing Parties" and individually as a "Landlord Financing Party") in connection with the financing (the "Purpose Financing") incurred by Landlord in order to enable Landlord to reimburse acquisition costs associated with the Premises and carry out the construction (any such event, a "Refinancing Event"); or (iii) any protective advances or other amounts advanced by any Landlord Financing Party to enable the construction work to be completed, to pay costs or expenses associated therewith, or to pay costs or expenses associated with the Premises whether such costs or expenses associated with the Premises are the obligation of the Landlord or Tenant (any such event, a "Protective Event"; each of a Subsidy Reduction Event, a Refinancing Event and/or a Protective Event is referred to individually as a "Rent Reset Event" and all such events are referred to collectively as the "Rent Reset Events"; such a certification by or on behalf of Landlord is referred to hereafter as a "Rent Adjustment Certification"). Tenant acknowledges that as a result of Landlord's use of the Bonds to finance costs associated with the Premises, certain payments from the United States Treasury Department in connection with the Bonds directly defray costs that would otherwise be charged to Tenant as rent under this Lease, and as such, Tenant agrees to pay, as Supplemental Base Rent, any increase resulting from a Rent Reset Event as described in a Rent Adjustment Certification. Landlord shall use reasonable commercial efforts to provide Tenant with written notice (a "Rent Reset Notice"), (a) in the case of a Refinancing Event, not less than 180 days prior to the Rate Reset Date resulting from such Refinancing Event, stating Landlord's reasonable estimate of the amount of Supplemental Base Rent to be charged to Tenant, it being understood that Landlord may be unable to specify in a Rent Reset Notice with exact certainty the amount of Supplemental Base Rent expected to result from the Refinancing Event (provided, however, that payment for any additional Supplemental Base Rent due and payable pursuant to the Rent Reset Notice, while effective as of the date of the Rent Reset Date, shall be due and payable ten (10) days following Tenant's actual receipt of a notice specifying the actual amount due), and (2) in the case of a Subsidy Reduction Event or a Protective Event within ten (10) days of Landlord's first receiving notice of such Subsidy Reduction Event or Protective Event (provided the failure of Landlord to give a Rent Reset Notice shall not affect the right of Landlord to deliver a Rent Adjustment Certification or the obligation of Tenant to pay Supplemental Base Rent). Each Rent Reset Notice shall state the date upon which any Supplemental Base Rent shall first be due (the "Rent Reset Date").

3.3 All sums, charges, costs and expenses which Tenant assumes or agrees to pay pursuant to this Lease (other than Base Rent) shall be additional rent, and in the event of the nonpayment of additional rent or any portion thereof, Landlord shall have all of the rights and remedies afforded to Landlord pursuant to this Lease in the case of non-payment of Base Rent. The term "rent" as used in this Lease, shall include Base Rent, Supplemental Base Rent and any other amounts payable by Tenant during the Term. The Tenant's obligation to pay rent hereunder and to perform the covenants and agreements on its part to be performed hereunder, shall in no way be affected, impaired or excused in any respect because Landlord is unable, for any reason whatsoever, to fulfill any of its obligations hereunder or because Tenant's use and occupancy of the Premises shall be disturbed or prevented from any cause whatsoever.

3.4 It is the purpose and intent of Landlord and Tenant that, except for the obligations expressly imposed upon Landlord under this Lease, this is a net lease and that Tenant shall make all payments hereunder free of any charges, assessments, impositions or deductions of any kind and without abatement, deduction, notice or set-off and all costs, expenses, charges, assessments, impositions and obligations of every kind and nature whatsoever relating to the Property and/or the use and occupancy thereof, whether foreseen or unforeseen, ordinary or extraordinary, shall be the responsibility of Tenant. It is the intention of the parties hereto that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, and that rent and all other sums payable by Tenant hereunder shall continue to be payable in all events, and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated or abated pursuant to an express provision of this Lease.

3.5 In the event Tenant fails to pay any installment of Base Rent or Supplemental Base Rent within ten (10) days after the same is due or in the event Tenant fails to make any other payment for which Tenant is obligated under this Lease within ten (10) days after the same is due, such late amount shall accrue interest and Tenant shall pay Landlord, as additional rent, interest on such amount at the lesser of the Prime Rate plus four percentage points (4%) or the maximum rate permitted by law (whichever is less) from the date such amount became due until such amount is paid (the "Late Charge"). In addition, if Tenant fails to pay any installment of rent within ten (10) days after the same is due, Tenant shall also pay to Landlord concurrently with the Late Charge, as additional rent, a Late Charge equal to five (5%) percent of the amount due to compensate Landlord for the extra costs incurred as a result of such late payment; provided that the late fee in combination with the interest calculated in accordance with the foregoing sentence shall not result in Tenant paying more than the maximum rate of interest permitted by law. The parties agree that such interest and Late Charge represents a fair and reasonable estimate of the detriment that Landlord will suffer by reason of late payment by Tenant. Acceptance of any such interest and Late Charge shall not constitute a waiver of the Tenant's default with respect to the overdue amount, or prevent Landlord from exercising any of the other rights and remedies available to Landlord.

3.6 Landlord and Tenant acknowledge that in the event that Tenant does not have sufficient funds to pay the Base Rent, Supplemental Base Rent or other payments payable by Tenant hereunder and any payments due from Tenant to Uncommon under the CMO Agreement, Tenant shall make all payments due hereunder to the exclusion of making any payments to Uncommon under the CMO Agreement.

3.7 (a) Tenant shall pay to Landlord, as additional rent, Operating Expenses.

(b) As soon as reasonably possible after the Commencement Date and on or about June 1 of each succeeding calendar year within the Term, Landlord shall determine or estimate the amount of Operating Expenses for the first Lease Year (as to the Commencement Date) or for the immediately succeeding Lease Year, as applicable ("Estimated Operating Expenses") and shall submit such information to Tenant in a reasonably detailed written statement ("Landlord's Expense Statement").

(c) Tenant shall pay Estimated Operating Expenses in four (4) equal installments during the Lease Year in question, on each of July 1, September 1, December 1 and March 1 during such Lease Year (each a "Quarterly Expense Payment").

(d) Each Landlord's Expense Statement shall reconcile the payments made by Tenant pursuant to the preceding Landlord's Expense Statement with the Operating Expenses for the Lease Year covered thereby. Any balance due to Landlord shall be paid by Tenant within thirty (30) days after Tenant's receipt of Landlord's Expense Statement; any surplus due to Tenant shall be applied by Landlord against the next accruing installment(s) of Operating Expenses due under this Section 3.7. If the Term has expired or has been terminated, Tenant shall pay the balance due to Landlord or, alternatively, Landlord shall refund the surplus to Tenant, whichever the case may be, within thirty (30) days after Tenant's receipt of Landlord's Expense Statement; provided, however, if the Term shall have been terminated as a result of an Event of Default by Tenant, subject to Section 2.2, then Landlord shall have the right to retain such surplus to the extent Tenant owes Landlord any Base Rent, Supplemental Base Rent or other amounts to Landlord.

(e) Tenant or its representative shall have the right to examine Landlord's books and records with respect to the reconciliation of Operating Expenses for the prior Lease Year set forth in Landlord's Expense Statement during normal business hours at any time within forty five (45) days following the delivery by Landlord to Tenant of such Landlord's Expense Statement. Unless Tenant shall give Landlord a notice objecting to said reconciliation and specifying the basis in which said reconciliation is claimed to be incorrect within thirty (30) days after its examination of Landlord's books and records, said reconciliation shall be considered as final and accepted by Tenant. Notwithstanding anything to the contrary contained in this Section 3.7, Tenant shall not be permitted to examine Landlord's books and records or to dispute said reconciliation unless Tenant has paid to Landlord the amount due as shown on Landlord's Expense Statement; said payment is a condition precedent to said examination and/or dispute.

(f) In no event shall any adjustment in Tenant's obligation to pay Operating Expenses under this Section 3.7 result in a decrease in the Base Rent or Supplemental Base Rent payable hereunder. Tenant's obligation to pay Operating Expenses incurred during the Term, and Landlord's obligation to credit and/or refund to Tenant any amount incurred during the Term, pursuant to the provisions of this Section 3.7, shall survive the Termination Date.

(g) Landlord's failure during the Term to prepare and deliver any Landlord's Expense Statement shall not in any way cause Landlord to forfeit or surrender its rights to collect any amount that may have become due and owing to it during the Term; provided, however, that Tenant's corresponding rights to examine the applicable books and records shall not be deemed waived until forty five (45) days following actual delivery of such a Landlord's Expense Statement.

ARTICLE IV

PAYMENT OF TAXES AND ASSESSMENTS; MAINTENANCE; USE

4.1 (a) As additional rent, Tenant shall pay, before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all Impositions which are assessed, levied, confirmed, imposed or become a lien upon or are due and payable with respect to the Property or the sidewalks or streets in front of or adjoining the same, or are assessed, levied, confirmed or imposed upon Landlord as the owner of the Property or as the landlord under this Lease or as the recipient of rents or other charges produced by this Lease, and which become or are payable during the Term (including any interest imposed thereon by reason of an election to pay the same in installments), and any and all other taxes, assessments and charges levied, assessed or imposed upon the Property or any portion thereof or upon Landlord as the owner of the Property or as the landlord under this Lease or in respect of the rents or other charges produced by this Lease in lieu of or in addition to the foregoing, including in substitution of or in addition to any other Impositions (for such purpose, the Imposition in question shall be calculated as if the Property were the sole asset of Landlord); provided, that if by law, any Imposition is payable or at the option of the taxpayer may be paid in installments (whether or not interest shall accrue on the unpaid balance thereof), with the prior written consent of Landlord, Tenant may pay the same (and any accrued interest on the unpaid balance) in installments (and Landlord shall cooperate with Tenant in any application by Tenant to pay the same in installments) and shall pay only such installments as may become due during the Term as the same become due and before any fine, penalty, interest or cost may be added thereto for non-payment thereof; and provided further, that any Imposition relating to a fiscal period of a taxing authority, a part of which period is included within the Term and a part of which is included in a period of time before the Term or after the expiration of this Lease, shall (whether or not such Imposition shall be assessed, levied, confirmed, imposed or become a lien upon the Property, or shall become payable, during the Term) be appropriately pro-rated between Landlord and

Tenant. The obligations contained herein shall survive the expiration or the termination of this Lease.

(b) To the extent required hereunder, Tenant shall pay prior to delinquency all such Impositions, at the election of Landlord, directly to the Landlord and/or directly to the governmental or quasi-governmental entity to whom payable. If Landlord elects that Tenant pay the same to Landlord, the Tenant shall pay the same, from time to time, within ten (10) days after being billed therefor by Landlord; provided, that if such Impositions are paid in a timely fashion directly to Landlord per Landlord's election hereunder in accordance with this Lease, if a fine, penalty or interest is added due to late payment of the Imposition, the Tenant shall not be responsible for the same as long as Tenant is not otherwise in default of its obligations under this Lease.

4.2 Tenant shall at all times be responsible for and shall pay directly to the applicable taxing authority, before delinquency, all taxes and assessments which shall or may during the Term be charged, levied, assessed or imposed on Tenant with respect to Tenant's right to occupy the Premises and any personal property of any kind owned, used or installed by Tenant at the Premises or in connection with (a) the operation of the Premises or (b) Tenant's business conducted in, on or at the Premises.

4.3 Tenant shall deliver to the Landlord upon request copies of the receipted bills or other evidence satisfactory to Landlord showing payment of the Impositions.

4.4 Nothing herein contained shall be construed so as to require Tenant to pay or be liable for any gift, inheritance, estate, franchise, income, profits, capital or similar tax or any tax in lieu of any of the foregoing imposed upon Landlord; however, if during the Term the methods of taxation now prevailing shall be altered so as to cause the whole or any part of an Imposition now levied on real estate and the improvements thereon to be levied, wholly or partially, as an income tax or a capital levy, or otherwise, or the rents received therefrom, or if as a result of such alteration any Imposition or part thereof shall be imposed upon Landlord, or any assets of Landlord, such Imposition, or the part thereof so imposed upon Landlord or its assets shall, to the extent it shall be in substitution of Impositions required to be paid by Tenant be deemed to be included within the term "Impositions" for the purposes hereof, and Tenant shall pay and discharge the same as herein provided with respect to the payment of Impositions.

4.5 Tenant expressly acknowledges that the Building has not been constructed and that Tenant is unable to occupy the Property as of the Commencement Date, and will not be able to occupy the Property until the Date of Substantial Completion. Other than Landlord's obligation to complete the Landlord's Work substantially in accordance with the Working Drawings, Tenant hereby accepts the Premises in its "AS IS" condition, without any representation or warranty, expressed or implied, in fact or by law, by Landlord and without recourse to Landlord, as to the nature, condition (including latent defects) or usability thereof or the use or uses to which the Premises or any part thereof may be put. Tenant acknowledges that neither Landlord, nor any agent or representative of Landlord, has made and does not make, and Tenant is not relying upon, any representations or warranties as to the physical condition, quality, value, utility or character or any other matter or thing relating to or affecting the Premises including, without limitation its usefulness for any particular purpose.

4.6 (a) After completion of Landlord's Work, Landlord shall not be required to furnish any services or facilities or to make any repairs or alterations in or to the Property, Tenant hereby assuming the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Property. Tenant shall, at its sole cost and expense, take good care of the Property and keep the Property free from any hazardous or toxic materials or substances (other than de minimus amounts of customary materials that are utilized in Tenant's business and heating oil used to heat the building, in each case which are safely and properly stored and in compliance with all laws and regulations), and promptly make all repairs and replacements thereto, ordinary and extraordinary, foreseen and unforeseen, structural and non-structural, and shall maintain and keep the Property in good order, repair and clean, first-class condition. Tenant, at its own cost and expense, shall also keep the sidewalks, driveways and parking areas of the Property free and clear from rubbish, ice and snow and shall not encumber or obstruct the same or allow the same to be encumbered or obstructed in any manner. By accepting delivery of the Premises, Tenant conclusively accepts the same as being in good order, condition and repair.

(b) Tenant has reviewed and approved the plans and specifications for the Building. Tenant acknowledges that such plans and specifications are subject to revision in the sole discretion of Landlord; provided, however, that if such revision will have a material adverse effect on Tenant's use of the Property for school purposes, Landlord shall obtain Tenant's prior consent to such revisions in accordance with the procedure set forth in <u>Section 2.3(d)</u> hereof. Landlord will use commercially reasonable efforts to complete the Building. Tenant acknowledges and agrees, however, that Tenant's obligations under this Lease (including, without limitation, Tenant's obligations to pay Base Rent, Supplemental Base Rent and Impositions) are not conditioned on the completion of all or any portion of the Building or upon satisfaction of the Landlord's obligations to construct the Building, and Tenant shall be fully obligated to pay and discharge all of its obligations under this Lease (including, without limitation, Tenant's obligations to pay Base Rent, Supplemental Base Rent, Impositions and additional rent in accordance with this Lease) without offset or reduction whatsoever regardless of whether or when or in what form the Building is completed or the obligations of Landlord to construct the Building are discharged.

4.7 (a) The Premises may be used as a school and administrative offices related to the operation of a school, or other uses ancillary to the operation of a school (including without limitation, teacher training), and for community meetings and events, and for no other purposes.

(b) Tenant shall not use or occupy or permit the Premises to be used or occupied, nor do or permit anything to be done in or on the Premises, in whole or in part, in a manner which would in any way:

(i) be likely to cause structural or other injury to any building on the Property;

(ii) violate any certificate of occupancy affecting the Property;

(iii) make void or voidable or increase the cost of any insurance then in force with respect to the Property;

(iv) make it impossible to obtain or increase the cost of fire or other insurance required to be furnished by Tenant hereunder or desired to be maintained by Landlord;

(v) cause injury or damage to the improvements on any part of the Property;

(vi) constitute a public or private nuisance; or

(vii) violate any present or future law, regulation, or requirement of any governmental, public or quasi-public authorities at any time having jurisdiction over the Property.

4.8 Landlord shall be responsible to obtain any and all permits and approvals necessary to complete Landlord's Work in accordance with Legal Requirements and the initial certificate of occupancy with respect to the Building. Subsequently, Tenant shall be responsible for maintaining in effect the permanent certificate of occupancy and for obtaining and maintaining, at its sole cost and expense, any and all other certificates of occupancy or other occupancy, inspection and/or operating type certificates, and/or permits, licenses and/or approvals required for the proper and lawful conduct of Tenant's business in the Premises. Tenant shall duly procure and thereafter maintain the foregoing, and upon the request of Landlord, make the same available for inspection by Landlord, with Landlord to promptly execute any documents reasonably necessary to be signed on its part to obtain and maintain any certificates of occupancy (it being understood that Landlord shall not be obligated to incur any expense or liability in connection therewith). Tenant shall at all times comply with the terms and conditions of each such license or permit.

4.9 (a) Tenant will (i) comply with all Legal Requirements applicable to the Premises and the use thereof, including without limitation, the Americans with Disabilities Act, (ii) comply with the requirements of any insurance company insuring the Premises (or any part thereof or interest therein), and (iii) maintain and comply with all permits, licenses and other authorizations required by any governmental authority for its use of the Premises and for the proper operation, maintenance and repair of the Premises or any part thereof.

(b) Tenant may, upon obtaining the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed) and without cost or expense to Landlord, contest the validity or application of any law, regulation or requirement applicable to the Premises or the use being made or desired to be made by Tenant, and if, by the terms of any such law, regulation, etc. compliance therewith pending the prosecution of any such proceeding may legally be held in abeyance without the incurrence of a lien, charge or liability of any kind against the Property, without subjecting Tenant or Landlord to any criminal liability or civil liability for failure to so comply therewith, without causing the Property to be in danger of being forfeited or lost and without adversely affecting any insurance policy required to be obtained by Tenant hereunder, or otherwise with respect to the Property, Tenant may postpone compliance therewith until the final determination of any proceedings, provided that all such proceedings shall be prosecuted with due diligence and dispatch. Landlord shall, at the cost and expense of Tenant, execute and deliver any papers which may be necessary or proper to permit Tenant to contest the validity or application of any such law. In the event that a contest is not concluded prior to the expiration of the Term, if at the termination of the contest a determination is to the effect that some or all of the work in question should have been or must be performed, Tenant shall pay to Landlord a sum sufficient to pay for the cost of the work required to be performed. Tenant shall indemnify, defend (with counsel approved by Landlord) and hold the Landlord harmless against any recovery or loss to which the Landlord may be subject or which the Landlord may sustain, including reasonable attorney's fees and expenses incurred by the Landlord (including those incurred to enforce this indemnity), arising from or out of any breach of this covenant or by reason of any action or proceeding which may be brought against the Landlord or against the Property, or any part thereof, by virtue of any such law, regulation or requirement. Tenant will remedy any violations of this covenant and will pay the cost of the same. This provision shall survive the termination or sooner expiration of this Lease.

4.10 (a) Tenant may make alterations, additions or improvements in or to the Premises, subject to obtaining the consent of Landlord; provided, however, that such consent shall not be required for (i) non-structural repairs of existing conditions or (ii) alterations, additions or improvements that cost less than $5,000.00. Landlord agrees not to unreasonably withhold, condition or delay its consent with respect to interior, non-structural alterations, additions or improvements having an aggregate cost not to exceed $10,000.00, so long as the same do not affect, alter, interfere with or disrupt any of the electrical, mechanical, plumbing or other system of the Premises, do not affect the outside appearance of the Premises, do not affect the roof of the Premises, do not affect the ingress to or egress from the Premises and do not affect any structural element of the Premises, it being agreed that Landlord shall have the right to withhold its consent, in its sole discretion, to all other alterations, additions or improvements proposed by Tenant. Tenant covenants and agrees that all work done by Tenant shall be performed in full compliance with all Legal Requirements. All such work shall be done in a good and workmanlike manner. Before commencing any work Tenant shall, if required by Landlord, secure at Tenant's own cost and expense, a completion and lien indemnity bond satisfactory to Landlord (naming Landlord) for said work. Tenant shall procure, maintain and pay for all permits, approvals and authorizations required by any governmental agency having jurisdiction over the work. All alterations, additions or improvements undertaken by Tenant shall be prosecuted diligently to completion. All alterations, additions, or improvements which may be made upon the Premises by Tenant, except furniture, removable trade fixtures and removable machinery or equipment of Tenant, shall at Landlord's option become the property of the Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the termination of this Lease without compensation to Tenant or anyone else or be removed from the Premises upon the expiration of the Term of this Lease, in which event the Premises shall be restored to its original condition by Tenant prior to the termination of this Lease.

(b) All articles of personal property and all removable trade fixtures and removable machinery or equipment owned or leased by Tenant (other than all articles of personal property and all removable trade fixtures and removable machinery or equipment otherwise leased from Landlord) shall be and remain the property of Tenant and may be removed by Tenant at any time during the Term of this Lease, provided that no damage to the Premises results from such removal or that Tenant repairs any such damage at its cost. If Tenant shall fail to remove all of its effects from the Premises upon termination of this Lease for any cause whatsoever, Landlord may, at its option, remove the same in any manner that Landlord shall choose and store said effects without liability to Tenant for loss thereof. In such event, Tenant agrees to pay Landlord upon demand any and all expenses incurred in such removal, including court costs and reasonable attorneys' fees and storage charges on such effects, for any length of time that the same shall be in Landlord's possession. Landlord may, at its option, with at least five days prior notice to Tenant, sell said effects, or any of the same, at private sale and without legal process, for such price as Landlord may obtain and apply the proceeds of such sale to any amounts due under this Lease from Tenant to Landlord and to the expense incident to the removal and sale of said effects.

4.11 Subject to Section 4.9, Tenant shall, throughout the Term, at Tenant's cost and expense, promptly (and in all cases, within the times required by applicable law) comply with the requirements of every applicable present and future statute, law, ordinance, regulation or order, for, of or by any Federal, State, municipal or other public body, department, bureau, office or authority, as well as any insurance requirements applicable to the Property issued by any New Jersey fire insurance rating organization or any other similar body issuing insurance requirements with respect to (i) the Property and the appurtenances thereto, and/or (ii) the use or occupancy of the Property, including the repair of, or the making of any alteration or addition in or to any structure upon, connected with, or appurtenant to, the Property, whether such statute, law, etc. or any, requirement in connection therewith be foreseen or unforeseen, ordinary or extraordinary.

4.12 Tenant shall not cause or permit or suffer any waste to the Premises.

4.13 Tenant shall not place a load upon any floor of the Premises exceeding the floor load per square foot area which such floor was designed to carry.

4.14 Tenant shall not cause or permit any Hazardous Substance to be brought, kept or stored on or about the Premises in violation of Environmental Laws other than substances used in the ordinary course of Tenant's business operations (such as cleaning, art or science laboratory supplies) and heating oil used to heat the building, in each case used, handled, transported, and stored in strict compliance with applicable Environmental Laws and requirements of the City of Newark and the Education Department. Except as set forth in the foregoing sentence, Tenant shall not engage in, or permit any other person or entity to engage in, any activity, operation or business on or about the Premises which involves the generation, manufacture, refining, transportation, treatment, storage, handling or disposal of Hazardous Substances.

If a spill or discharge of a Hazardous Substance occurs on the Premises during the Term, Tenant shall, promptly upon obtaining knowledge thereof, give Landlord immediate oral and written notice of such spill and/or discharge, setting forth in reasonable detail all relevant facts. Tenant shall pay all costs and expenses relating to compliance with all applicable Environmental Laws (including, without limitation, the costs and expenses of the site investigations and of the removal and remediation of such Hazardous Substance) arising out of or in connection with any such spill or discharge, except any spill or discharge caused by Landlord, which such spill or discharge shall be remediated promptly by Landlord after giving notice thereof to Tenant.

4.15 Tenant agrees to provide Landlord information in such format and by such time necessary to comply with Landlord's requirements under any Continuing Disclosure Agreement entered into by Landlord.

4.16 Tenant hereby covenants and agrees as follows:

(a) Tenant shall provide audited financial statements to Landlord within 180 days after the end of Tenant's fiscal year.

(b) Tenant shall maintain a Lease Coverage Ratio of 1.05 to 1 for each fiscal year, and shall have at least 30 Days Cash on Hand, for each fiscal year up to and including fiscal year 2023, and for each fiscal year thereafter shall have at least 45 Days Cash on Hand;

(c) Tenant shall comply with all operating requirements in connection with its charter as a public charter school, and shall exert its best efforts to maintain its existence as a public charter school in good standing;

(d) Tenant shall cause all maintenance and repair of the Premises required hereunder to be completed in a timely manner;

(e) Prior to entering into any new lease or sublease or amending any lease or sublease which will result in an increase in aggregate annual lease payments required of the Tenant, Tenant shall provide Landlord with an Additional Lease Certificate in the form attached hereto as <u>Exhibit F</u>.

(f) Tenant shall not take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the Bonds to fail to qualify as bonds that are intended to be exempt from federal taxation under the Code or would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(g) Tenant shall use the Premises in a manner such that all Available Project Proceeds will not have been used or will not continue to be used for purposes other than described below: the construction, rehabilitation, or repair of a public school facility, or for expenditures for costs of acquisition of equipment to be used in such portion or portions of the constructed, rehabilitated or repaired public school facility.

ARTICLE V

<u>UTILITIES</u>

5.1 Landlord shall not be responsible to furnish any utilities or, except as expressly provided in this Lease, services to the Premises, and shall not be liable for any interruption or failure or defect in the supply or character of any such utility or service. Interruption or failure to supply any such utility or service or the inability to obtain such utility or service shall not affect, alter, negate or diminish Tenant's obligations hereunder.

5.2 Tenant shall make its own arrangements (including, without limitation, posting any and all bonds) with the appropriate utility company supplying electricity, water, gas, steam, telephone and other utilities to the Premises, and for garbage disposal for the Premises, and shall arrange to have all bills for such utilities or services forwarded directly to Tenant. Tenant shall pay when due all charges for such utilities or services accruing during the Term and shall indemnify, defend and hold Landlord harmless from and against the same.

ARTICLE VI

INDEMNIFICATION

6.1 Landlord and its officers, directors, shareholders, partners, members, agents and employees and its successors and assigns (each a "Landlord Indemnitee") shall not be liable for, and Tenant waives all claims against Landlord Indemnitees for loss or damage to Tenant's business or damage to any person or property sustained by Tenant resulting from any accident or occurrence in or upon the Property (including those caused by or resulting from a Landlord Indemnitee's negligence but not from any Landlord Indemnitee's gross negligence or willful misconduct), including, but not limited to, claims for damage resulting from (a) any equipment or appurtenances becoming damaged, defective or out of repair, (b) injury done or occasioned by wind; (c) any defect in or damage to or failure of the plumbing, heating or air conditioning equipment, electric wiring or installation thereof, gas, water and steam pipes, stairs, porches, railings or walks; (d) broken glass; (e) explosion; (f) the backing up of any sewer pipe or downspout; (g) the bursting, leaking or running of any tank, tub, washstand, sink (kitchen or otherwise), water closet, waste pipe, drain or any other pipe or tank in, upon or about the Property; (h) the escape of steam or hot water; (i) water, snow or ice being upon or coming through or falling from the roof, skylight, trap door, stairs, doorways, windows, walks, or any other place upon or near the Property or otherwise; (j) the falling of any fixture, plaster, tile or stucco; (k) flooding caused by any source whatsoever; (1) any loss or damage to any property by theft; and (m) any act or omission of occupants of the Premises.

6.2 (a) Tenant shall indemnify, defend (with counsel reasonably selected or approved by the applicable Landlord Indemnitee) and hold harmless each Landlord Indemnitee from and against any and all liability, fines, suits, claims, demands, actions and costs and expenses of any kind or nature (including reasonable attorney's fees and reasonable attorneys' fees incurred to enforce this indemnity) due to or arising out of (i) any breach, violation or non-performance of any covenant, condition or agreement in this Lease on the part of Tenant to be fulfilled, kept, observed and performed; (ii) the use, non-use, operation, maintenance or occupancy of the Property or any portion thereof by Tenant or any subtenant of Tenant or any agent, servant, employee, contractor or invitee of either Tenant or any subtenant and from any activity, work or thing done, permitted or suffered by Tenant or any subtenant of Tenant or any agent, servant, employee, contractor or invitee of either Tenant or any subtenant in or about the Property; (iii) any work done by or on behalf of Tenant in, on or about the Property; (iv) any damage to any person or persons or property occasioned by, arising from or related to the use and occupancy of the Property by Tenant or any subtenant of Tenant or any agent, servant, employee, contractor and invitee of either Tenant or subtenant or arising from any act, neglect, fault or omission of any of the foregoing, and/or (v) any injury to any person or persons, including death resulting at any time therefrom, or damage to property occurring in or about the Property or arising from any act, neglect, fault or omission of any of the foregoing (but not, solely as to this clause (v), from a Landlord Indemnitee's gross negligence or willful misconduct). The obligations contained herein shall survive the expiration or sooner termination of this Lease.

(b) Landlord shall have the right, at its expense, and without limiting Tenant's obligations under Section 6.2(a) hereof, to participate in the defense of any claim, suit, etc.

against Landlord and in the negotiations and settlement thereof. Tenant shall not be entitled to assume or control defense of any claim or proceeding if an Event of Default has occurred, the proceeding involves a criminal penalty or a civil penalty in excess of $100,000.00, or a potential conflict could arise between a Landlord Indemnitee and Tenant.

6.3 Landlord shall indemnify, defend and hold harmless the Tenant Indemnitees from and against any and all liability, fines, suits, claims, demands, actions and costs and expenses of any kind or nature (including reasonable attorney's fees and reasonable attorneys' fees incurred to enforce this indemnity) due to or arising out of (i) any breach, violation or non-performance of any covenant, condition or agreement in this Lease on the part of Landlord to be fulfilled, kept, observed and performed; or (ii) from a Landlord Indemnitee's gross negligence or willful misconduct). The obligations contained herein shall survive the expiration or sooner termination of this Lease.

ARTICLE VII

INSURANCE

7.1 During the Term, Tenant, at its sole cost and expense, and for the mutual benefit of Landlord and Tenant, shall carry and maintain all required insurance, or, to the extent required to be carried and maintained by contractors of Tenant during construction activities, to cause such insurance to be carried and maintained, as required by any Landlord Financing Party and in all events not less than the following types of insurance of the type and in the amounts specified on Exhibit D attached hereto.

7.2 All insurance required by this Lease to be procured and maintained, or caused to be procured and maintained, by Tenant shall be affected under valid, enforceable policies issued by insurance companies authorized to issue said insurance in the State of New Jersey, and reasonably acceptable in form, amount and content to the Landlord. No later than thirty (30) days prior to the expiration of any insurance policy required to be maintained hereunder, Tenant shall furnish Landlord with the appropriate proofs of the pending issuance of a policy continuing in force the insurance covered by the policy so expiring, with original or certified copies of each renewal policy being delivered to Landlord promptly following the actual issuance thereof. The insurance policies described in Exhibit D shall name Landlord as named insured as its interest may appear and shall provide that proceeds shall be paid to Landlord and not to Tenant to the extent required in Exhibit D. The insurance policy described in Exhibit D above shall name Landlord and any other party designated by Landlord as an additional insured to the extent required in Exhibit D. Landlord (and not Tenant) shall have the right to adjust any loss under a policy of insurance described in Exhibit D. All policies to which Landlord is a named insured required hereby shall contain agreements by the insurers that any loss shall be payable to Landlord notwithstanding any act, or omission or negligence of Tenant which might otherwise result in forfeiture of said insurance, or affect the validity or enforceability thereof and that such policies shall not be cancelled or modified except upon at least thirty (30) days prior written notice to Landlord.

7.3 Tenant hereby waives its rights of recovery against the Landlord, its successors and assigns, for any losses to the Property covered by fire and extended coverage insurance (or other insurance maintained by Tenant), but only to the extent of the actual recovery by Tenant. Tenant party shall obtain and deliver to Landlord waivers of the subrogation rights under its insurance policies.

7.4 If Tenant fails to timely procure any insurance required hereunder (and such failure continues for ten (10) days after Landlord's notice to Tenant of such failure), Landlord, at its option, shall have the right to procure the insurance required by Section 7.1, in which event Tenant shall reimburse Landlord for the cost thereof within thirty (30) days.

7.5 Tenant shall reimburse Landlord on demand for the cost of any insurance carried by Landlord with respect to the Property.

ARTICLE VIII

DAMAGE; DESTRUCTION

8.1 If there is any damage to or destruction of the Premises resulting in an expected repair cost of greater than $5,000.00, Tenant shall promptly give notice thereof to Landlord, describing the nature and extent thereof.

8.2 If the Property shall be destroyed or damaged in whole or in part by reason of fire or by reason of any other causes, similar or dissimilar (a "Casualty") Landlord shall, at its own cost and expense, repair, replace, restore and rebuild the Property as nearly as may be reasonably possible to the condition, quality and class the same was in immediately prior to such Casualty; provided, however, that if the estimated cost of restoration of the Property is in excess of $1,000,000.00 and the insurance proceeds are not made available to Landlord or are insufficient to cover the estimated cost of restoration, then Landlord may by written notice to Tenant terminate this Lease. Such restoration work shall be commenced promptly after settlement shall have been made with the insurance companies and such work shall be prosecuted diligently, in good faith and with continuity of purpose.

8.3 All insurance money collected by Landlord or Tenant from any policy of insurance maintained pursuant to the provisions of Article 7 hereof on account of such Casualty, less the cost, if any, incurred in connection with the adjustment of the loss and the collection thereof (herein sometimes referred to as the "insurance proceeds") shall be held by Landlord and shall be applied to the payment of the cost of re-building. Notwithstanding the foregoing, any insurance proceeds derived from policies maintained by Tenant covering its own personal property shall be paid to Tenant. Any remaining balance of the insurance proceeds, after restoration of the damage or destruction caused by the Casualty shall be the property of the Landlord.

8.4 If due to a Casualty all or a material portion of the Property is rendered untenantable and Tenant in fact ceases use of the untenantable portion of the Property, then the Base Rent payable hereunder shall be abated during the period during which the Property is untenantable on a proportionate basis size of the portion of the Property that is untenantable. Except as set forth in the preceding sentence, no provision of this Article 8 shall be construed to entitle Tenant to any abatement, allowance, reduction or suspension of rent.

8.5 Tenant shall immediately notify Landlord of the occurrence of a Casualty causing damage with an expected repair cost of greater than $5,000.00 or any damage to the structural elements and/or building systems that could materially disrupt operations of the school being operated at the Property, regardless of amount.

8.6 The terms of any senior mortgage encumbering the Property relating to the application of insurance proceeds shall be controlling over any inconsistent provisions of this Lease.

8.7 Landlord shall not be required to expend for restoration an amount in excess of the Net Award received by it. In the event such amount is not adequate or any ground landlord or mortgagee elects to retain the Net Award, Landlord shall have the right to terminate this Lease provided notice of such termination shall be sent to Tenant within ninety (90) days after the amount of such Net Award is ascertained, or after the date on which such ground landlord or mortgagee notifies Landlord that it has elected to retain the Net Award, whichever the case may be. If Landlord exercises its right to terminate this Lease, this Lease shall cease, terminate and expire, and all rent shall be prorated as of the date of such damage or destruction.

ARTICLE IX

CONDEMNATION; TAKING BY EMINENT DOMAIN

9.1 If the entire or a substantial portion of the Property shall be taken (which shall include the sale of the Property under threat of the exercise of the power of eminent domain or condemnation) under the exercise of the power of eminent domain or condemnation by any governmental authority, this Lease shall terminate as of the date of such taking. In that event, the rentals due hereunder shall be apportioned as of the date of such taking and any balance of the prepaid rentals not theretofore applied towards the payment of accrued installments of rent in accordance with the provisions hereof shall be repaid to the Tenant.

9.2 If less than the entire or a substantial portion of the Property shall be taken under the exercise of the power of eminent domain or condemnation, Landlord shall promptly and diligently make such repairs or restorations as may be necessary to fully restore the remaining portion of the Property to a condition as good as that prior to the taking; provided, however, that if the estimated cost of restoration of the Property is in excess of $1,000,000.00 and the condemnation proceeds are not made available to Landlord or are insufficient to cover the estimated cost of restoration, then Landlord may by written notice to Tenant terminate this Lease. From and after said taking the Base Rent herein reserved shall be reduced, and thereafter the Tenant shall be required to pay that proportion of the Base Rent as the area of the Premises remaining tenantable after the taking bears to the area of the entire Premises before said taking.

9.3 In the event of any taking, whether total or partial, Tenant shall have no claim in or to any award (whether for damages, the value of the unexpired Term of this Lease or otherwise) for or with respect to such taking. The Tenant hereby expressly assigns any and all of its right, title and interest in or to such awards or any part thereof, to Landlord. Tenant shall have no claim against Landlord relating to such taking; provided, however, that Tenant shall have the right to make a claim for Tenant's moving expenses and personal property, provided such claim does not reduce any award to Landlord.

9.4 In the event of a taking of the Premises or any part thereof for temporary use (i) this Lease shall be and remain unaffected thereby and rent shall not abate, and (ii) Landlord shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the temporary taking which is within the Term of this Lease and the net proceeds of such award shall be applied to installments of Rent, provided that if such taking shall remain in force at the expiration or earlier termination of this Lease, Tenant shall then pay to Landlord a sum equal to the reasonable cost of performing Tenant's obligations under Section 21.1 hereof with respect to a surrender of the Premises and upon such payment shall be excused from such obligations.

9.5 Except as provided for in Section 9.2 hereof, no provision of this Article 9 shall be construed to entitle Tenant to any abatement, allowance, reduction or suspension of rent on account of any condemnation, unless this Lease is terminated as provided herein.

9.6 The terms of any senior mortgage encumbering the Property relating to the application of condemnation proceeds shall be controlling over any inconsistent provisions of this Lease, subject to the terms and conditions of any controlling intercreditor and subordination agreements controlling any senior mortgage.

ARTICLE X

ASSIGNMENT; SUBLETTING

10.1 Tenant shall not assign, mortgage, pledge, encumber or in any manner transfer this Lease, or any part thereof or interest therein, or sublease all or any part of the Premises, or allow others to use or occupy the same without obtaining the prior written consent of Landlord. Notwithstanding the foregoing, Tenant shall be permitted to enter into license or use agreements with community organizations for use of a portion of the Premises on an occasional or regular basis without Landlord's consent provided that such licensee or user agrees in writing to maintain commercial general liability insurance in such amounts as reasonably approved by Tenant and Landlord and naming Tenant and Landlord as additional insureds, with evidence of such insurance delivered to Landlord prior to any use by such licensee or user.

10.2 Without limitation, each of the foregoing events shall be deemed to constitute an assignment of this Lease:

(a) Any assignment or transfer of this Lease by operation of law;

(b) Any hypothecation, pledge or collateral assignment of this Lease by Tenant;

(c) Any assignment or transfer of this Lease by Tenant in connection with bankruptcy, insolvency, receivership or similar occurrence;

(d) Any assignment, transfer, disposition, sale or acquiring of a controlling interest in Tenant to or by any person, entity or group of related persons or affiliated entities, whether in a single transaction or in a series of related or unrelated transactions; and

(e) A modification, amendment or extension, without the Landlord's prior written consent, of a sublease previously consented to by Landlord shall be deemed a new sublease.

10.3 Tenant covenants that, notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of rent by Landlord from an assignee or transferee or any other party, Tenant shall remain fully and primarily and jointly and severally liable for the payment of the rent due and to become due under this Lease and for the performance and observance of all of the covenants, agreements, terms, provisions and conditions of this Lease on the part of Tenant to be performed or observed.

10.4 The liability of Tenant, and the due performance by Tenant of the obligations on its part to be performed under this Lease, shall not be discharged, released or impaired in any respect by an agreement or stipulation made by Landlord or any grantee or assignee of Landlord in connection with a mortgage or any other agreement with a third party extending the time of or modifying any of the obligations contained in this Lease, or by any waiver or failure of Landlord to enforce any of the obligations on Tenant's part to be performed under this Lease, and Tenant shall continue liable hereunder.

ARTICLE XI

DEFAULT PROVISIONS

Any of the foregoing events ("Events of Default") shall constitute a default under this Lease:

11.1 Tenant fails to pay any installment of Base Rent or Supplemental Base Rent; provided, however, that payment for any additional Supplemental Base Rent due and payable pursuant to a Rent Reset Notice, shall be due and payable ten (10) days following Tenant's actual receipt of the Rent Reset Notice.

11.2 Tenant fails to pay any other sum payable by the Tenant under this Lease to the Landlord or to any other person, firm, entity or governmental body, agency or organization whatsoever, on the day when the same is due and payable, and in the case of amounts due to Landlord hereunder, such default continues for seven (7) days after Landlord's notice to Tenant of such default.

11.3 Tenant fails to perform or observe any covenant, term or condition of this Lease to be performed or observed by the Tenant (other than defaults covered by Section 11.1 or any other subsection of this Article 11) and such failure continues for a period of thirty (30) days after the Landlord gives the Tenant written notice specifying such failure; provided, however, that in the event that such cure is commenced promptly but cannot be completed within 30 days, and the same is diligently pursued to completion within 60 days, the same shall not constitute an Event of Default.

11.4 Tenant fails to perform any covenant set forth in Section 4.16.

11.5 Tenant ceases to do business as a going concern (except as set forth in Section 2.2) or there is filed by or against the Tenant or any petition (or the like) or any other action is taken by or against Tenant pursuant to or otherwise seeking relief or protection under any federal or state bankruptcy or insolvency law or other law providing for relief of debtors, seeking protection from creditors, or providing for protection of creditors and any such proceeding is not dismissed within thirty (30) days.

11.6 A receiver, guarantor, trustee, conservator or liquidator is appointed for Tenant or all or a substantial part of Tenant's assets, and any such proceeding is not discharged within thirty (30) days after the commencement thereof.

11.7 Whenever this Lease or the estate hereby granted or the unexpired balance of the Term would, by operation of law or otherwise, except for this provision, pass to any person, firm or corporation other than Tenant.

11.8 If Tenant shall cause or permit the Premises to become abandoned for any period of time whatsoever and otherwise fails to perform its obligations pursuant to this Lease.

11.9 If Tenant shall default in complying with the provisions of Article 20 hereof with respect to the discharge of mechanic's liens, Article 16 hereof with respect to estoppel certificates, or Article 17 herewith with respect to subordination, within the times therein provided.

11.10 If any representation or warranty of Tenant set forth herein or otherwise made to Landlord shall be untrue or incorrect in any material respect.

11.11 If Tenant defaults in the payment of any Base Rent and Supplemental Base Rent or other sums due under any real property lease to which Tenant is a party, or the payment of any principal of or interest on or any other amount payable on any indebtedness of Tenant, beyond the period of grace, if any, provided in the real property lease, instrument or agreement under which such payment obligation or indebtedness was created.

11.12 Subject to Section 2.2, if any material adverse change occurs with respect to the business operations or financial condition of Tenant.

ARTICLE XII

LANDLORD'S REMEDIES

Upon the occurrence of an Event of Default specified in Article 11 hereof Landlord may exercise any one or more of the following remedies:

12.1 Upon the occurrence of an Event of Default, in addition to any other remedies available to Landlord at law or in equity or provided for herein, Landlord shall have the option, upon five (5) days' prior notice to Tenant, to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord elects to so terminate this Lease, Landlord may recover from Tenant, subject to Section 2.2 and Section 12.9:

(a) the worth at the time of award of any unpaid Base Rent and Supplemental Base Rent which had been earned at the time of such termination; plus

(b) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time Tenant is dispossessed exceeds the amount of rent loss that Tenant proves could have been avoided; plus

(c) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

As used in clauses (i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the Prime Rate plus four percent (4%).

12.2 From and after the occurrence of an Event of Default, Landlord shall also have the right (subject to Section 2.2 and Section 12.9), with or without terminating this Lease, upon notice to Tenant, to re-enter the Premises and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No reentry or taking possession of the Premises by Landlord pursuant to this Section 12.2 shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant. No entry or re-entry by Landlord, whether had or taken under summary proceeding or otherwise, shall absolve or discharge Tenant from any liability hereunder.

12.3 In the event that Landlord shall elect to re-enter as provided in Section 12.1 above or shall take possession of the Premises pursuant to legal proceedings or pursuant to any notice provided by law, then if Landlord does not elect to terminate this Lease as provided above, Landlord may (subject to Section 2.2 and Section 12.9), from time to time, without terminating this Lease, either recover all rent (which shall be deemed to include all Base Rent, Supplemental Base Rent, Operating Expenses, Impositions, other additional rent, and other payments and charges to the extent permitted by this Lease and required to be made by Tenant hereunder), as it becomes due or relet the Premises or any part thereof on terms and conditions as Landlord in its sole discretion may deem advisable for the whole or any part of the remainder of the Term or for a longer period, in Landlord's name, or as agent of Tenant, and in connection therewith, Landlord may make repairs or alterations to the Premises in such manner as Landlord may deem necessary or advisable.

12.4 In the event Landlord shall, pursuant to Section 12.3 above, elect to so relet, the rents received by Landlord from such reletting shall be applied: first to the cost and expenses of re-taking, repossessing, repairing and/or altering the Premises and the expense of removing all persons and property therefrom; second, to the costs and expenses incurred in securing any new tenant or tenants; and third, to the payment of rent due and unpaid hereunder and the residue, if any, shall be held by Landlord and applied to payment of future rent as the same may become due and payable. Should that portion of such rents received from such reletting during any month, which is applied to the payment of rent hereunder, be less than the rent payable during the month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid, monthly. Tenant shall also pay to Landlord, as soon as ascertained, any reasonable costs and expenses incurred by Landlord in reletting or in making such alterations and repairs not covered by the rents received from such reletting. Suit or suits for the recovery of such deficiency or damage, or for a sum equal to any installment or installments of rent, may be brought by, Landlord from time to time at Landlord's election and nothing herein contained shall be deemed to require Landlord to await the date on which this Lease or the Term hereof would have expired by limitation had there been no such default by Tenant.

12.5 All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease. No waiver of any default of Tenant hereunder shall be implied from any acceptance by Landlord of any rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in said waiver. The consent or approval of Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar acts by Tenant.

12.6 The Tenant shall be liable for all costs, charges and expenses, including reasonable attorney's fees and disbursements, incurred by the Landlord by reason of the occurrence of any Event of Default or the exercise of the Landlord's remedies with respect thereto.

12.7 Tenant, for Tenant, and on behalf of any and all persons claiming through or under Tenant, including creditors of all kinds, does hereby waive and surrender all rights and privileges which they or any of them might have under or by reason of any present or future law, to redeem the Premises or to have a continuance of this Lease for the term hereby demised after being dispossessed or ejected therefrom by process of law or after the termination of this Lease as herein provided.

12.8 Notwithstanding the provisions contained in this Lease, Landlord's remedies shall not extend or attach to (i) any revenues held by or belonging to the Tenant, including without limitation tuition payments or grants of any kind received from any federal, state or local governmental body, agency, school board or school district; or (ii) any contracts providing services or enrollments, permits or licenses relating to the Tenant's operation as a charter school, including without limitation the charter for the charter school issued to Tenant by the State of New Jersey Department of Education and related contracts, licenses and approvals pertaining to same. Under no circumstances shall Landlord be entitled to accelerate any obligations to pay Base Rent, Supplemental Base Rent, Operating Expenses, Impositions, or other additional rent hereunder.

12.9 Nothing contained in this Lease shall be construed as limiting or precluding the recovery by Landlord from Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant; provided, however, that, if and to the extent required by applicable law and regulations, notwithstanding anything to the contrary set forth in this Lease, in the event of a default by Tenant, (i) Landlord shall not be entitled to consequential damages**,** (ii) Tenant's obligation to pay rent shall not be accelerated, and (iii) Landlord shall not be entitled to attach any grants or tuition payments payable to Tenant or any revenues generated in connection with any schools operated by Tenant.

ARTICLE XIII

LANDLORD'S RIGHT TO PERFORM; CUMULATIVE REMEDIES; WAIVERS; ATTORNEYS FEES

13.1 If Tenant shall fail to pay any sum of money owed to any party other than Landlord for which it is liable hereunder, or if Tenant shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for thirty (30) days after notice thereof by Landlord, or a shorter period of time in the event of an emergency, Landlord may, without waiving or releasing Tenant from obligations of Tenant, but shall not be obligated to, make any such payment or perform any such other act to be made or performed by Tenant. All sums so paid by Landlord and all necessary incidental costs together with interest thereon at the Prime Rate plus 4%, from the date of such payment by Landlord, shall be payable to Landlord on demand. Tenant covenants to pay any such sums, and Landlord shall have (in addition to any other right or remedy of Landlord) all rights and remedies in the event of the non-payment thereof by Tenant as are set forth in Article 12.

13.2 Landlord may restrain any breach or threatened breach of any covenant, agreement, term, provision or condition herein contained, but the mention herein of any particular remedy shall not, subject to the provisions of Section 2.2 and Section 12.9 of this Lease, preclude Landlord from any other remedy it might have, either in law or in equity. The failure of Landlord to insist upon the strict performance of any one of the terms of this Lease or to exercise any right, remedy or election herein contained or permitted by law shall not constitute or be construed as a waiver or relinquishment for the future of such term, right, remedy or election, but the same shall continue and remain in full force and effect. Any right or remedy of Landlord in this Lease specified or any other right or remedy that Landlord may have at law, in equity or otherwise upon breach by Tenant of any covenant contained in this Lease, shall be distinct, separate and cumulative rights or remedies and no one of them whether exercised by Landlord or not, shall be deemed to be in exclusion of any other. No term of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing, signed by Landlord or Landlord's agent duly authorized in writing. Receipt or acceptance of rent or additional rent by Landlord shall not be deemed to be a waiver of any default under this Lease, or of any right which Landlord may be entitled to exercise under, this Lease.

ARTICLE XIV

QUIET ENJOYMENT; TRANSFER OF LANDLORD'S INTEREST; LIMITATION ON LIABILITY

14.1 The Landlord covenants that if and so long as the Tenant keeps and performs each and every covenant herein contained on its part to be kept and performed, Tenant shall peacefully and quietly enjoy the Premises without hindrance or molestation by Landlord, subject to the covenants, agreements, terms, provisions and conditions of this Lease.

14.2 The term "Landlord", as used in this Lease, means only the holder of Landlord's interest in the Property as of the date in question, and in the event of a sale, assignment or transfer by such holder, such holder shall thereupon be released and discharged from all covenants and obligations of the Landlord thereafter accruing, but such covenants and obligations shall be binding upon each new holder for the time being of the Premises or any part thereof.

14.3 In consideration of the benefits accruing hereunder, the parties covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder:

(a) No partner, officer, director, member or shareholder of Landlord or Tenant shall be sued or named as a party in any suit or action;

(b) No service of process shall be made against any partner, officer, member, director or shareholder of Landlord or Tenant;

(c) No partner, officer, member, director or shareholder of Landlord or Tenant shall be required to answer or otherwise plead to any service of process;

(d) No judgment will be taken against any partner, member, officer, director or shareholder of Landlord or Tenant;

(e) Any judgment taken against any partner, officer, member, director or shareholder of Landlord or Tenant may be vacated and set aside at any time nunc pro tunc;

(f) No writ of execution will ever be levied against the assets of any partner, member, officer, director, trustee or shareholder of Landlord or Tenant;

(g) The obligations under this Lease do not constitute personal obligations of the individual partners, directors, members, officers or shareholders of Landlord or Tenant, and neither party shall seek recourse against the individual partners, directors, officers or shareholders of the other party or any of their personal assets for satisfaction of any liability in respect to this Lease;

(h) These covenants and agreements are enforceable both by Landlord or Tenant and also by any partner, officer, member, director or shareholder of Landlord or Tenant, as applicable.

(i) The sole and exclusive remedy of Tenant shall be against Landlord's interest in the Property.

ARTICLE XV

MORTGAGEE PROTECTION

15.1 If, in connection with obtaining financing for the Property or Landlord's interest therein, a lender shall request modifications to this Lease as a condition to such financing, Tenant will not withhold, delay or defer its consent thereto, provided that such modifications do not materially increase the obligations of Tenant hereunder or materially adversely impair Tenant's rights hereunder, provided the same does not adversely affect the Tenant's rights under Sections 2.2, 12.8, 12.9, 22.1 and Articles 8 and 9 of this Lease.

15.2 In the event of any default on the part of the Landlord, Tenant will give notice by registered or certified mail to any beneficiary of a deed of trust or mortgage or ground or underlying lease covering the Property whose address shall have been furnished to Tenant, and shall offer such beneficiary or mortgagee or lessor a reasonable opportunity (but not less than 30 days beyond the cure period provided to Landlord) to cure the default, including time to obtain possession of the Premises by power of sale or a judicial foreclosure, if any such beneficiary or lender should elect such remedy.

ARTICLE XVI

ESTOPPEL CERTIFICATE

16.1 Within ten (10) days following any written request which the Landlord or Tenant may make from time to time to the other, the requested party shall execute and deliver to the requesting party or such other person or entity designated or specified by the requesting party a statement certifying:

(i) the date of commencement of this Lease;

(ii) the fact that this Lease is unmodified and in full force and effect, or, if there have been modifications thereto, that this Lease is in full force and effect, and stating the date and nature of such modification;

(iii) the date to which the rent and other sums payable under this Lease have been paid;

(iv) that there are no current defaults under this Lease (and no event which with the giving of notice or lapse of time, or both would become a default under this Lease) by the Landlord or Tenant except as specified in the requested parties' statement; and

(v) such other matters as requested by the requesting party.

The Landlord and Tenant intend that any statement delivered pursuant to this Article 16 may be relied upon by any mortgagee, beneficiary, ground lessor, purchaser or prospective purchaser of the Premises or any interest therein.

ARTICLE XVII

SUBORDINATION

17.1 This Lease shall be subject and subordinate at all times to:

(a) all ground leases or underlying leases which may now exist or hereafter be executed affecting the Property;

(b) the lien of any mortgage or deed of trust which may now exist or hereafter be executed in any amount for which the Property, ground leases or underlying leases, or Landlord's interest or estate in any of said items is specified as security and to all increases, renewals, replacements, extension and/or modification of any of the foregoing; and

(c) all easements, restrictions and encumbrances of record.

17.2 Intentionally Deleted.

17.3 Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated any such mortgages, ground leases or underlying leases to this Lease. In the event that any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the tenant of the successor-in-interest to Landlord, at the option of such successor-in-interest to Landlord. Tenant covenants and agrees to execute and deliver, within five (5) days after demand by Landlord and in the form requested by Landlord, any additional documents evidencing the priority or subordination of this Lease with respect to any such ground leases or underlying leases or the lien of any such mortgage or deed of trust Tenant hereby irrevocably appoints Landlord as attorney-in-fact of Tenant to execute, deliver and record any such document in the name and on behalf of Tenant.

17.4 Notwithstanding anything contained herein to the contrary, under no circumstance shall any holder of a ground lease or underlying lease which may now exist or may hereafter be executed affecting the Property or the holder of any lien of any mortgage or deed of trust which may now exist or hereafter be executed by which the Premises, ground leases or underlying leases or Landlord's interest or estate in any of said items is specified as security, purchaser or assignee at foreclosure, or lessee, as the case may be, whether or not it shall have succeeded to the interests of the Landlord under this Lease, be (i) liable for any act, omission or default of any prior landlord; or (ii) subject to any offsets, claims or defenses which Tenant may have against any prior landlord; or (iii) bound by any annual Base Rent, Supplemental Base Rent or additional rent which Tenant may have paid to any prior landlord for more than one month in advance (other than estimated quarterly Operating Expenses paid in accordance with Section 3.7); or (iv) bound by any modification, amendment or abridgment of the Lease or any cancellation or surrender of the same made without its prior written approval.

ARTICLE XVIII

BROKERS

Tenant and Landlord warrant to each other that it has had no dealings with any real estate broker, finder or agent in connection with the negotiation of this Lease, or the leasing or renting space in the Premises and that it knows of no real estate broker, finder or agent who is or might be entitled to a commission in connection with this Lease. If Tenant or Landlord has dealt with any real estate broker, finder or agent with respect to leasing or renting space in the Premises, the party so dealing shall be solely responsible for the payment of any fee or commission due said person or firm and shall indemnify, defend (with counsel approved by the other) and hold the other, harmless free and from and against any liability, in respect thereto, including reasonable attorney's fees and costs (and reasonable attorney's fees and costs incurred to enforce this indemnity).

ARTICLE XIX

NOTICES

19.1 Any notice required or permitted to be given hereunder must be in writing and may be given by personal delivery (for which a receipt must be obtained); by mail, and if given by mail shall be deemed sufficiently given only if sent by registered or certified mail, postage prepaid, return receipt requested, or by a nationally recognized overnight courier service that provides tracking and proof of receipt of items mailed; or by electronic mail with receipt affirmatively acknowledged by the recipient. Notices to the parties shall be sent to the addresses set forth above or to such other addresses as a party may notify the other. Either party may specify a different address for notice purposes by written notice to the other, except that the Landlord may in any event use the Premises as Tenant's address for notice purposes, unless Landlord has actual knowledge that Tenant is not at this address or will not likely receive such notice. Notices given by personal delivery shall be deemed given when delivered. Notices given by registered or certified mail or by overnight courier shall be given on the date received, as evidenced by the return receipt, or on the date delivery is rejected.

ARTICLE XX

LIENS

20.1 Tenant shall not permit to be filed against the Property nor against Tenant's leasehold interest in the Property, any mechanics', materialmens' or other liens related to Tenant's work at, or occupancy or use of the Premises or resulting from the acts or omissions of Tenant or Tenant's agents, contractors, employees, students, teachers, administrators, guests or visitors, including without limitation, any state, federal or local "super-fund" or hazardous material or environmental cleanup lien. If any such lien is filed then Tenant shall, within twenty (20) days after Tenant obtains notice or knowledge of the same, discharge of said liens. Landlord shall have the right at all reasonable times to post and keep posted on the Property any notices which it deems necessary for protection from such liens. If any such liens are filed, Landlord may, without waiving its rights and remedies based on such breach of Tenant and without releasing Tenant from any of its obligations, cause such liens to be released by any means it shall deem proper, including payments in satisfaction of the claim giving rise to such lien. Tenant shall pay to Landlord upon demand any sum paid by Landlord to remove such liens, together with interest at the Prime Rate plus 4%, from the date of such payment by Landlord.

20.2 So long as no Event of Default has occurred, and with the prior written consent of Landlord, subject to the compliance by Tenant with any conditions (or prohibitions) to contesting imposed by Landlord and provided that such contest will not cause the Property to be in danger of being forfeited or lost, and would not subject the Landlord to criminal or civil prosecution contest, and Tenant has posted a bond or other security acceptable to Landlord, Tenant may at its sole expense, in good faith, by appropriate proceedings, contest any lien which Tenant is obligated to pay pursuant to Section 20.1.

ARTICLE XXI

SURRENDER; ENTRY; WAIVER

21.1 Upon the expiration or termination of the Lease, Tenant shall peaceably surrender the Premises and all alterations and additions thereto, broom clean the Premises, leave the Premises in good order, repair and condition, reasonable wear and tear excepted, and comply with the provision of Section 4.9(b). The delivery of keys to any employee of Landlord or to Landlord's agent or any employee thereof shall not be sufficient to constitute a termination of this Lease or a surrender of the Premises.

21.2 Landlord reserves and shall during reasonable business hours and upon reasonable prior notice (except in the event of emergencies, in which case Landlord may enter the Premises at any time without notice) have the right to enter the Premises to inspect the same, to show the Premises to prospective purchasers or tenants or others, to post notices of no responsibility, or repair the Premises all without being deemed guilty of any eviction of Tenant and without abatement of rent. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss in, upon and about the Premises. Landlord shall at all times have and retain a key with which to unlock all doors in the Premises, excluding Tenant's vaults and safes. Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency in order to obtain entry to the Premises. Any entry, to the Premises obtained by Landlord by any of said means, or otherwise, shall not be construed or deemed to be forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion by Tenant. It is understood and agreed that no provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations.

21.3 The waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of Landlord to insist upon the performance by Tenant in strict accordance with said terms. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this

Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No acceptance by Landlord of a lesser sum than the basic rent and additional rent or other sum then due shall be deemed to be other than an account of the earliest installment of such rent or other amount due, nor shall any endorsement or statement on any check or any letter accompanying any check be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or other amount or pursue any other remedy provided in this Lease.

ARTICLE XXII

MISCELLANEOUS

22.1 This Lease contains the entire agreement between the parties and may not be modified in any manner except by an instrument in writing executed by the parties. All prior agreements between the parties are merged herein. Notwithstanding anything to the contrary in this Lease, there shall be no modification of this Lease which shall cause the Landlord or Tenant to be in violation of any laws or regulations of the State of New Jersey, including without limitation, laws and regulations related to public schools chartered under the laws of the State of New Jersey.

22.2 The covenants, agreements, terms, provisions and conditions contained in this Lease shall apply to and inure to the benefit of and be binding upon Landlord and Tenant and their respective successors and permitted assigns.

22.3 If and to the extent that a provision of this Lease shall be unlawful or contrary to public policy, the same shall not invalidate the other provisions of this Lease, and such provision shall be interpreted in a manner most consistent with the intent of the parties.

22.4 This Lease shall be governed by and shall be construed in accordance with the laws of the State of New Jersey.

22.5 The covenants and conditions in this Lease are for the benefit of Landlord and Tenant. No other person has a right to insist or demand that Landlord enforce any covenants or conditions of this Lease against Tenant, or vice a versa.

22.6 Paragraph headings are for convenience of reference and shall not be deemed a part of this Lease.

22.7 This Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

22.8 Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

22.9 Upon the request of a party hereto a short form memorandum of this Lease shall be recorded.

22.10 When in this Lease Landlord's consent or approval is required and that Landlord shall refuse such consent or approval, or in any instance in which Landlord shall delay its consent or approval, Tenant in no event shall be entitled to make, nor shall Tenant make, any claim, and Tenant hereby waives any claim, for money damages (nor shall Tenant claim any money damages by way of set-off, counterclaim or defense) based upon any claim or assertion by Tenant that Landlord withheld or delayed its consent or approval except as hereinafter provided. Tenant's sole remedy shall be an action or proceeding to enforce any such provision, for specific performance, injunction or declaratory judgment.

22.11 The parties agree that any date or time specified herein shall be deemed to be of the essence.

22.12 **TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY TO THIS LEASE KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT OR COUNTERCLAIM BROUGHT BY ANY PARTY TO THIS LEASE ARISING IN CONNECTION WITH, OUT OF OR OTHERWISE RELATING TO THIS LEASE.**

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LANDLORD:

NSA 18TH AVENUE, LLC,
a New Jersey limited liability company

By: ______________________________
Diane Flynn
Authorized Signatory

TENANT:

NORTH STAR ACADEMY
CHARTER SCHOOL OF NEWARK, INC.

By: _________________________________
Name:
Title:

EXHIBIT A

DESCRIPTION OF PREMISES

Lot 1 in Block 358

BEGINNING at the corner formed by the intersection of the westerly sideline of South Sixteenth Street and the southerly sideline of Eighteenth Avenue; thence running

1. Southerly along the said westerly sideline of South Sixteenth Street, South 23 degrees 00 minutes 00 seconds West, 125.00 feet to a point; thence

2. North 67 degrees 00 minutes 00 seconds West, 200.00 feet to a point on the easterly sideline of South Seventeenth Street; thence

3. Northerly along said sideline, North 23 degrees 00 minutes 00 seconds East, 125.00 feet to the corner formed by the intersection of the said easterly sideline of South Seventeenth Street and the aforesaid southerly sideline of Eighteenth Avenue; thence

4. Easterly along said sideline, South 67 degrees 00 minutes 00 seconds East, 200.00 feet to the POINT AND PLACE OF BEGINNING.

The above described parcel contains 25,000 square feet or 0.574 acres of land.

Lot 1 in Block 359

BEGINNING at the corner formed by the intersection of the easterly sideline of South Sixteenth Street and the southerly sideline of Eighteenth Avenue; thence running

1. Easterly along the said southerly sideline of Eighteenth Avenue, South 67 degrees 00 minutes 00 seconds West, 100.00 feet to a point; thence

2. South 23 degrees 00 minutes 00 seconds West, 130.00 feet to a point; thence

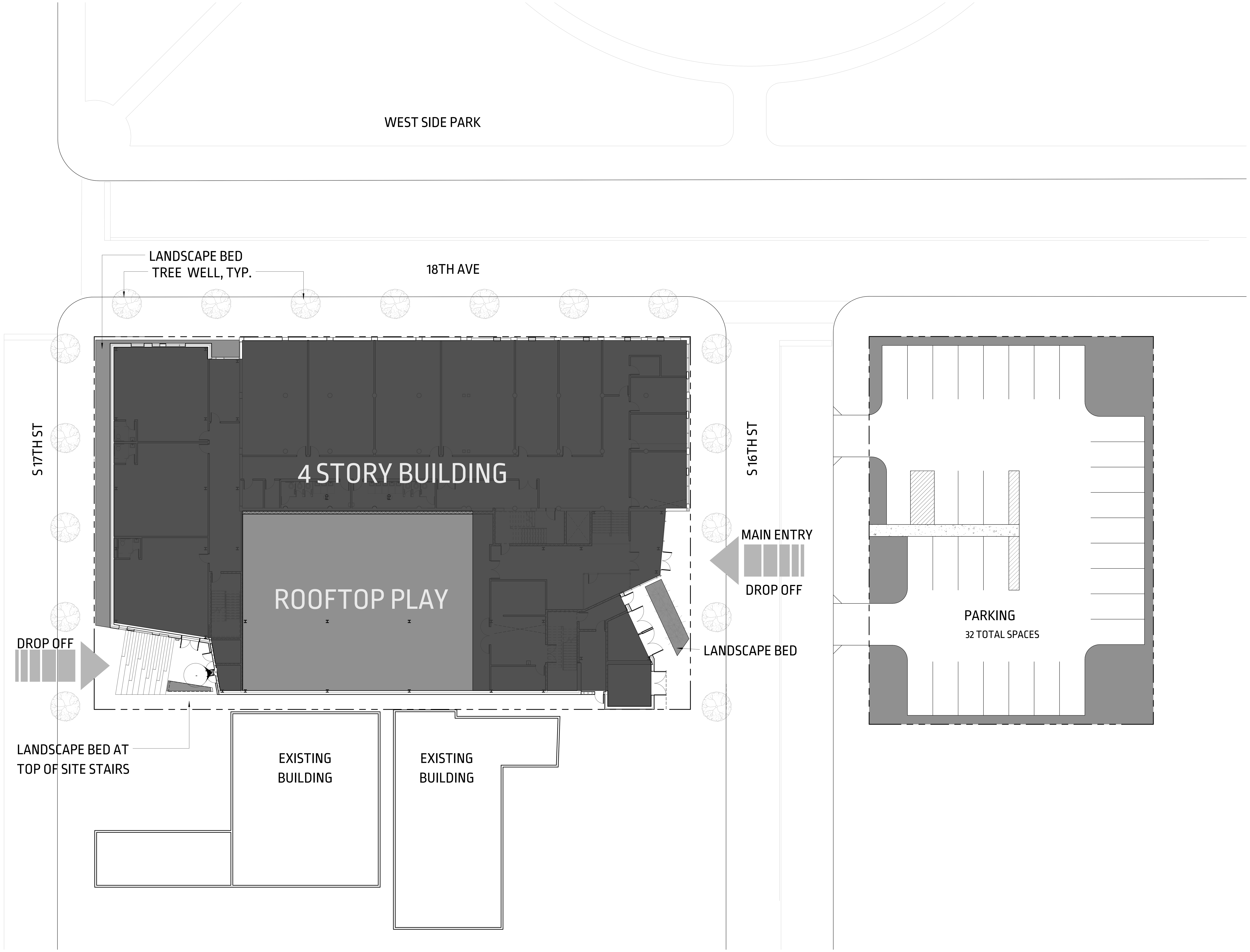
3. North 67 degrees 00 minutes 00 seconds West, 100.00 feet to a point on the aforesaid easterly sideline of South Sixteenth Street; thence

4. Northerly along said sideline, North 23 degrees 00 minutes 00 seconds East, 130.00 feet to the POINT AND PLACE OF BEGINNING.

The above described parcel contains 13,000 square feet or 0.298 acres of land.

EXHIBIT B

WORKING DRAWINGS



1 ARCHITECTURAL SITE PLAN
1/16" = 1'-0"

Merilee Meacock 21AI01305000

UNCOMMON SCHOOLS

ADDITION AND RENOVATION

NORTH STAR ACADEMY - 571 18TH AVENUE
571 18TH AVENUE, NEWARK, NJ 07103
LOT 1, BLOCKS 358-359

No.	Date	Revision

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KSS

PLANNING BOARD SUBMISSION

Project No.: 22308
Issued: 04/15/16

ARCHITECTURAL SITE PLAN

A100

GENERAL NOTES

1. SEE G007 FOR PARTITION TYPES
2. ALL PARTITIONS TO BE TYPE P1 U.N.O.
3. ALL CORRIDOR & CLASSROOM SPACES TO RECEIVE IMPACT-RESISTANT GWB ON OUTSIDE LAYERS
4. COORDINATE REQ'D STUD SIZE W/ RECESSED WATER FOUNTAINS & WATER COOLER MANUF. REQUIREMENTS
5. PROVIDE BLOCKING WITHIN PARTITIONS AS REQ'D FOR WALL-MOUNTED ITEMS

LEGEND

NEW CONSTRUCTION

EXISTING CONSTRUCTION TO REMAIN

5'-6" TYP DIM STYLE 2'-8" 90°

TYPICAL DIMENSION ROUNDS TO 1/8"

DIM. ARC LENGTH

CLASSROOM BUILT IN MILLWORK, HEIGHT 4', DEPTH 1', LENGTH VARIES, SEE FLOOR PLANS

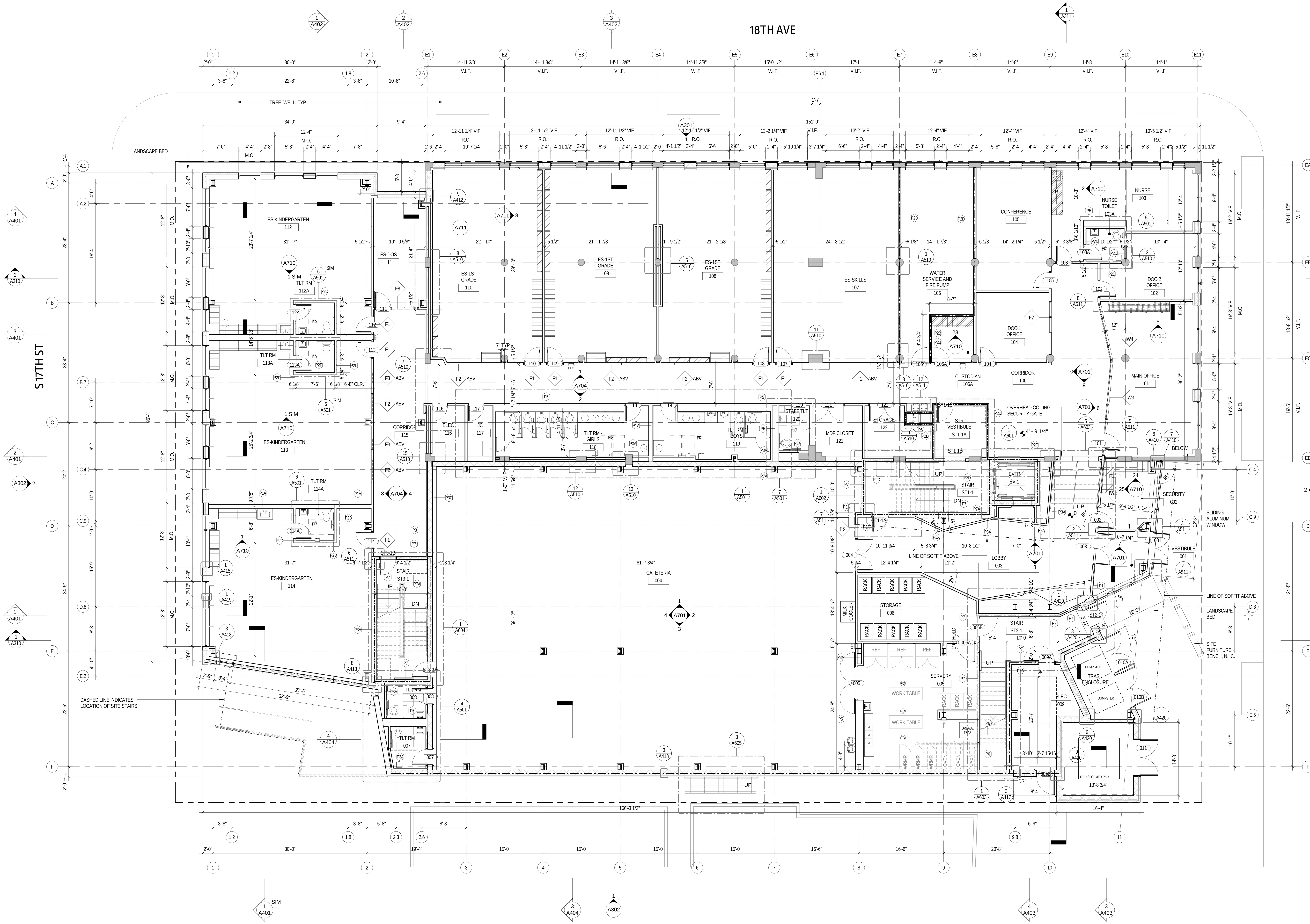
KITCHEN CABINETS W/ SOILD SURFACE COUNTERTOPS

LAB CASEWORK

BUILT IN PLASTIC LAMINATE COUNTER TOPS

BUILT IN MILLWORK

Merilee Meacock 21AI01305000



1 FIRST FLOOR PLAN
1/8" = 1'-0"

UNCOMMON SCHOOLS
ADDITION AND RENOVATION
NORTH STAR ACADEMY - 571 18TH AVENUE
571 18TH AVENUE, NEWARK, NJ 07103
LOT 1, BLOCKS 358-359

No.	Date	Revision

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FACADE CONSULTANT: JOSEPH B. CALLAGHAN, INC.
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KSS

100% CONSTRUCTION DOCUMENTS

Project No.: 22308
Issued: 09/23/16

FIRST FLOOR PLAN

A101

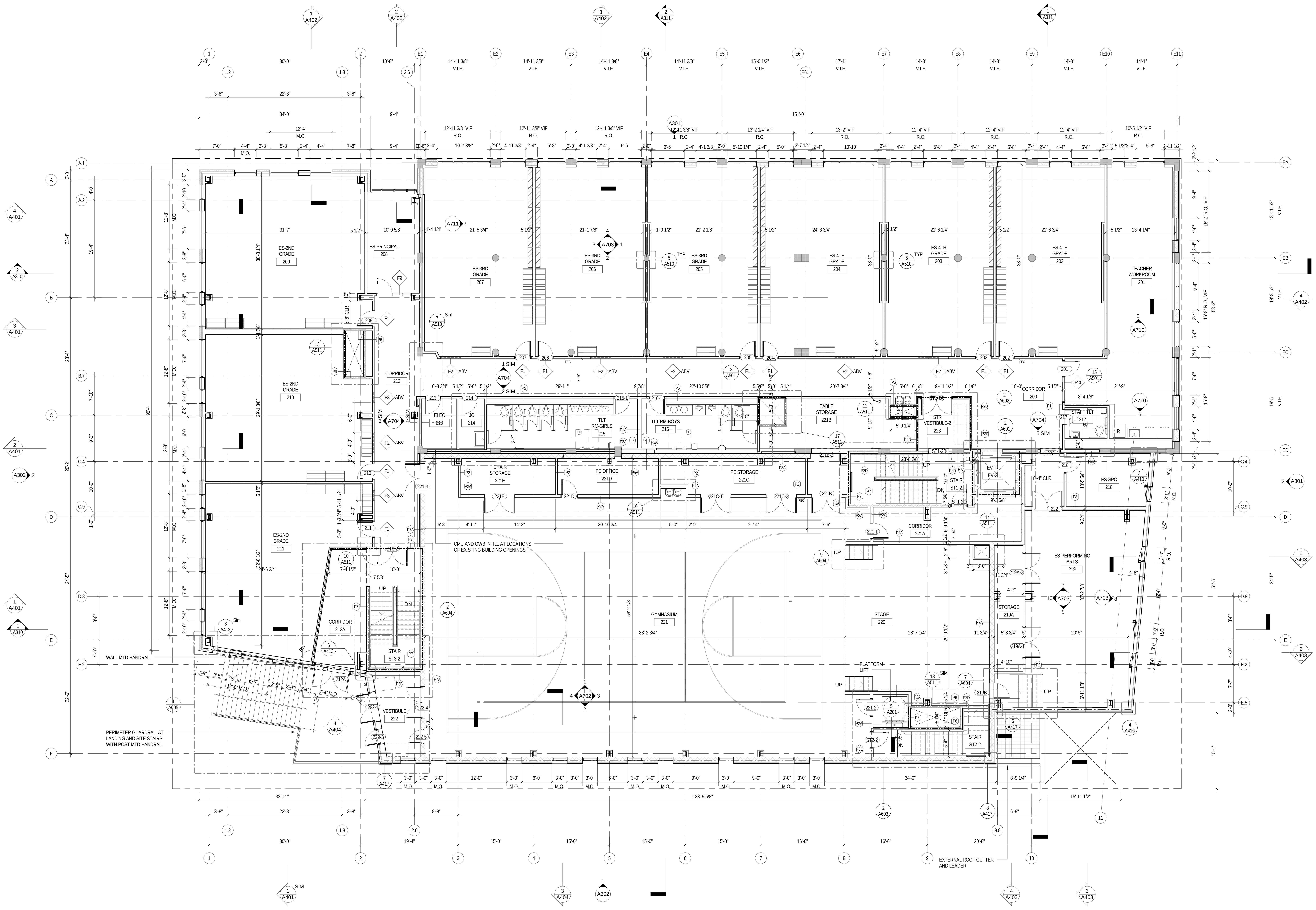
GENERAL NOTES

1. SEE G007 FOR PARTITION TYPES
2. ALL PARTITIONS TO BE TYPE P1 U.N.O.
3. ALL CORRIDOR & CLASSROOM SPACES TO RECEIVE IMPACT-RESISTANT GWB ON OUTSIDE LAYERS
4. COORDINATE REQ'D STUD SIZE W/ RECESSED WATER FOUNTAINS & WATER COOLER MANUF. REQUIREMENTS
5. PROVIDE BLOCKING WITHIN PARTITIONS AS REQ'D FOR WALL-MOUNTED ITEMS

LEGEND

- NEW CONSTRUCTION
- EXISTING CONSTRUCTION TO REMAIN
- 5'-6" TYP DIM STYLE 2'-8" 90° — TYPICAL DIMENSION ROUNDS TO 1/8"
- DIM. — ARC LENGTH
- CLASSROOM BUILT IN MILLWORK, HEIGHT 4', DEPTH 1', LENGTH VARIES, SEE FLOOR PLANS
- KITCHEN CABINETS W/ SOILD SURFACE COUNTERTOPS
- LAB CASEWORK
- BUILT IN PLASTIC LAMINATE COUNTER TOPS
- BUILT IN MILLWORK

Merilee Meacock 21AI01305000



SECOND FLOOR PLAN
1/8" = 1'-0"

UNCOMMON SCHOOLS
ADDITION AND RENOVATION

NORTH STAR ACADEMY - 571 18TH AVENUE
571 18TH AVENUE, NEWARK, NJ 07103
LOT 1, BLOCKS 358-359

No.	Date	Revision

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Project No.: 22308
Issued: 09/23/16

SECOND FLOOR PLAN

A102

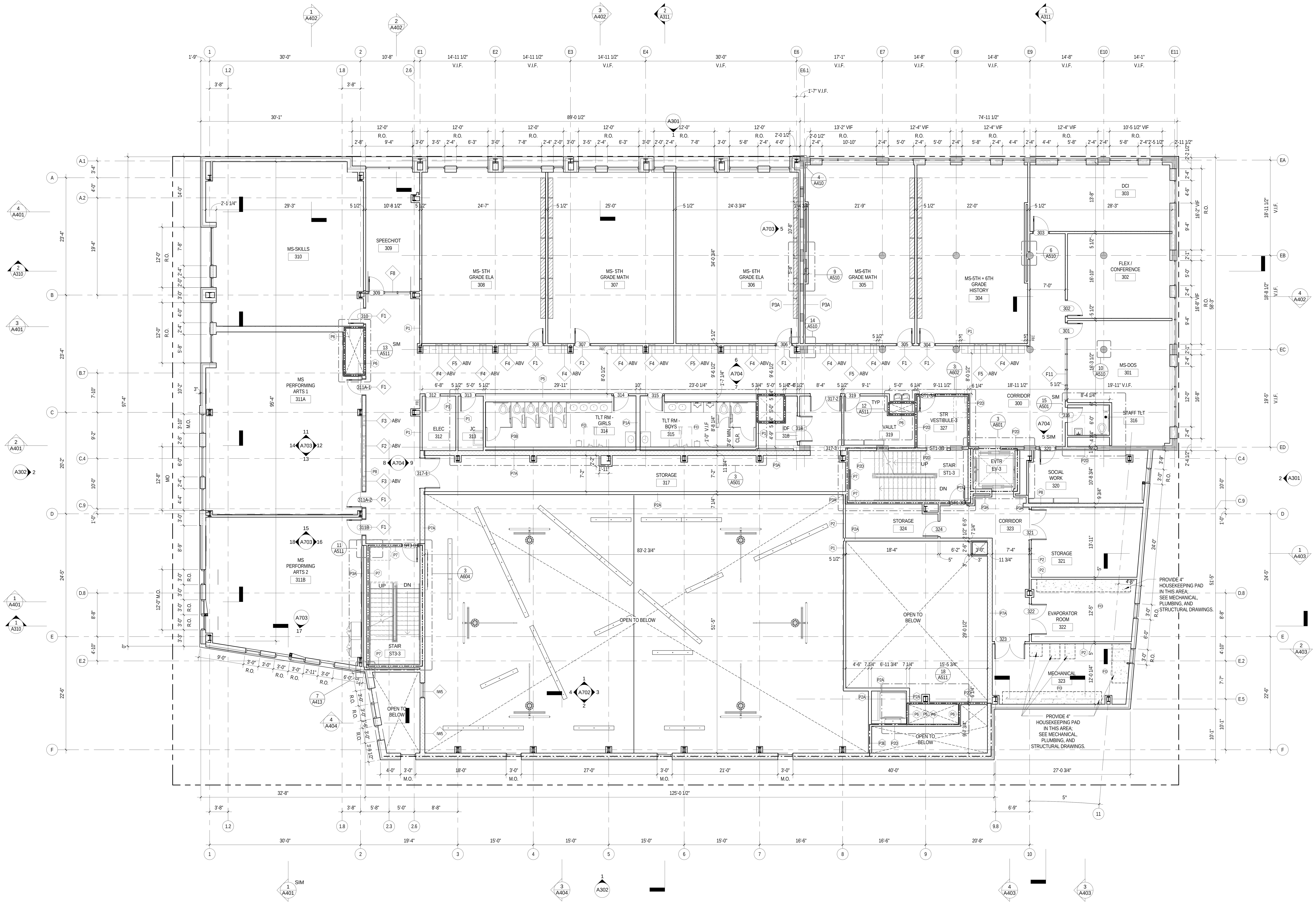
GENERAL NOTES

1. SEE G007 FOR PARTITION TYPES
2. ALL PARTITIONS TO BE TYPE P1 U.N.O.
3. ALL CORRIDOR & CLASSROOM SPACES TO RECEIVE IMPACT-RESISTANT GWB ON OUTSIDE LAYERS
4. COORDINATE REQ'D STUD SIZE W/ RECESSED WATER FOUNTAINS & WATER COOLER MANUF. REQUIREMENTS
5. PROVIDE BLOCKING WITHIN PARTITIONS AS REQ'D FOR WALL-MOUNTED ITEMS

LEGEND

- NEW CONSTRUCTION
- EXISTING CONSTRUCTION TO REMAIN
- 5'-6" TYP DIM STYLE 2'-8" 90° — TYPICAL DIMENSION ROUNDS TO 1/8"
- DIM. — ARC LENGTH
- CLASSROOM BUILT IN MILLWORK, HEIGHT 4', DEPTH 1', LENGTH VARIES, SEE FLOOR PLANS
- KITCHEN CABINETS W/ SOILD SURFACE COUNTERTOPS
- LAB CASEWORK
- BUILT IN PLASTIC LAMINATE COUNTER TOPS
- BUILT IN MILLWORK

Merilee Meacock 21AI01305000



1 THIRD FLOOR PLAN
1/8" = 1'-0"

UNCOMMON SCHOOLS
ADDITION AND RENOVATION
NORTH STAR ACADEMY - 571 18TH AVENUE
571 18TH AVENUE, NEWARK, NJ 07103
LOT 1, BLOCKS 358-359

No.	Date	Revision

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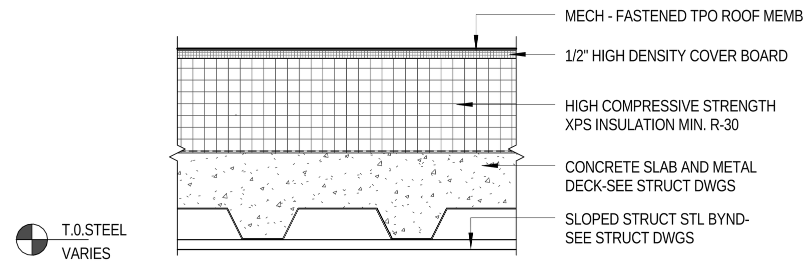
100% CONSTRUCTION DOCUMENTS

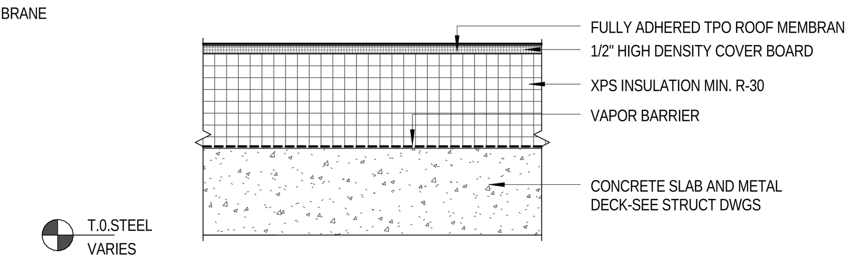
Project No.: 22308
Issued: 09/23/16
THIRD FLOOR PLAN

A103

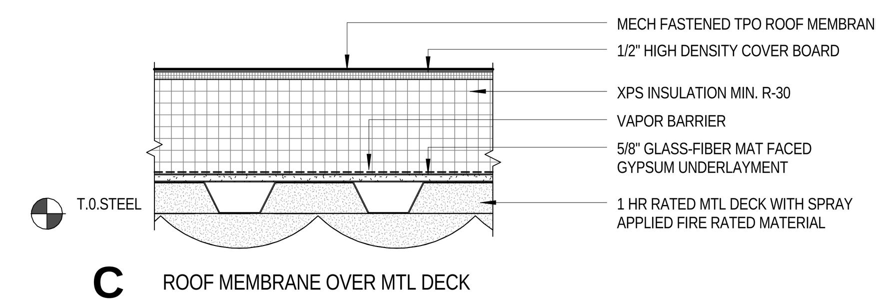
ROOF ASSEMBLIES



A ROOF MEMBRANE OVER CONCRETE DECK



B ROOF MEMBRANE OVER EXISTING SLOPED CONCRETE DECK



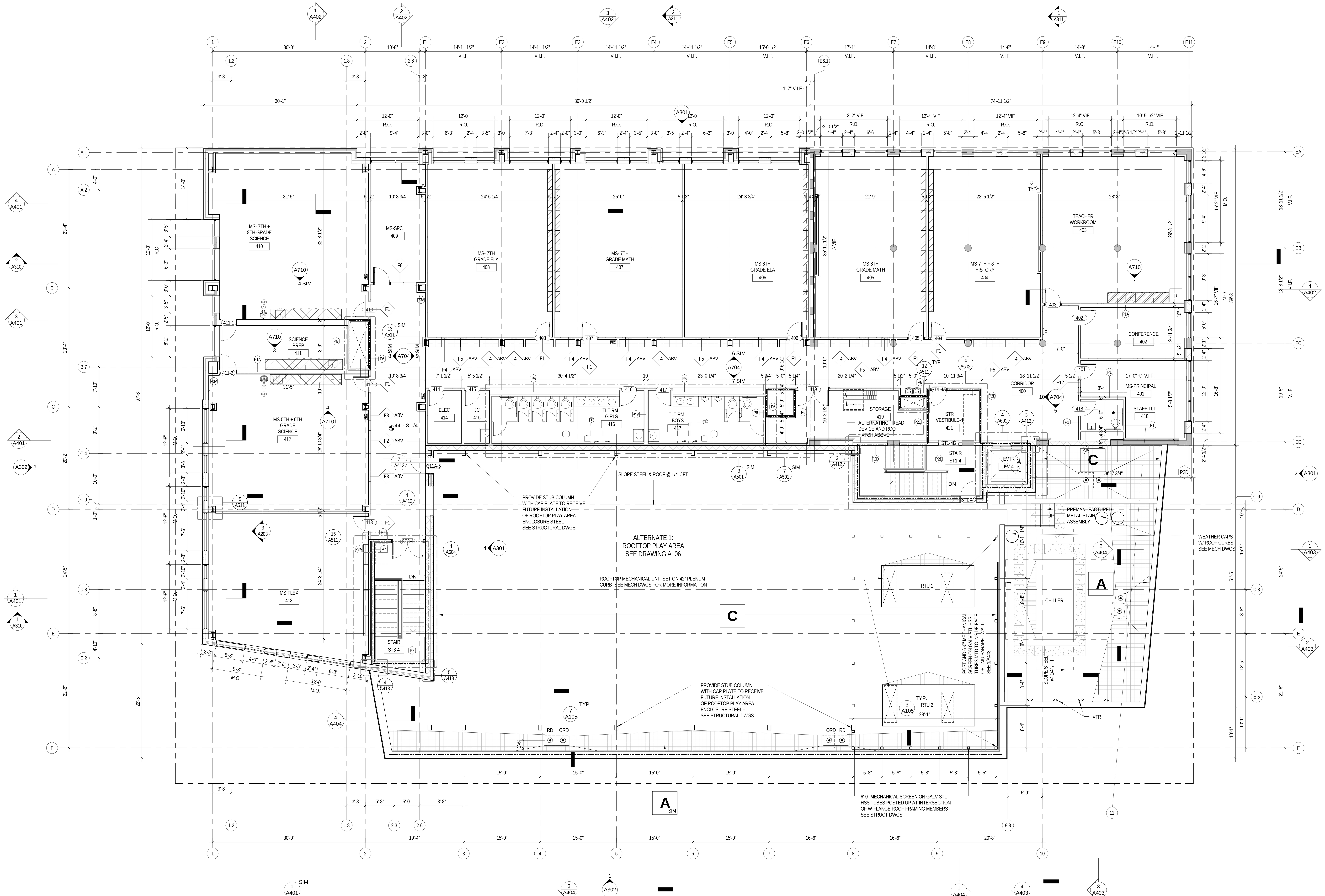
C ROOF MEMBRANE OVER MTL DECK

GENERAL NOTES

1. SEE G005 FOR PARTITION TYPES
2. ALL PARTITIONS TO BE TYPE P1 U.N.O. REFER TO ENLARGED FLOOR PLANS FOR ADDITIONAL PARTITION TYPE DESIGNATIONS
3. ALL CORRIDOR & CLASSROOM SPACES TO RECEIVE IMPACT-RESISTANT GWB ON OUTSIDE LAYERS
4. COORDINATE REQ'D STUD SIZE W/ RECESSED WATER FOUNTAINS & WATER COOLER MANUF. REQUIREMENTS
5. PROVIDE BLOCKING WITHIN PARTITIONS AS REQ'D FOR WALL-MOUNTED ITEMS
6. ALL ROOF-TOP MECHANICAL, PLUMBING, ELECTRICAL EQUIPMENT SHOWN FOR REFERENCE ONLY. SEE MEP DRAWINGS FOR FULL SCOPE OF WORK
7. ALL ROOF BEAMS OR JOISTS THIS LEVEL TO RECEIVE SFRM TO ACHIEVE 1-HR RATING IN ACCORDANCE WITH UL DESIGNATIONS INDICATED IN FIRE RATING SCHEDULE, U.N.O.
8. AT ROOF LEVEL, PROVIDE WALKWAY MATS FROM ALTERNATING TREAD DEVICE TO AND FULLY AROUND EACH PIECE OF SERVICABLE ROOFTOP EQUIPEMENT

LEGEND

NEW CONSTRUCTION
EXISTING CONSTRUCTION TO REMAIN
1HR RATED PARTITION
2 HR RATED PARTITION
TAPERED INSULATION
CONCRETE WEARING SLAB
WALKWAY MATS



1 FOURTH FLOOR PLAN
1/8" = 1'-0"

Merilee Meacock 21AI01305000

UNCOMMON SCHOOLS
ADDITION AND RENOVATION
NORTH STAR ACADEMY - 571 18TH AVENUE
571 18TH AVENUE, NEWARK, NJ 07103
LOT 1, BLOCKS 358-359

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100% CONSTRUCTION DOCUMENTS

Project No.: 22308
Issued: 09/23/16
FOURTH FLOOR PLAN

A104

EXHIBIT C - BASE RENT SCHEDULE

18th Avenue Lease - Base Rent Schedule - October 25, 2017
North Star Academy Charter School of Newark
NSA 18th Avenue, LLC

Period	Due Date	Rent Payment	Period	Due Date	Rent Payment	Period	Due Date	Rent Payment
1	07/01/2018	$ 29,333.00	46	10/01/2029	$ 528,000.00	91	01/01/2041	$ 528,000.00
2	10/01/2018	$ 528,000.00	47	01/01/2030	$ 528,000.00	92	04/01/2041	$ 528,000.00
3	01/01/2019	$ 528,000.00	48	04/01/2030	$ 528,000.00	93	07/01/2041	$ 528,000.00
4	04/01/2019	$ 528,000.00	49	07/01/2030	$ 528,000.00	94	10/01/2041	$ 528,000.00
5	07/01/2019	$ 528,000.00	50	10/01/2030	$ 528,000.00	95	01/01/2042	$ 528,000.00
6	10/01/2019	$ 528,000.00	51	01/01/2031	$ 528,000.00	96	04/01/2042	$ 528,000.00
7	01/01/2020	$ 528,000.00	52	04/01/2031	$ 528,000.00	97	07/01/2042	$ 528,000.00
8	04/01/2020	$ 528,000.00	53	07/01/2031	$ 528,000.00	98	10/01/2042	$ 528,000.00
9	07/01/2020	$ 528,000.00	54	10/01/2031	$ 528,000.00	99	01/01/2043	$ 528,000.00
10	10/01/2020	$ 528,000.00	55	01/01/2032	$ 528,000.00	100	04/01/2043	$ 528,000.00
11	01/01/2021	$ 528,000.00	56	04/01/2032	$ 528,000.00	101	07/01/2043	$ 528,000.00
12	04/01/2021	$ 528,000.00	57	07/01/2032	$ 528,000.00	102	10/01/2043	$ 528,000.00
13	07/01/2021	$ 528,000.00	58	10/01/2032	$ 528,000.00	103	01/01/2044	$ 528,000.00
14	10/01/2021	$ 528,000.00	59	01/01/2033	$ 528,000.00	104	04/01/2044	$ 528,000.00
15	01/01/2022	$ 528,000.00	60	04/01/2033	$ 528,000.00	105	07/01/2044	$ 528,000.00
16	04/01/2022	$ 528,000.00	61	07/01/2033	$ 528,000.00	106	10/01/2044	$ 528,000.00
17	07/01/2022	$ 528,000.00	62	10/01/2033	$ 528,000.00	107	01/01/2045	$ 528,000.00
18	10/01/2022	$ 528,000.00	63	01/01/2034	$ 528,000.00	108	04/01/2045	$ 528,000.00
19	01/01/2023	$ 528,000.00	64	04/01/2034	$ 528,000.00	109	07/01/2045	$ 528,000.00
20	04/01/2023	$ 528,000.00	65	07/01/2034	$ 528,000.00	110	10/01/2045	$ 528,000.00
21	07/01/2023	$ 528,000.00	66	10/01/2034	$ 528,000.00	111	01/01/2046	$ 528,000.00
22	10/01/2023	$ 528,000.00	67	01/01/2035	$ 528,000.00	112	04/01/2046	$ 528,000.00
23	01/01/2024	$ 528,000.00	68	04/01/2035	$ 528,000.00	113	07/01/2046	$ 528,000.00
24	04/01/2024	$ 528,000.00	69	07/01/2035	$ 528,000.00	114	10/01/2046	$ 528,000.00
25	07/01/2024	$ 528,000.00	70	10/01/2035	$ 528,000.00	115	01/01/2047	$ 528,000.00
26	10/01/2024	$ 528,000.00	71	01/01/2036	$ 528,000.00	116	04/01/2047	$ 528,000.00
27	01/01/2025	$ 528,000.00	72	04/01/2036	$ 528,000.00	117	07/01/2047	$ 528,000.00
28	04/01/2025	$ 528,000.00	73	07/01/2036	$ 528,000.00	118	10/01/2047	$ 528,000.00
29	07/01/2025	$ 528,000.00	74	10/01/2036	$ 528,000.00	119	01/01/2048	$ 528,000.00
30	10/01/2025	$ 528,000.00	75	01/01/2037	$ 528,000.00	120	04/01/2048	$ 528,000.00
31	01/01/2026	$ 528,000.00	76	04/01/2037	$ 528,000.00			
32	04/01/2026	$ 528,000.00	77	07/01/2037	$ 528,000.00			
33	07/01/2026	$ 528,000.00	78	10/01/2037	$ 528,000.00			
34	10/01/2026	$ 528,000.00	79	01/01/2038	$ 528,000.00			
35	01/01/2027	$ 528,000.00	80	04/01/2038	$ 528,000.00			
36	04/01/2027	$ 528,000.00	81	07/01/2038	$ 528,000.00			
37	07/01/2027	$ 528,000.00	82	10/01/2038	$ 528,000.00			
38	10/01/2027	$ 528,000.00	83	01/01/2039	$ 528,000.00			
39	01/01/2028	$ 528,000.00	84	04/01/2039	$ 528,000.00			
40	04/01/2028	$ 528,000.00	85	07/01/2039	$ 528,000.00			
41	07/01/2028	$ 528,000.00	86	10/01/2039	$ 528,000.00			
42	10/01/2028	$ 528,000.00	87	01/01/2040	$ 528,000.00			
43	01/01/2029	$ 528,000.00	88	04/01/2040	$ 528,000.00			
44	04/01/2029	$ 528,000.00	89	07/01/2040	$ 528,000.00			
45	07/01/2029	$ 528,000.00	90	10/01/2040	$ 528,000.00			

EXHIBIT D

INSURANCE REQUIREMENTS

A. Property insurance covering the personal property, improvements, betterments, trade fixtures, equipment and other property of every description and kind owned, leased, rented or borrowed by Tenant or for which Tenant is legally liable and located on the Property (including, without limitation, furniture and equipment) against loss or damage from such causes of loss as are embraced by insurance policies of the type now known as "All Risks" or "Special Form" property insurance including, without limitation, insurance against loss or damage by fire, lightning, windstorm, civil commotion, smoke, hail, aircraft, vandalism, explosion, riot, strike, water damage, sprinkler leakage, collapse and malicious mischief, on a replacement cost basis with an agreed value endorsement waiving co-insurance, all in an amount not less than one hundred per cent (100%) of the then full insurable value, without deduction for physical depreciation thereof and having a maximum deductible of $10,000 per occurrence;

B. Flood insurance if required by law, which shall cover the entire Land and Building (including all buildings located on the Land (including any contents therein), fixtures and personal property) and which shall be in an amount equal to the lesser of the following: (a) the insurable value of the Land and Building; or (b) the maximum amount available through the National Flood Insurance Program;

C. Boiler and machinery insurance insuring against loss or damage to the Property and to the major components of any heating, air-conditioning or other ventilation systems and/or such other machinery or apparatus as may be now or hereafter installed in the Property, in such amounts as Landlord may from time to time reasonably require;

D. Comprehensive General Liability Insurance insuring Tenant including "XCU Coverage", bodily injury, property damage liability and any other liability arising out of the lease, use, occupancy or maintenance of the Property and all areas appurtenant thereto (including, without limitation, any sidewalks, driveways, parking areas adjoining the Property), including, without limitation, all legal liability to the extent insurable. Such insurance shall be in the amount of not less than (A) $1,000,000 per accident or occurrence for personal injury, (B) $2,000,000 per accident or occurrence for injury to property and (C) $3,000,000 general aggregate limit, for injuries to, or illness or death of, persons and damage to property, with such liability amount to be adjusted from year to year to reflect increases in the Consumer Price Index (as defined below). The policy shall insure the hazards of the Property and Tenant's operations thereon, independent contractors, contractual liability (covering the indemnity contained in Article 6) and shall (1) include a physical/sexual abuse/misconduct endorsement, (2) name Landlord as an additional insured, (3) contain a cross liability provision, and (4) contain a provision that the insurance provided Landlord hereunder shall be primary and non-contributing with any other insurance available to Landlord;

E. Worker's Compensation and Employer's Liability Insurance (as required by law) with respect to any work on or about the Land and Building;

F. If Tenant utilizes owned, hired, or non-owned vehicles in its operations, then Tenant shall be required to maintain Commercial Automobile Liability (owned, non-owned, hired) with limits of not less than $1,000,000 for bodily injury and property damage each accident; and

G. Such other insurance, and in such amounts, as may from time to time be reasonably required by the Landlord against other insurable hazards which at the time are commonly insured against in the case of premises similarly situated.

EXHIBIT E

DEFINITIONS

"Americans with Disabilities Act" shall mean 42 U.S.C. § 12101 et seq. and all applicable regulations.

"Available Project Proceeds" shall have the meaning prescribed in Section 54A of the Code and mean (i) "Sale Proceeds" less "Costs of Issuance" plus (ii) "Investment Proceeds".

"Base Rent" shall mean fixed rent in the amount set forth in the schedule specified in the rent schedule attached hereto as Exhibit C.

"Bonds" shall have the meaning set forth in Section F of the Recitals.

"Building" shall have the meaning set forth in Section D of the Recitals.

"Casualty" shall mean any event where the Property shall be destroyed or damaged in whole or in part by reason of fire or by reason of any other causes, similar or dissimilar.

"Charter" shall mean the Tenant's charter granted by the Commissioner of Education of the State of New Jersey to operate a charter school, pursuant to the terms of the Charter School Law.

"Charter School Law" shall mean N.J.S.A. 18A-36A-1 et seq. and all applicable regulations.

"CMO Agreement" shall mean the management agreement between Tenant and Uncommon, dated July 1, 2011, as same may be amended, modified or renewed from time to time.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commencement Date" shall mean June 1, 2017.

"Completion Deadline" means August 1, 2019, provided that the Completion Deadline shall be extended for Excusable Delay.

"Continuing Disclosure Agreement" means any Continuing Disclosure Agreement entered into by the Landlord and the Tenant as part of the Purpose Financing, as such agreement may be amended from time to time.

"Date of Substantial Completion" shall mean the date that (i) Landlord's Work has been completed in accordance with the Working Drawings, other than details of construction, decoration and mechanical adjustments which are minor in character and the non-completion of which will not unreasonably interfere with Tenant's use of the Premises for school purposes (including, without limitation, any landscaping or final paving work which cannot be completed due to seasonal and/or weather conditions and which will not unreasonably interfere with

Tenant's use of the Premises for school purposes); and (ii) Landlord has obtained a valid temporary or permanent certificate of completion or certificate of occupancy for the Premises to the extent that it is required by a governmental authority.

"Days Cash On Hand" for any Fiscal Year shall mean the quotient obtained by dividing (a) the Unrestricted Cash and Investments of the Tenant plus the Unrestricted Cash and Investments of Foundation, as of the last day of such fiscal year by (b) the quotient obtained by dividing the total Operating Expenses, calculated solely with respect to the School, for such fiscal year by 365.

"Environmental Laws" all federal, state and local laws, ordinances, rules and regulations governing the use, handling and disposal of Hazardous Substances which are applicable to the Premises and are now or hereafter in effect, including, without limitation, ISRA, N.J.S.A. 13:1K-6 et seq., the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq., Section 1004 of the Federal Reserve Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. and any additions, amendments or modifications thereto.

"Estimated Operating Expenses" shall have the meaning set forth in Section 3.7(b).

"Events of Default" shall have the meaning set forth in Article 11.

"Excusable Delay" shall mean any delay caused by governmental action, or lack thereof; shortages or unavailability of materials and/or supplies; labor disputes (including, but not limited to, strikes, slow downs, job actions, picketing and/or secondary boycotts); fire or other casualty; delays in transportation; acts of God; directives or requests by any governmental entity, authority, agency or department; any court or administrative orders or regulations; adjustments of insurance; acts of declared or undeclared war, public disorder, riot or civil commotion; or by anything else beyond the reasonable control of Landlord, including delays caused directly or indirectly by an act or a failure to act by Tenant or Tenant's visitors.

"Expiration Date" shall have the meaning set forth in Section 2.1(a).

"Foundation" means North Star Academy Foundation, Inc. a New Jersey nonprofit corporation with a mission of supporting Tenant.

"Hazardous Substances" shall mean any hazardous substance, hazardous waste, toxic substance, pollutant or contaminant as such terms may be defined in any of the Environmental Laws.

"Impositions" shall mean all real estate taxes, assessments, special assessments, municipal taxes, county taxes, city taxes, local taxes, school, library or transit taxes, water and sewer rates and charges, vault charges, occupancy taxes measured by income, license and permit fees and other governmental levies and charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature.

"Interest Payment Date" shall have the meaning set forth in Section 4.15(e).

"Investment Proceeds" shall have the meaning prescribed in the Regulations and mean any amounts actually or constructively received from the investment of (i) the proceeds of the Bonds and (ii) the proceeds of any loans used to secure the Bonds.

"ISRA" shall mean the Industrial Site Recovery Act of the State of New Jersey, N.J.S.A. 13:1K-6 et seq. and the regulations promulgated thereunder, together with any amendments thereto and/or substitutions thereof.

"Land" means certain property and improvements situate in the City of Newark, Essex County, New Jersey, located at 563-569 18th Avenue, Newark, New Jersey designated as Lot 1, in Block 358 on the Official Tax Maps of the City of Newark, New Jersey, and 571-585 18th Avenue, Newark, New Jersey designated as Lot 1, in Block 359 on the Official Tax Maps of the City of Newark, New Jersey, and as more particularly described on Exhibit A attached hereto.

"Landlord" shall mean NSA 18th Avenue, LLC, a New Jersey limited liability company, having an office c/o Uncommon Schools, 826 Broadway, 9th Floor, New York, New York, 10003.

"Landlord Financing Party" shall have the meaning set forth in Section 3.2.

"Landlord's Expense Statement" shall have the meaning set forth in Section 3.7(b).

"Landlord Indemnitee" shall mean Landlord and its officers, directors, shareholders, partners, members, agents and employees and its successors and assigns.

"Landlord's Work" shall mean the work shown on the Working Drawings (as the same may be amended pursuant to the provisions of this Lease).

"Late Charge" shall have the meaning set forth in Section 3.5.

"Lease" shall mean this Lease Agreement and all Exhibits attached hereto.

"Lease Coverage Ratio" means for any given period, the ratio that (a) the excess of (i) with respect to such period, the actual cash receipts collected by Tenant for such period from all sources including unrestricted operating grants plus any surplus revenues from the prior fiscal year, but excluding the proceeds of loans advances and payments of insurance claims over (ii) an amount equal to the total operating expenses incurred by Tenant over such period (other than the payment obligations described in clause (b) and expressly excluding non-cash items such as depreciation and amortization) bears to (b) the actual payment obligations of Tenant for such period under all leases and subleases to which Tenant is a party as lessee or sublessee.

"Lease Payments Accounts Pledge, Control and Custody Agreement" shall have the meaning as set forth in the Purpose Financing.

"Lease Year" means the twelve (12) month period commencing on each July 1 during the Term and ending on the following June 30, inclusive.

"Legal Requirements" shall mean all statutes, codes, ordinances, regulations, rules, orders, directives and requirements of any governmental entity, authority, agency and/or department, which now or at any time hereafter may be applicable to the Premises or any part thereof, including, but not limited to, all Environmental Laws.

"Net Award" shall mean any insurance proceeds or condemnation award payable in connection with any damage, destruction, condemnation, taking or less any expenses incurred by Landlord in recovering such amount.

"Operating Expenses" shall mean those costs and/or expenses actually and reasonably paid or incurred by Landlord in connection with the performance of Landlord's obligations pursuant to Section 4.6(b) of the Lease, including, but not limited to, maintenance, repair and replacement of utility systems; painting and/or sealing of the exterior of the Building; maintenance and service agreements; alarm and fire protection systems and equipment; wages, salaries, fringe benefits and other labor costs of all persons engaged by Landlord for the operation, maintenance and repair of the Premises and to otherwise perform Landlord's obligations pursuant to Section 4.6(b); payroll taxes and workers' compensation for such persons; licenses, permits and other governmental charges; rentals of machinery and equipment used in the operation, replacement, repair and/or maintenance of the Premises; plus a sum equal to two percent (2%) of the aggregate of the foregoing for general overhead. Excluded from Operating Expenses are any expenses incurred by Landlord which are customarily considered capital in nature and amortized for tax purposes (other than those capital expenditures which are expressly included in Operating Expenses pursuant to subsequent sentences of this definition); fines, interest and penalties incurred due to the late payment of any payment that is due (other than any payments which are late as a result of Tenant's failure to timely perform Tenant's obligation under this Lease); any cost that another party is actually reimbursed to Landlord by a third party other than Tenant, so that Landlord shall not recover any such item of cost more than once; costs and expenses resulting from the gross negligence or willful misconduct of Landlord or Landlord's contractors, agents or employees; wages, salaries, fringe benefits and other labor costs of all persons above the grade of Building manager and engaged by Landlord for the operation, maintenance and repair of the Premises; and costs incurred by Landlord which are reimbursed by insurance. Operating Expenses shall include capital expenditures (including the cost of any equipment, device, capital improvement or replacement that is capital in nature) incurred by Landlord if the useful life of the applicable equipment, device, capital improvement or other capital item or replacement is less than the remaining Term of the Lease as of the date the capital expenditure is made. If the useful life of the applicable equipment, device, capital improvement or other capital item or replacement is greater than the than remaining Term of the Lease, then the costs of such capital expenditures, together with interest thereon, calculated at a rate equal to the annual Prime Rate in effect as of the date of installation, completion or purchase of the applicable equipment, device, capital improvement or other capital item or replacement thereof, plus 2%, shall be amortized (on a straight line basis) over a period equal to the useful life of the item in question. The annual amortized cost of such capital expenditures shall be included in Operating Expenses for each calendar year.

"Premises" shall mean the Land, the Building and the other improvements located on the Land.

"Prime Rate" shall mean the prevailing prime rate as published in the Wall Street Journal.

"Property" shall mean shall mean the Land, the Building and the other improvements located on the Land.

"Protective Event" shall have the meaning set forth in Section 3.2.

"Purpose Financing" shall have the meaning set forth in Section 3.2.

"Quarterly Expense Payment" shall have the meaning set forth in Section 3.7(b).

"Refinancing Event" shall have the meaning set forth in Section 3.2.

"Regulations" shall mean Section 1.148 of the United States Treasury Regulations.

"Rent Adjustment Certification" shall have the meaning set forth in Section 3.2.

"Rent Commencement Date" shall mean July 1, 2018.

"Rent Reset Date" shall the meaning set forth in Section 3.2.

"Rent Reset Event" shall have the meaning set forth in Section 3.2.

"Rent Reset Notice" shall have the meaning set forth in Section 3.2.

"Sale Proceeds" shall have the meaning prescribed in the Regulations and mean amounts actually or constructively received from the sale of the Bonds.

"Subsidy Reduction Event" shall the meaning set forth in Section 3.2.

"Supplemental Base Rent" shall have the meaning set forth in Section 3.2.

"Tenant" shall mean North Star Academy Charter School of Newark, Inc., a New Jersey corporation, having an address at 10 Washington Place, Newark, New Jersey 07102.

"Tenant Indemnitee" shall mean Tenant's officers, trustees, agents and employees and its successors and assigns.

"Term" shall have the meaning set forth in Section 2.1(a).

"Uncommon" shall mean Uncommon Schools, Inc.

"Unrestricted Cash and Investments" means the sum of unrestricted cash, cash equivalents, marketable securities, including without limitation board-designated assets, but excluding any trustee-held or similar funds held under the Indenture or similar debt documents. For the purposes of calculating Days Cash on Hand, any unrestricted grant or philanthropic contribution shall be included in the total of Unrestricted Cash and Investments for the period of such calculation, so long as the unrestricted grant or philanthropic contribution was received by Tenant or Foundation prior to the date any certificate is required to be delivered by Tenant with respect to such calculation.

"Working Drawings" shall mean the plans listed on Exhibit B attached hereto, as the same may be amended pursuant to the provisions of this Lease.

EXHIBIT F

FORM OF ADDITIONAL LEASE CERTIFICATE

This Additional Lease Certificate (this "Certificate") is furnished to ZB, National Association dba Zions Bank (the "Trustee"), as trustee under the Trust Indenture dated as of October 1, 2017 (the "Indenture"), between the New Jersey Economic Development Authority and the Trustee, pursuant to the Lease Agreement dated as of October 25, 2017 (the "Lease"), between NSA 18th Avenue, LLC (the "Landlord") and North Star Academy Charter School of Newark, Inc. (the "Tenant"). Unless otherwise defined herein, the terms used in this Certificate shall have the meanings assigned thereto in the Lease.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am a senior business officer of the Tenant;

2. I am familiar with the intent of the Tenant to [enter into a new lease or sublease (the "New Lease" or to amend the lease or sublease dated __________ between the Tenant and __________ (the "Amended Lease")] which will result in an increase in annual lease payments required of the Tenant;

3. I have made, or have caused to be made under my supervision, a detailed review of the projected operations of the Tenant during the next five fiscal years following the effective date of the [New Lease / Amended Lease];

4. Based upon the projections described in paragraph 3, the Tenant expects that it will be able to achieve a Lease Coverage Ratio of 1.05 for each full fiscal year following the effective date of the [New Lease / Amended Lease] and will continue to be able to maintain the number of Days Cash on Hand then required under the Lease.

The foregoing certifications are made this ____ day of __________, 20__.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK, INC.

By: ______________________________

Name:

Title:

APPENDIX F

Form of Bond Counsel Opinion

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[UPON DELIVERY OF THE 2017 BONDS, CHIESA SHAHINIAN & GIANTOMASI PC, BOND COUNSEL, IS EXPECTED TO RENDER ITS APPROVING LEGAL OPINION IN SUBSTANTIALLY THE FOLLOWING FORM]

October 25, 2017

New Jersey Economic Development Authority
36 West State Street
PO Box 990
Trenton, New Jersey 08625

Re: $24,575,000 Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc. - 2017 Project)

To Whom It May Concern:

We have examined a record of proceedings relating to the issuance by the New Jersey Economic Development Authority, a public body corporate and politic, constituting an instrumentality of the State of New Jersey (the "Authority") of its $24,575,000 Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc. - 2017 Project) (the "2017 Bonds").

The 2017 Bonds are issued under and pursuant to Chapter 80 of the Pamphlet Laws of 1974 of New Jersey, as amended and supplemented, (the "Act") and a Bond Resolution of the Authority adopted April 13, 2017 (the "Bond Resolution").

The 2017 Bonds are initially issued in the form of fully registered bonds numbered R-l and upward and in minimum denominations of $25,000 or any integral multiple of $5,000 in excess thereof. The 2017 Bonds are dated October 25, 2017, mature, bear interest and are redeemable prior to maturity all as more particularly described therein.

The 2017 Bonds are issued for the purpose of financing a project for NSA 18th Avenue, LLC, a New Jersey limited liability company, exempt from Federal income taxation as a disregarded entity of an organization recognized as a public charity under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the "Borrower"), which consists of (i) the renovation of an existing school building of approximately 30,800 sq. ft. located at 563-569 and 571-585 18th Avenue, in the City of Newark, County of Essex, State of New Jersey, (ii) the construction of an addition to the school building of approximately 47,160 sq. ft. ((i) and (ii) are the “Project Facilities”) (iii) the funding of various funds and accounts including a debt service reserve fund, (iv) funding capitalized interest, and (v) funding costs related to the issuance of the 2017 Bonds (hereinafter collectively referred to as the “Project”), all as set forth in the Bond Resolution and the Loan Agreement (as defined below). The Project Facilities are to be leased by the Borrower to North Star Academy Charter School of Newark, Inc. (the “Charter School”) pursuant to a Lease Agreement dated as of October 25, 2017, under which the Charter School has agreed to pay rent, which is scheduled to be paid in the amounts necessary to provide for the timely payment of the principal of and interest on the 2017 Bonds. The Authority and the Borrower have entered into a Loan Agreement dated as of October 1, 2017 (the "Loan Agreement") providing, among other things, for the making of a loan (the "Loan") to the Borrower in order to finance the Project. The Authority and ZB, National Association dba Zions Bank (the "Trustee") have executed a Trust

Indenture dated as of October 1, 2017 (the "Trust Indenture") pursuant to which the Authority has assigned to the Trustee, as security for the payment of the 2017 Bonds, certain of its rights and interests under the Loan Agreement. Capitalized terms used herein and not defined herein shall have the same meaning given to them as in the Loan Agreement.

We are of the opinion that:

1. The Authority is duly created and validly existing under the Act, and it has good right and lawful authority (a) to enter into the Loan Agreement and make the Loan contemplated thereby and (b) to enter into the Trust Indenture and assign its rights and pledge its revenues to be derived therefrom pursuant to the Trust Indenture as security for the payment of the 2017 Bonds in accordance with its terms.

2. The Loan Agreement, the Trust Indenture, the Bond Purchase Agreement dated October 12, 2017 (the "Purchase Agreement") by and among the Authority, the Borrower and George K. Baum & Company, as the Underwriter, have each been duly authorized, executed and delivered by the Authority, and assuming the due authorization, execution and delivery by the other parties thereto, are each in full force and effect and constitute, legal, valid and binding agreements by and among the parties thereto, enforceable in accordance with their respective terms. In the Trust Indenture, the Authority has duly and validly assigned to the Trustee certain of its rights and interests in the Loan Agreement as security for the payment of the 2017 Bonds.

3. The 2017 Bonds have been duly authorized, executed and issued by the Authority in accordance with law, and are valid, legal and binding special limited obligations of the Authority, the principal of, premium, if any, and interest on which are payable solely from the revenues and other moneys of the Authority derived from the Project and pledged therefor pursuant to the Loan Agreement and the Trust Indenture. The 2017 Bonds are enforceable in accordance with their terms and are entitled to the benefit of the Act. All conditions precedent to the delivery of the 2017 Bonds have been fulfilled.

4. (a) Interest on the 2017 Bonds is not includable in gross income for income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), subject to the limitations set forth in paragraph 4(c) hereof.

(b) The Code establishes certain conditions which must be met in order that said interest on the 2017 Bonds remains not includable in gross income for income tax purposes under the provisions thereof. The Loan Agreement specifies those conditions which we deem are necessary in order that said interest on the 2017 Bonds be deemed and remain not includable in gross income for tax purposes under Section 103 of the Code. Pursuant to the Loan Agreement, the Borrower has made certain representations and has covenanted not to take any action, or omit to take any action, which act or omission would adversely affect such tax exempt status of interest on the 2017 Bonds under Section 103 of the Code. Misrepresentations or non compliance with any of the foregoing covenants may cause interest on the 2017 Bonds to lose such tax exempt status retroactively to the date of issuance. In rendering our opinion in paragraphs 4 and 5 hereof, we have assumed that such conditions in fact will be met.

(c) Our opinion is subject to the following tax consequences arising under the Code:

(i) Interest on the 2017 Bonds held by certain corporations may be included in the "adjusted net book income" calculation and the "adjusted current earnings" calculation for federal alternative minimum tax; and

(ii) Ownership of the 2017 Bonds may result in collateral Federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2017 Bonds. No opinion is expressed with regard to the foregoing collateral Federal income tax consequences enumerated in this paragraph (ii).

(d) We are further of the opinion that the difference between the principal amount of the 2017 Bonds maturing on July 15, 2037 (the "Discount Bonds") and its initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Discount Bonds were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of the Discount Bonds, and the basis of the Discount Bonds acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount.

(e) Under Section 171(a)(2) of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on tax-exempt bonds, including the 2017 Bonds maturing on July 15, 2019 through and including July 15, 2032 and on July 15, 2047. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the owner's basis in such Bond to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code.

5. The offering and sale of the 2017 Bonds are not required to be registered under the Securities Act of 1933, as amended, and such registration is not required under the rules and regulations of the Securities and Exchange Commission promulgated under such Act as presently enforced. The Trust Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

6. Interest on the 2017 Bonds and the gain on the sale thereof are exempt from inclusion as gross income under the New Jersey Gross Income Tax Act (P.L. 1976, Chapter 47).

The foregoing opinions are also qualified to the extent that the enforceability of the 2017 Bonds, the Loan Agreement, the Trust Indenture and the Purchase Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally and the application of general principles of equity.

In rendering this opinion, we have relied as to the power of the Borrower to enter into and the due authorization, execution and delivery of the Loan Agreement and the other Loan Documents, on the opinion of Drinker Biddle & Reath LLP, counsel to the Borrower.

We have examined the executed Bond No. R-l and, in our opinion, the form of such Bond and its execution are regular and proper.

Notwithstanding anything to the contrary herein, we acknowledge that this opinion is a government record subject to release under the Open Public Records Act (N.J.S.A. 47: 1A-1 et seq.).

Very truly yours,

APPENDIX G

Form of Continuing Disclosure Agreement

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement"), dated as of October 1, 2017 among North Star Academy Charter School of Newark, Inc. (the "School"), NSA 18th Avenue, LLC, (the "Borrower" and, together with the School, the "Disclosure Parties") and ZB, National Association dba Zions Bank, as dissemination agent (the "Dissemination Agent"), is executed and delivered in connection with the issuance by the New Jersey Economic Development Authority (the "Authority") of $24,575,000 aggregate principal amount of its Charter School Revenue Bonds (North Star Academy Charter School of Newark, Inc. - 2017 Project), (the "2017 Bonds").

The 2017 Bonds are being issued pursuant to a Trust Indenture dated as of October 1, 2017 (the "Indenture") between the Authority and ZB, National Association dba Zions Bank, as trustee. The proceeds of the 2017 Bonds are being loaned to the Borrower pursuant to a Loan Agreement dated as of October 1, 2017 (the "Loan Agreement"). Borrower will lease the facilities financed from the proceeds of the 2017 Bonds (the "Project Facilities") to the School pursuant to a Lease Agreement dated October 1, 2017 (the "Lease Agreement"), and payments required under the Lease Agreement will be calculated to be sufficient to pay the principal of, premium, if any, and interest on the 2017 Bonds. The Indenture, the Loan Agreement and the Lease Agreement are referred to herein as the "Bond Documents." The Disclosure Parties covenant and agree as follows for the benefit of the Bondholders (as defined below):

Section 1. Purpose of Agreement. This Agreement is being executed and delivered by the Disclosure Parties for the benefit of the Bondholders and in accordance with the requirements of the Rule. The Disclosure Parties acknowledge that the Authority and the Dissemination Agent have undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Agreement (except for the Dissemination Agent's obligation to file with the MSRB reports provided by the Disclosure Parties pursuant to this Agreement), including their accuracy and completeness, and have no liability to any Person, including any Bondholder and the Underwriter, with respect to any such reports, notices or disclosures. The Disclosure Parties represent that they are the only "obligated persons" with respect to the Bonds.

Section 2. Definitions. In addition to the definitions set forth in the Bond Documents, which apply to any capitalized term used in this Agreement unless otherwise defined in the first paragraph of this Agreement or in this Section, the following capitalized terms shall have the meanings indicated below.

"Annual Report" shall mean any Annual Report provided by the Disclosure Parties pursuant to Section 4(a) of this Agreement.

"Annual Response to Investors" shall mean any Annual Response to Investors provided by the School pursuant to Section 4(c) of this Agreement.

"Bondholder" or "Holder" of a 2017 Bond shall mean any registered owner of any of the 2017 Bonds or any Person which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the 2017 Bonds (including Persons holding through any nominee, securities depository or other intermediary), including any beneficial owner, or (ii) is treated as the holder of any of the 2017 Bonds for federal income tax purposes.

"EMMA" means the Electronic Municipal Market Access system of the MSRB as provided at http://www.emma.msrb.org, or any similar system that is acceptable to or as may be prescribed by the MSRB for purposes of the Rule and approved by the SEC from time to time. A current list of such systems may be obtained from the SEC at http://www.sec.gov/info/municipal/nrmsir.htm.

"Fiscal Year" means the fiscal year of the Disclosure Parties ending on June 30 of each calendar year.

"Listed Events" shall mean any of the events listed in Section 4(d) of this Agreement.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15(B)(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor organization.

"Official Statement" shall mean the Official Statement dated October 12, 2017 used in connection with the sale of the 2017 Bonds.

"Quarterly Report" shall mean any Quarterly Report provided by the School pursuant to Section 4(b) of this Agreement.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"Underwriter" shall mean George K. Baum & Company.

Section 3. <u>Content of Annual Reports, Quarterly Reports and Annual Response to Investors</u>.

(a) Each Annual Report shall contain:

(i) a copy of the annual financial statements with respect to each of the Disclosure Parties, prepared in accordance with generally accepted accounting principles and audited by a certified public accountant;

(ii) beginning with the Fiscal Year ending June 30, 2018 and only with respect to the School, an update of certain information contained in Appendix A to the Official Statement as set forth on Schedule I attached hereto; provided that if any of such information is not available on or before the date of release of the Annual Report, such information shall be filed as soon thereafter as it is available; and

(iii) beginning with the Fiscal Year ending June 30, 2018 and only with respect to the School, an Officer's Certificate from the School certifying as to compliance with the financial covenants set forth in Section 4.16(b) of the Lease Agreement.

(b) Each Quarterly Report shall be provided only with respect to the School and shall contain, for each fiscal quarter:

(i) an unaudited balance sheet and a statement of operations of the School as of the end of such quarter, including a comparison of actual results to budget; and

(ii) with respect to the Quarterly Report for the fiscal quarter ending September 30 only, updated fall enrollment data (as of October 15).

(c) Each Annual Response to Investors shall contain the response to the Bondholder inquiries received as described in Section 4(c) below.

Section 4. Provision of Annual Reports, Quarterly Reports and Other Information, Annual Responses to Investors and Notices of Listed Events.

(a) Within 180 days after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2017, the Disclosure Parties shall provide to the Dissemination Agent copies of the Annual Report and written direction to file such Annual Report with the MSRB. In each case, the Annual Report may be submitted by the Disclosure Parties as a single document or as separate documents comprising a package, and may cross-reference other information to the extent permitted by the Rule. Notwithstanding the foregoing, the audited financial statements of the Disclosure Parties may be submitted separately from the balance of the Annual Report when such audited financial statements are available.

(b) Within 45 days after the end of each fiscal quarter commencing with the fiscal quarter ending September 30, 2017, the School shall provide to the Dissemination Agent copies of the Quarterly Report and written direction to file such Quarterly Report with the MSRB.

(c) For 10 days following the publication and posting to EMMA of the Annual Report, Bondholders may e-mail related questions to the School. Within 20 days after such 10-day period or by the 30th day following the publication and posting to EMMA, the School shall file, or give the Dissemination Agent written direction to file, the Annual Response to Investors and written direction to file such Annual Response to Investors with the MSRB.

(d) In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the Borrower shall deliver or cause to be delivered to the Dissemination Agent for filing with the MSRB notice of any of the following events with respect to the 2017 Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the 2017 Bonds, or other material events affecting the tax status of the 2017 Bonds;

(vii) Modifications to rights of the Holders of the 2017 Bonds, if material;

(viii) Bond calls (other than mandatory sinking fund redemptions), if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property, if any, securing repayment of the 2017 Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Disclosure Parties;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Disclosure Parties or the sale of all or substantially all of the assets of the Disclosure Parties, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(e) Either of the Disclosure Parties shall give, or shall cause the Dissemination Agent to give, notice in a timely manner to the MSRB of any failure by the Disclosure Parties to provide any information required pursuant to Section 4(a), (b), (c) or (d) above within the time limit specified therein.

(f) In lieu of providing any information specified in Section 4(a), (b), (c) or (d) to the Dissemination Agent, the Disclosure Parties may file such information directly with the MSRB.

(g) The School shall file on EMMA, or give written direction to the Dissemination Agent to file on EMMA, notice of any material atypical written communication from the New Jersey Commissioner of Education or the New Jersey Department of Education, within 14 days of receipt of such communication.

Section 5. Report by Dissemination Agent. Concurrently with the delivery to the MSRB of any information required pursuant to Sections 4(a), 4(b), 4(c) or 4(d) above, the Dissemination Agent shall confirm to the Disclosure Parties that it has filed such information with the MSRB.

Section 6. Termination of Agreement. The obligations of the Disclosure Parties under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the 2017 Bonds. The Disclosure Parties shall provide the Dissemination Agent with written notice that the obligations of the Disclosure Parties under this Agreement have terminated and a written request that the Dissemination Agent file a copy of such notice with the MSRB. If the obligations of the Borrower under the Loan Agreement or the obligations of either of the Disclosure Parties under the Lease Agreement are assumed in full by another obligated person (as defined in the Rule), such Person shall be responsible for compliance with this Agreement in the same manner as if it were the such Disclosure Party, and the Disclosure Party shall have no further responsibility hereunder.

Section 7. Amendment. The obligations of the Disclosure Parties under this Agreement may be amended, without notice to or consent of the Holders of the 2017 Bonds, to the extent required or permitted as a result of a change in the legal requirements, or in connection with a change in the identity, nature, corporate organization, or status of the Disclosure Parties, or the type of business conducted by the Disclosure Parties, or in connection with a corporate reorganization of the Disclosure Parties; provided that any such modification of the obligations of the Disclosure Parties under this Agreement shall be done in a manner consistent with the Rule and either (i) does not materially impair the interests of Bondholders, in the determination of the Dissemination Agent (which may be based on an opinion of counsel); or (ii) is approved by the Holders of a majority in aggregate principal amount of the 2017 Bonds. No amendment to this Agreement shall change or modify the rights or obligations of the Trustee or any Dissemination Agent without its written assent thereto, or with regard to any provision affecting the Authority, without the Authority's written assent thereto.

Section 8. Additional Information. Nothing in this Agreement shall be deemed to prevent the Disclosure Parties from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report, Quarterly Report, Annual Response to Investors or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Disclosure Parties choose to include any information in any Annual Report, Quarterly Report, Annual Response to Investors or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the Disclosure Parties shall have no obligation under this Agreement to update such information or include it in any future Annual Report, Quarterly Report, Annual Response to Investors or notice of occurrence of a Listed Event.

Section 9. Transmission of Information and Notices. Unless otherwise required by law, all documents provided by the Disclosure Parties directly to the MSRB, or to the Dissemination Agent for filing with the MSRB, in compliance with Section 4 shall be provided to the MSRB or the Dissemination Agent, as applicable, in an electronic word-searchable PDF format (which requirement extends to all documents to be filed, including financial statements and other externally prepared reports), and shall be accompanied by identifying information, in each case as prescribed by the MSRB. As of the date of this Agreement, the MSRB has established EMMA as its continuing disclosure service for purposes of the Rule, and unless and until otherwise prescribed by the MSRB, all documents provided to the MSRB in compliance with Section 4 shall be submitted through EMMA in the format prescribed by the MSRB.

Section 10. Default. Any Bondholder may enforce the obligations of the Disclosure Parties under this Agreement; provided however that (i) any breach of such obligations shall not constitute or give rise to a default or an Event of Default under the Bond Documents, the 2017 Bonds or any other document or agreement relating to the 2017 Bonds, and (ii) the sole remedy for any such breach shall be to compel specific performance of the obligations of the Disclosure Parties under this Agreement.

Section 11. Beneficiaries. This Agreement shall inure solely to the benefit of the Authority, the Dissemination Agent, the Underwriter, the Disclosure Parties and Bondholders, and shall create no rights in any other Person.

Section 12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey and the Rule.

Section 13. Severability. In case any one or more of the provisions of this Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 14. Dissemination Agent's Rights and Duties. The Dissemination Agent shall have only such duties as are specifically set forth herein and no implied covenants or obligations shall be read into this Agreement against the Dissemination Agent. The Dissemination Agent (i) shall not be liable for any error in judgment or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection therewith, except for its own gross negligence or willful misconduct, (ii) shall not be obligated to take any legal action or other action hereunder, which might in its judgment involve any expense or liability unless it has been furnished with indemnification satisfactory to it, and (iii) shall be entitled to consult with counsel satisfactory to it, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion of such counsel. The duties and responsibilities of the Dissemination Agent hereunder shall be determined solely by the express provisions of this Agreement, and no further duties or responsibilities shall be implied. The Dissemination Agent shall not have any liability under, or duty to inquire into the terms and provisions of any agreement or instructions, other than as outlined in this Agreement. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Dissemination Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. Any information mentioned in this Agreement, including any Annual Report or any information with respect to any event specified in Section 4(b) of this Agreement, shall be sufficiently authenticated for purposes of dissemination under this Agreement if it is accompanied by a written instrument signed by an authorized officer or employee of the Disclosure Parties. The Dissemination Agent shall not incur any liability for following the instructions herein contained or expressly provided for, or written instructions given by the other parties hereto. In the administration of this Agreement, the Dissemination Agent may execute any of its powers and perform its duties hereunder directly or through agents or attorneys and may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Dissemination Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons. The Dissemination Agent may resign and be discharged of its duties and obligations hereunder by giving notice in writing of such resignation specifying a date when such resignation shall take effect. Any corporation or association into which the Dissemination Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Dissemination Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Dissemination Agent in its individual capacity may be sold or otherwise transferred, shall be the Dissemination Agent under this Agreement without further act. The Disclosure Parties covenant and agree, jointly and severally, to defend, indemnify and hold the Dissemination Agent and its directors, officers, agents and employees (collectively, the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, reasonable legal fees and expenses and the costs and expenses of defending or preparing to defend against any claim ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which the Dissemination Agent is authorized to rely pursuant to the terms of this Agreement. In addition to and not in limitation of the immediately preceding sentence, the Disclosure Parties also covenant and agree, jointly and severally, to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of or in the Dissemination Agent's exercise or performance under this Agreement provided the Dissemination Agent has not acted with gross negligence or engaged in willful misconduct. Anything in this Agreement to the contrary notwithstanding, in no event shall the Dissemination Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Dissemination Agent has been advised of such loss or damage and regardless of the form of action. The Disclosure Parties hereby agree, jointly and severally, to pay reasonable compensation to the Dissemination Agent for, and all costs and expenses (including attorneys' fees) of the Dissemination Agent incurred in, performing the services required of the Dissemination Agent under this Agreement. No provision of this Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under this Agreement or in the exercise of any of its rights or powers. This Section 14 shall survive termination of this Agreement, the resignation or removal of the Dissemination Agent for any reason, and the payment of the Bonds.

Section 15. No Recourse to Authority; Indemnified Parties. No recourse shall be had for the performance of any obligation, agreement or covenant of the Disclosure Parties, the Trustee or the Dissemination Agent under this Agreement against the Authority or against any member, official, employee, counsel, consultant and agent of the Authority or any person executing the Bonds. The Disclosure Parties agree to indemnify and hold harmless the Authority, any member, officer, official, employee, counsel, consultant and agent of the Authority, and the Trustee (collectively called the "Indemnified Parties"), against any and all losses, claims, damages, liabilities or expenses whatsoever caused by the Disclosure Parties' or the Dissemination Agent's failure to perform or observe any of its obligations, agreements or covenants under the terms of this Agreement but only if and insofar as such losses, claims, damages, liabilities or expenses are caused by any such failure of the Disclosure Parties or the Dissemination Agent to perform. In case any action shall be brought against the Indemnified Parties based upon this Agreement in respect of which indemnity may be sought against the Disclosure Parties, the Indemnified Parties shall promptly notify the Disclosure Parties in writing. Upon receipt of such notification, the Disclosure Parties shall promptly assume the defense of such action, including the retention of counsel, the payment of all expenses in connection with such action and the right to negotiate and settle any such action on behalf of such party. Any Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless the employment of such counsel has been specifically authorized by the Disclosure Parties, or unless by reason of conflict of interest determined by the written opinion of counsel shall be borne by the Disclosure Parties. The Disclosure Parties shall not be liable for any settlement of any such action effected without its written consent, but if settled with the written consent of the Disclosure Parties or if there be a final judgment for the plaintiff in any such action with or without written consent, the Disclosure Parties agree to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment. Nothing in this Agreement shall require the Disclosure Parties to indemnify and hold harmless the Indemnified Parties from or against any loss, claim, damage, liability or expense caused by any gross negligence, recklessness or intentional misconduct of the Indemnified Parties in connection with the Disclosure Parties' or the Dissemination Agent's performance of their obligations, agreements and covenants under this Agreement. The indemnification rights under this Section 15 do not limit, and are in addition to, any other indemnification rights of the Indemnified Parties.

Section 16. Execution. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[*Remainder of page intentionally left blank*]

Section 17. Notices. Unless otherwise provided herein, all notices, certificates, requests or other communications hereunder shall be given by telecopier or electronic transmission and promptly confirmed in writing and shall be deemed given when given by telecopier or electronic transmission or addressed as follows:

School:	North Star Academy Charter School of Newark, Inc. c/o Uncommon Schools 826 Broadway, 9th Floor Attn: Chief Financial Officer Telephone: 973-379-3629 Email: dflynn@uncommonschools.org
Borrower:	NSA 18th Avenue, LLC c/o Uncommon Schools 826 Broadway, 9th Floor New York, NY 10003 Attn: Chief Financial Officer Telephone: 973-379-3629 Email: dflynn@uncommonschools.org
Dissemination Agent:	ZB, National Association dba Zions Bank 800 West Main Street, Suite 700 Boise, ID 83702 Attn: Twyla Lehto Telephone: (208) 501-7493 Email: twyla.lehto@zionsbancorp.com

Each of the above parties may, by written notice given hereunder to the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent. In addition, the parties hereto may agree to any other means by which subsequent notices, certificates, requests or other communications may be sent.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have each caused this Continuing Disclosure Agreement to be executed in its name and in its behalf, all as of the date and year first above written.

NORTH STAR ACADEMY CHARTER SCHOOL OF NEWARK, INC.

By: ______________________________
Name:
Title:

NSA 18th AVENUE, LLC

By: ______________________________
Name: _____________
Title:

ZB, NATIONAL ASSOCIATION DBA ZIONS BANK, as Dissemination Agent

By: ______________________________
Authorized Officer

[*Signature Page to Continuing Disclosure Agreement*]

SCHEDULE I

INFORMATION SET FORTH IN APPENDIX A TO BE UPDATED IN EACH ANNUAL REPORT

Pursuant to Section 3(a)(ii) of this Agreement, each Annual Report shall include an update of the following information set forth in Appendix A to the Official Statement:

1. Figure 4 – Attendance & Retention Rates

2. Figure 28 – Per-Pupil Funding Rate

3. Enrollment data (except to the extent included in the quarterly report provided pursuant to Section 3(b)(ii))

4. Results with respect to state-mandated student assessments (but only to the extent such information is available from the New Jersey Department of Education and is authorized for public disclosure)

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