

## **RePublic Schools Nashville**

- Nashville Preparatory Charter School
  - Liberty Collegiate Academy
- Nashville Academy of Computer Science
  - RePublic High School

Financial Report

June 30, 2021

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
RePublic Schools Nashville  
Nashville, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major funds of RePublic Schools Nashville (the Organization), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization'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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of RePublic Schools Nashville as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Combining Statements of Net Position, Activities, and Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, and Combining Balance Sheets – Governmental Funds are presented for purposes of additional analysis and are not a required part of the 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 financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022, on our consideration of RePublic Schools Nashville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RePublic Schools Nashville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RePublic Schools Nashville's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

San Diego, California  
March 22, 2022

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**REPUBLIC SCHOOLS NASHVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

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As management of RePublic Schools Nashville (Organization), we offer readers of the Organization's financial statements this narrative overview and analysis of the financial activities of the Organization for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the Organization's basic financial statements, which begin immediately following this analysis. This annual financial report consists of two main parts (1) Management's Discussion and Analysis and, (2) Basic Financial Statements.

These financial statements consist of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – Management Discussion and Analysis for State and Local Governments*.

### **FINANCIAL HIGHLIGHTS**

- The Organization's ending net position was \$13,802,831.
- The change in net position for the year was an increase of \$6,920,110.
- The Organization had an excess of revenues over expenditures in the Governmental Funds in the amount of \$5,840,442 in the current year compared to a deficiency of revenues over expenditures of \$80,514 in the previous year.
- The Organization had \$835,242 in additions to capital assets.
- For the fiscal year ended June 30, 2021, total revenues of \$24,002,902 were comprised of District funding – 74.76%, and federal pass-through funds – 22.81%, and other contributions and local funds – 2.43%.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Organization's basic financial statements.

#### ***Basic Financial Statements.***

The basic financial statements include government-wide financial statements and fund statements. The two sets of statements are tied together by reconciliations showing why they differ.

The Organization as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector.

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**REPUBLIC SCHOOLS NASHVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

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**OVERVIEW OF FINANCIAL STATEMENTS** (continued)

More detailed information about the Organization's most significant funds – not the Organization as a whole is provided in the fund financial statements. Funds are accounting devices the Organization uses to keep track of specific sources of funding and spending on particular programs.

The *Statement of Net Position*, a government-wide statement, presents information on all of the Organization's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

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

The *Balance Sheet* for governmental funds presents financial information by fund types showing money left at year-end available for spending.

The *Statement of Revenues, Expenditures and Changes in Fund Balances* for all governmental fund types focuses on how money flows into and out of the various funds.

The *Notes to the Basic Financial Statements* and this Discussion and Analysis support these financial statements.

In addition to the Basic Financial Statements and notes, this report also presents Required Supplementary Information and Other Supplementary Information.

***Statement of Net Position***

To begin our analysis, a summary of the Organization's Statement of Net Position is presented in Table 1 below for the current year and the prior year.

Net position may serve over time, as a useful indicator of a government's financial position. In the case of the Organization, assets exceeded liabilities by \$13,802,831 as of June 30, 2021.

The Organization's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**REPUBLIC SCHOOLS NASHVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**TABLE 1**  
**Condensed Statement of Net Position**

	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>	<b>% Change</b>
<b>ASSETS</b>				
Current and other assets	\$ 13,138,170	\$ 5,849,705	\$ 7,288,465	124.6%
Capital assets, net of depreciation	17,223,044	17,678,676	(455,632)	-2.6%
<b>TOTAL ASSETS</b>	<b>30,361,214</b>	<b>23,528,381</b>	<b>6,832,833</b>	<b>29.0%</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pension related costs	687,368	897,194	(209,826)	-23.4%
<b>LIABILITIES AND NET POSITION</b>				
Current liabilities	2,489,228	2,317,292	171,936	7.4%
General long-term debt	13,021,074	14,847,414	(1,826,340)	-12.3%
Total liabilities	15,510,302	17,164,706	(1,654,404)	-9.6%
<b>DEFERRED INFLOW OF RESOURCES</b>				
Pension related costs	1,735,448	378,146	1,357,302	358.9%
<b>NET POSITION</b>				
Net investment in capital assets	3,467,636	2,298,929	1,168,707	50.8%
Restricted	1,745,263	-	1,745,263	-
Unrestricted	8,589,932	4,583,792	4,006,140	87.4%
Total net position	\$ 13,802,831	\$ 6,882,721	\$ 6,920,110	100.5%

***Statement of Activities***

The Organization's total revenues for the fiscal year ended June 30, 2021, increased by \$2,913,610 compared to June 30, 2020 revenues.

The Organization's total expenses decreased by \$3,889,529 compared to June 30, 2020 expenses.

The change in net position increased by \$6,920,110 compared to the prior year.



**REPUBLIC SCHOOLS NASHVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

**OVERVIEW OF FINANCIAL STATEMENTS** (continued)

The following table presents a summary of the Statement of Activities for the fiscal year ended June 30, 2021:

	<b>TABLE 2</b>			
	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>	<b>% Change</b>
<b>GENERAL REVENUES</b>				
District funding	\$ 17,945,054	\$ 16,997,726	\$ 947,328	5.6%
Federal revenues	5,473,943	2,005,203	3,468,740	173.0%
Contributions and grants	378,781	420,631	(41,850)	-9.9%
Other local revenues	205,123	1,665,732	(1,460,609)	-87.7%
Total revenue	24,002,902	21,089,292	2,913,610	13.8%
<b>FUNCTIONAL EXPENSES</b>				
Student instruction and services	15,987,985	18,656,102	(2,668,117)	-14.3%
General and administrative	1,094,807	2,316,219	(1,221,412)	-52.7%
Total expenses	17,082,792	20,972,321	(3,889,529)	-18.5%
<b>CHANGE IN NET POSITION</b>	<u>\$ 6,920,110</u>	<u>\$ 116,971</u>	<u>\$ 6,803,139</u>	5816.1%

***Governmental Funds Budgetary Highlights***

The Organization's Total Budget for the Governmental Funds for this fiscal year showed revenues matching expenditures for the year compared to the actual amount of revenues over expenditures of \$5,840,442, with related debt proceeds of \$2,000,000 included. The Organization's budget to actual difference for the fiscal year was \$3,840,442.

The following table presents the expenditure variances from budgeted amounts in the General Fund:

	<b>Budgeted Amount</b>	<b>Actual Amount</b>	<b>Variance</b>
<b>Revenue</b>			
State	\$ 14,934,950	\$ 17,945,054	\$ 3,010,104
Federal	2,091,562	5,473,943	3,382,381
Local	1,046,818	583,905	(462,913)
Total revenues	<u>\$ 18,073,330</u>	<u>\$ 24,002,902</u>	<u>\$ 5,929,572</u>
<b>Expenditures</b>			
Personnel	\$ 7,775,546	\$ 8,492,905	\$ 717,359
Employee Taxes/Benefits	2,059,751	713,981	(1,345,770)
Contracted Services	1,230,760	2,254,421	1,023,661
Supplies and Materials	428,627	949,939	521,312
Other Charges	3,356,523	2,607,235	(749,288)
Debt Services	2,847,416	4,308,740	1,461,324
Capital Expenses	374,707	835,239	460,532
Total expenditures	<u>\$ 18,073,330</u>	<u>\$ 20,162,460</u>	<u>\$ 2,089,130</u>

**REPUBLIC SCHOOLS NASHVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

**OVERVIEW OF FINANCIAL STATEMENTS** (continued)

The overages in debt services and contracted services is due to the forgiveness of the PPP loans and employment agreements entered into to help mitigate the issues related to the Covid-19 pandemic. Overall, the Organization ended the fiscal year in a stable position.

**Capital Assets**

During the 2020-2021 school year the Organization had \$835,242 in additions to capital assets.

**TABLE 3**  
**Changes in Capital Assets**

	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>	<b>% Change</b>
Construction in progress	\$ -	\$ 1,100,738	\$ (1,100,738)	0.0%
Land	120,000	120,000	-	0.0%
Computer equipment	3,147,862	2,445,331	702,531	28.7%
Furniture and fixtures	1,325,066	1,201,780	123,286	10.3%
Leasehold Improvements	1,548,972	1,539,547	9,425	0.6%
Building improvements	18,413,991	16,212,515	2,201,476	13.6%
Less: accumulated depreciation	(7,332,847)	(4,941,236)	(2,391,611)	48.4%
Total capital assets, net of depreciation	<u>\$ 17,223,044</u>	<u>\$ 17,678,675</u>	<u>\$ (455,631)</u>	-2.6%

**Long-Term Debt**

During the 2020-2021 school year the Organization made payments of \$1,624,338 on long-term debt and received \$2,121,240 in forgiveness income from the Organization's PPP Loan.

**TABLE 4**  
**Changes in Long-Term Debt**

	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>	<b>% Change</b>
Self-Help Credit Union - LLC Original & A/B	\$ 10,455,408	\$ 11,358,011	\$ (902,603)	-7.9%
Hope Credit Union - LLC	-	465,504	(465,504)	-100.0%
Pinnacle Financial Partners - RSN	-	134,991	(134,991)	-100.0%
Charter school Growth - RHS	1,000,000	1,000,000	-	0.0%
Note payable - Covid Loan	300,000	300,000	-	0.0%
Note payable - PPP Loan	2,000,000	2,121,240	(121,240)	-5.7%
Total long-term debt	<u>\$ 13,755,408</u>	<u>\$ 15,379,746</u>	<u>\$ (1,624,338)</u>	-10.6%

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**REPUBLIC SCHOOLS NASHVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

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**FACTORS BEARING ON THE ORGANIZATION'S FUTURE**

The Organization's outlook for future years is tied to growth. Enrollment steadily increased between the school's inception and when it was servicing all grades, due to both increased popularity and the addition of new grade levels. Per pupil funding, which makes up a majority of available funds, has steadily increased as well. The future of the organization looks bright, and cost/expenditures continue to scale appropriately.

**CONTACTING THE ORGANIZATION**

This financial report is designed to provide our students' parents, Davidson County taxpayers, donors, creditors, authorities over grant funding and agencies tasked with oversight of Davidson County public schools with a general overview of the schools' finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional financial information, contact Glenn Turtel by email: [Gturtel@republiccharterschools.org](mailto:Gturtel@republiccharterschools.org), or by telephone at (615) 921-8440.

**REPUBLIC SCHOOLS NASHVILLE**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current:	
Cash in banks	\$ 10,620,730
Accounts receivable, net	698,743
Prepaid items	8,663
Other current assets	64,770
Restricted:	
Net pension asset	1,745,263
Total current assets	<u>13,138,170</u>
Non-Current:	
Capital assets, net of accumulated depreciation	<u>17,223,044</u>
<b>TOTAL ASSETS</b>	<u><u>30,361,214</u></u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Pension related costs	<u>687,368</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	523,672
Accrued liabilities	1,011,398
Related party payables	219,824
Notes payable, current portion	734,333
Total current liabilities	<u>2,489,228</u>
Long-term liabilities:	
Notes payable, less current portion	<u>13,021,074</u>
Total long-term liabilities	<u>13,021,074</u>
<b>TOTAL LIABILITIES</b>	<u><u>15,510,302</u></u>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Pension related costs	1,735,448
<b>NET POSITION</b>	
Net investment in capital assets	3,467,636
Restricted for:	
Net pension asset	1,745,263
Unrestricted	8,589,932
<b>TOTAL NET POSITION</b>	<u><u>\$ 13,802,831</u></u>

**REPUBLIC SCHOOLS NASHVILLE**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2021**

Functions/Programs	Student Instruction and Services	General and Administrative	Operating Grant and Contributions	Total Governmental Activities
<b>GOVERNMENT ACTIVITIES</b>				
Salaries, wages and benefits	\$ 8,662,084	\$ 633,837	\$ -	\$ (9,295,921)
Food service	970,656	-	-	(970,656)
Staff development	119,722	34,751	-	(154,473)
Instructional	947,205	2,734	-	(949,939)
Other student services - Transportation	138,225	-	-	(138,225)
Insurance	147,126	16,347	-	(163,474)
Operation and housekeeping services	475,961	-	23,418,997	22,943,036
Rental, leases, and repairs				
non-capitalized improvements	223,850	-	-	(223,850)
Professional/consulting services and				
operating expenditures	1,631,776	622,644	-	(2,254,420)
Communications	277,499	30,833	-	(308,332)
Depreciation	1,161,786	129,087	-	(1,290,873)
Other expenses	62,095	794,573	-	(856,668)
<b>TOTAL GOVERNMENT ACTIVITIES</b>	<b>\$ 14,817,985</b>	<b>\$ 2,264,807</b>	<b>\$ 23,418,997</b>	<b>6,336,205</b>
		<b>GENERAL REVENUES</b>		
		Contributions		378,781
		Other local revenue		205,123
		Total general revenues		583,905
		<b>CHANGE IN NET POSITION</b>		6,920,110
		<b>NET POSITION - BEGINNING</b>		6,882,721
		<b>NET POSITION - ENDING</b>		<b>\$ 13,802,831</b>

**REPUBLIC SCHOOLS NASHVILLE**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2021**

	General Fund	Capital Project Fund	Totals
<b>ASSETS</b>			
Cash on hand and in banks	\$ 10,242,676	\$ 378,054	\$ 10,620,730
Accounts receivable, net	698,743	-	698,743
Due from other funds	3,324,757	-	3,324,757
Related party receivables	1,000,000	-	1,000,000
Prepaid items	8,663	-	8,663
Other current assets	64,770	-	64,770
<b>TOTAL ASSETS</b>	<u>\$ 15,339,610</u>	<u>\$ 378,054</u>	<u>\$ 15,717,663</u>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 523,672	\$ -	\$ 523,672
Due to other funds	134,760	3,189,997	3,324,757
Related party payables	219,824	1,000,000	1,219,824
Accrued liabilities	770,497	240,901	1,011,398
Total liabilities	<u>1,648,753</u>	<u>4,430,899</u>	<u>6,079,652</u>
<b>FUND BALANCE</b>			
Nonspendable:			
Prepaid expenditures	8,663	-	8,663
Unassigned (deficit)	13,682,194	(4,052,845)	9,629,349
Total fund balance (deficit)	<u>13,690,857</u>	<u>(4,052,845)</u>	<u>9,638,012</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 15,339,610</u>	<u>\$ 378,054</u>	<u>\$ 15,717,663</u>

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**REPUBLIC SCHOOLS NASHVILLE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS –**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**June 30, 2021**

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Total fund balances - governmental fund balance sheet	\$ 9,638,012
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds	17,223,044
Deferred outflows relating to pension costs which are applicable to future periods are not reported in the funds.	687,368
Pension assets are not reported in the funds	1,745,263
Deferred inflows relating to pension costs which are applicable to future periods are not reported in the funds	(1,735,448)
Payable for notes payable which is not due in the current period are not reported in the funds	<u>(13,755,408)</u>
Net position of governmental activities - Statement of Net Position	<u><u>\$ 13,802,831</u></u>

**REPUBLIC SCHOOLS NASHVILLE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2021**

	General Fund	Capital Project Fund	Interfund Eliminations	Totals
<b>REVENUES</b>				
District funding	\$ 17,945,054	\$ -	\$ -	\$ 17,945,054
Federal revenue	5,473,943	-	-	5,473,943
Contributions	378,781	-	-	378,781
Other local revenue	205,123	1,170,000	(1,170,000)	205,123
Total revenues	<u>24,002,902</u>	<u>1,170,000</u>	<u>(1,170,000)</u>	<u>24,002,902</u>
<b>EXPENDITURES</b>				
Current:				
Salaries, wages and benefits:				
Student instruction and services	8,492,905	-	-	8,492,905
Administration	713,981	-	-	713,981
Food service	970,656	-	-	970,656
Staff development	154,473	-	-	154,473
Instructional	949,939	-	-	949,939
Student transportation	138,225	-	-	138,225
Insurance	163,474	-	-	163,474
Operation and housekeeping services	475,961	-	-	475,961
Rental, leases, and repairs				
non-capitalized improvements	1,393,850	-	(1,170,000)	223,850
Professional/consulting services and				
operating expenditures	2,254,395	26	-	2,254,421
Communications	308,332	-	-	308,332
Capital outlay	835,239	-	-	835,239
Other expenses	172,264	-	-	172,264
Debt service:			-	
Principal	2,256,231	1,368,107	-	3,624,338
Interest	8,784	675,618	-	684,402
Total expenditures	<u>19,288,709</u>	<u>2,043,751</u>	<u>(1,170,000)</u>	<u>20,162,460</u>
Excess (deficiency) of revenues over expenditures	4,714,193	(873,751)	-	3,840,442
Other financing sources (uses)				
Proceeds from notes payable	2,000,000	-	-	2,000,000
Total other financing sources (uses)	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	6,714,193	(873,751)	-	5,840,442
<b>FUND BALANCE (DEFICIT), JULY 1</b>	<u>6,976,664</u>	<u>(3,179,094)</u>	<u>-</u>	<u>3,797,570</u>
<b>FUND BALANCE (DEFICIT), JUNE 30</b>	<u>\$ 13,690,857</u>	<u>\$ (4,052,845)</u>	<u>\$ -</u>	<u>\$ 9,638,012</u>



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**REPUBLIC SCHOOLS NASHVILLE**  
**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, 2021**

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Net change in fund balances - total governmental funds	\$ 5,840,442
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital outlays are not reported as expenses in the SOA.	835,241
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,290,873)
Repayment of principal is an expenditure in the funds but is not an expense in the SOA.	3,624,338
Pension costs are recognized when contributions are made in the funds but are recognized on an accrual basis for the SOA	(89,038)
Proceeds from notes payable are not reported in the SOA	<u>(2,000,000)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 6,920,110</u>

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

RePublic Schools Nashville (the “Organization”) was incorporated on August 9, 2010, as a Tennessee nonprofit corporation. Pursuant to the Tennessee Public Charter School Act of 2002 (“the Act”), the Organization has been approved as a public charter school. Pursuant to the Act, public charter schools are part of the state’s public education program offering an alternative means within the public school system for accomplishing necessary outcomes of education. The Organization entered into a Charter School Agreement with the Metropolitan Board of Public Education of Nashville and Davidson County (“MNPS”) to operate the following public charter schools, which are located in Nashville Tennessee: Nashville Prep (“NP”), which serves grades five through eight; Nashville Academy of Computer Science (“NACS”), which is no longer in operations; Liberty Collegiate Academy (“LCA”), which serves grades five through eight; RePublic High School (“RHS”), which serves grade nine through twelve. Pursuant to the Organization’s charter agreement, enrollment in the Organization is open to any student within Davidson County, Tennessee.

RePublic High School, LLC (“LLC”) was formed in December 2014 as a Tennessee nonprofit limited liability company, and is wholly-owned by the Organization. The LLC was created primarily to own real estate that is utilized by RePublic High School for its high school facility. The LLC is presented as a blended component unit within the governmental funds. GASB Statement No. 61, The Financial Reporting Entity: Omnibus, requires blending when 1) a component unit’s governing body is substantively the same as the governing body of the primary government, 2) a component unit provides services entirely, or almost entirely, to the primary government, or 3) a component unit’s total debt outstanding, includes leases, is expected to be repaid entirely, or almost entirely, with resources of the primary government. The LLC meets all the criteria.

***Accounting Policies***

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”).

***Reporting Entity***

The Organization’s financial statements include the accounts of all its operations. The Organization evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the Organization’s reporting entity, as set forth in GASB Statement No. 14, The Financial Reporting Entity, and subsequently amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14, and GASB No. 61.

The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34, include whether:

- the Organization is legally separate (can sue and be sued in its name)
- the Organization holds the corporate powers of the organization

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Reporting Entity*** (continued)

- the Organization appoints a voting majority of the organization's board
- the Organization is able to impose its will on the organization
- the Organization has the potential to impose a financial benefit/burden on the Organization
- there is fiscal dependency by the organization on the Organization
- it would be misleading or cause the financial statements to be incomplete to exclude another organization

***Basis of Presentation, Basis of Accounting***

*Government-Wide Statements*

The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Organization. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-Type activities are financed in whole or in part by fees charged to external parties. The organization has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Organization's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Organization does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements*

The Fund Financial Statements provide information about the Organization's fund, with separate statements presented for each fund category. The emphasis of fund financial statements is on major government funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Organization reports the following major governmental funds:

*General Fund*

This is the Organization's primary operating fund. It accounts for all financial resources of the Organization not accounted for and reported in another fund.

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Basis of Presentation, Basis of Accounting*** (continued)

*Capital Project Fund.*

This is the Organization's fund which accounts for all activity related to the LLC.

*Non-Major Governmental Funds*

The Organization does not have any non-major governmental funds.

***Measurement Focus, Basis of Accounting***

*Government-Wide Financial Statements*

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

*Government Fund Financial Statements*

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Organization does not consider revenues collected 60 days after its fiscal year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Assets, Liabilities, and Equity***

*Cash*

Cash consists of cash on hand and cash in banks. As of June 30, 2021, most of the Organization's cash was deposited into one financial institution.

*Accounts Receivable*

Receivables represent amounts due from grants or funding which have been approved but not received. All receivables are reported at estimated collectible amounts.

*Use of Estimates*

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

*Prepaid Expenditures*

The Organization has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefitting period. The Organization has chosen to report the expenditure during the benefitting period.

*Capital Assets*

Property and equipment are recorded at acquisition cost less accumulated depreciation, if purchased, or the fair value on the date received, if donated. The cost of routine maintenance and repairs is expensed as incurred. Expenditures which materially extend the economic lives, change capacities or improve the efficiency of the related assets are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is included in the statement of activities. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-nine years. The Organization follows the practice of capitalizing all expenditures for property and equipment items over \$500.

*Interfund Transactions*

Interfund transactions are reflected as loans, services, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to (from) other funds" or "advances to/from other funds".

*Compensated Absences*

No accrual for compensated absences is necessary for the Organization's faculty/staff because the summer months, during which classes are not in session, is considered employees' vacation. School administrative staff also have vacation time based on the school calendar. All compensated absences for other administrative staff expire at the end of the fiscal year; therefore, no compensated absences accrual for any employees of the Organization is appropriate.

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Assets, Liabilities, and Equity*** (continued)

*Debt*

In the government-wide financial statements, debt and other obligations are reported as liabilities in the applicable governmental activities and the statement of net position.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. The separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources relating to the pensions: Contributions made subsequent to the pension measurement date, difference between expected and actual experience, difference between project and actual investment earnings, and changes in the proportion of the net pension liability.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Organization reports the following deferred inflow of resources relating to pensions: Differences between expected and actual experience and differences between projected and actual investment earnings. The Organization also reports as deferred inflows of resources contribution and grants which have time requirements for future periods.

*Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan ("Legacy") and the Teacher Retirement Plan ("Hybrid") in Tennessee Consolidated Retirement System ("TCRS"), Metro Pension Plan of the Metropolitan Employees Benefit Trust (the "Metro Plan"), and additions to/deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS and Metro Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of TCRS Plans and the Metro Plan. Investments are reported at fair value.

*Grant Revenue*

The Organization received Federal financial assistance through state agencies. The expenditure of funds received under these programs generally required compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Organization as of June 30, 2021.

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Assets, Liabilities, and Equity*** (continued)

*Net Position and Fund Balance Reserves and Designations*

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investments in capital assets, restricted, and unrestricted.

- Net investment in capital assets. This category groups all capital assets into one component of net position. Accumulated depreciation on these assets and the outstanding principal of any related debt reduce this category.
- Restricted Net Position. This category represents external restrictions composed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by the law through constitutional provisions or enabling legislation.
- Unrestricted Net Position. This category represents the remaining net position of the Organization that does not meet the definition of the above two categories.

The Organization has adopted GASB Statement No. 54 ("GASB 54"), Fund Balance Reporting and Governmental Fund Type Definitions. This Statement defines the different types of fund balances that a governmental entity must use for financial purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balances categories listed below:

- Non-spendable, such as fund balance associated with revolving funds, inventories, pre-paid expenses, long-term loans and notes receivable, and property held for resale.
- Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed fund balance classification includes amounts that can be used for the specific purposes determined by a formal action of the Board of Directors.
- Assigned fund balance classification are intended to be used by the entity for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification for the entity's general fund and includes all spendable amounts not contained in the other classification.

When the Organization incurs an expense for which both restricted and unrestricted resources may be used, it is the Organization's policy to use restricted resources first, then unrestricted resources.

When the Organization incurs an expenditure for which committed, assigned, or unassigned amounts may be used, it is the Organization's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Assets, Liabilities, and Equity*** (continued)

*Minimum Fund Balance Policy*

The Organization is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures.

*Budgetary Comparison Statement*

The Organization is not required to adopt a legally binding budget; therefore, no budgetary comparison statement of the General Fund has been presented.

**2. CASH**

Cash at June 30, 2021, consisted of the following:

Cash in banks	\$ 10,620,730
Total	<u>\$ 10,620,730</u>

Cash balances, consistent with state statutes, are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or are collateralized by a multiple financial institution collateral pool administered by the Treasurer of the State of Tennessee. The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2021, the Organization had \$9,638,190 in excess of FDIC insured limits. All deposits are secured in accordance with the requirements of Tennessee Code Annotated, Title 9, Chapter 4.

**3. ACCOUNTS RECEIVABLE**

Accounts Receivable as of June 30, 2021, consisted of the following:

	<b>General Fund</b>
Federal Government:	
Federal Programs	\$ 372,139
Other Local Sources	
Local Government Receivables	326,604
Total accounts receivable	<u>\$ 698,743</u>



**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**4. CAPITAL ASSETS**

A schedule of changes in capital assets for the fiscal year ended June 30, 2021, is shown below:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2021</u>
Capital assets, not being depreciated				
Land	\$ 120,000	\$ -	\$ -	\$ 120,000
Construction in progress	1,100,738	-	(1,100,738)	-
Total capital assets, not being depreciated	1,220,738	-	(1,100,738)	120,000
Capital assets, being depreciated:				
Computer equipment	2,445,331	702,531		3,147,862
Furniture and fixtures	1,201,780	123,286		1,325,066
Building	16,212,515	1,100,738	-	17,313,253
Leasehold Improvements	1,539,547	9,425		1,548,972
Total capital assets, being depreciated	21,399,173	1,935,980	-	23,335,153
Accumulated depreciation	(4,941,235)	(1,290,874)	(1,100,738)	(7,332,847)
Capital assets, net of depreciation	<u>\$ 17,678,676</u>	<u>\$ 645,106</u>	<u>\$ (1,100,738)</u>	<u>\$ 16,122,306</u>
Governmental activities:				
Student instruction				\$ 1,161,786
Administration				129,087
Total depreciation				<u>\$ 1,290,873</u>

During the fiscal year ended June 30, 2021, a total of \$1,290,873 was charged to depreciation expense.

**5. LONG-TERM OBLIGATIONS**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the fiscal year ended June 30, 2021, are as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Self-Help Credit Union - LLC Original & A/B	\$ 11,371,311	\$ -	\$ (915,903)	\$ 10,455,408	\$ 434,333
Hope Credit Union - LLC	452,204	-	(452,204)	-	-
Pinnacle Financial Partners - RSN	134,991	-	(134,991)	-	-
Charter school Growth - RHS	1,000,000	-	-	1,000,000	-
Charter School Growth - RSN	300,000	-	-	300,000	300,000
Pinnacle Financial Partners - RSN PPP Loan	2,121,240	2,000,000	(2,121,240)	2,000,000	-
Total Governmental Activities	<u>\$ 15,379,746</u>	<u>\$ 2,000,000</u>	<u>\$ (3,624,338)</u>	<u>\$ 13,755,408</u>	<u>\$ 734,333</u>

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**5. LONG-TERM OBLIGATIONS (continued)**

***Notes Payable***

On September 4, 2015, the Organization entered into a loan agreement with Pinnacle Bank in the principal amount of \$500,000, with interest at 4.125% per annum, with monthly principal and interest payments of \$9,249. The loan matures on September 4, 2021. The loan is secured by assets of the Organization (excluding RHS, LLC), and contains a restrictive minimum fixed charge coverage covenant. The Organization was in compliance at June 30, 2021. The Organization paid off the remaining balance of \$134,991 in fiscal year 2021 and there was no outstanding balance for this loan as of June 30, 2021.

On January 15, 2015, the Organization entered into a loan agreement with the Self-Help Ventures Fund in the principal amount of \$2,560,000, with interest at 4.05% per annum, with monthly principal and interest payments of approximately \$16,533. On March 31, 2019, the loan was amended and the interest rate increased to 6.05% per annum. The loan matures on July 1, 2022. The loan is secured by real estate and guarantees by RePublic Schools Nashville and RePublic Schools, Inc. (a related party, see note 9). The outstanding balance as of June 30, 2021 is \$2,232,480.

On March 31, 2018, the Organization entered into a loan agreement with the Self-Help Ventures Fund in the principal amount of up to \$15,000,000, with interest at 5.51% per annum and with monthly principal and interest payments of approximately \$68,429. The loan matures on July 1, 2022. The outstanding balance at June 30, 2021 was \$8,222,928.

On March 31, 2018, the Organization entered into a loan agreement with the Charter School Growth Fund in the principal amount \$2,000,000, with interest at 2.75% from the date of funding. The entire unpaid principal amount of this note, along with all accrued unpaid interest is due July 1, 2022. The loan is unsecured. The outstanding balance as of June 30, 2021 is \$1,000,000.

On March 31, 2018, the Organization entered into a loan agreement with the Hope Federal Credit Union in the principal amount of \$500,000, with interest at 6.00% per annum and with monthly principal and interest payments of approximately \$3,582. The loan matures on July 1, 2022. The outstanding balance of \$452,204 was paid off in fiscal year 2021 and the outstanding balance at June 30, 2021 is zero.

On April 23, 2020, the Organization entered into a loan agreement with the Charter School Growth Fund in the principal amount of \$300,000, with no interest rate. No monthly principal payments are due. The loan matures on November 30, 2021 and all principal is due at that time. The outstanding balance was paid in full on November 30, 2021.

***Notes Payable – PPP Loans***

On April 23, 2020, the Organization applied and was approved for a Paycheck Protection Program loan (“PPP loan”) under the Coronavirus Aid, Relief, and Economic Security Acts (“CARES Act”) in the amount of \$2,121,240. The PPP loan is scheduled to mature in April 2022, has a 0.00% per annum interest rate, and is subject to the terms and conditions applicable to loans administered by the SBA under the CARES Act, as amended by the PPP Flexibility Act. All principle payments, less the amount of any potential forgiveness (as discussed below), is due in April 2022. The Organization did not provide any collateral or guarantees for the PPP loan, nor did the Organization pay any facility charge to obtain the PPP loan.

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**5. LONG-TERM OBLIGATIONS (continued)**

***Notes Payable – PPP Loans (continued)***

Under the requirements of the CARES Act, as amended by the PPP Flexibility Act, proceeds may only be used for certain eligible costs. The loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs, rent, mortgage interest and utilities and (ii) full-time employee headcount and salaries are either maintained during the 24-week period following disbursement or restored by December 31, 2020. If not so maintained or restored, forgiveness of the loan will be reduced in accordance with the regulations to be issued by the SBA. Any forgiveness of the loan will be subject to approval by the SBA and will require the Company to apply for forgiveness.

The Organization met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during April of 2021. Legal release was received during June of 2021, therefore, the Organization recorded forgiveness income of \$2,121,240 within its statement of activities for the fiscal year ended June 30, 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

On February 11, 2021, the Organization applied and was approved for a second PPP Loan under the CARES Act in the amount of \$2,000,000. The PPP loan is scheduled to mature in 5 years, has a 1.00% per annum interest rate, and is subject to the terms and conditions applicable to loans administered by the SBA under the CARES Act, as amended by the PPP Flexibility Act. All principle payments, less the amount of any potential forgiveness (as discussed below), is due in February 2026. The Organization did not provide any collateral or guarantees for the PPP loan, nor did the Organization pay any facility charge to obtain the PPP loan.

While the Organization intends to apply for forgiveness of the PPP Loan in accordance with the requirements and limitations under the CARES Act, as amended by the PPP Flexibility Act, and the SBA regulations and requirements, no assurance can be given that any portion of the PPP loan will be forgiven.

This loan has been classified as non-current as the exact payment terms, if any will be set after the forgiveness amount is approved by the SBA and remitted to the lender.

***Revolving Line of Credit***

On May 20, 2021, the Organization entered into an unsecured revolving line of credit up to \$800,000 with Pinnacle Bank, at prime rate plus 0.5% (3.25 % at June 30, 2021), making the implied interest rate 3.75%. The line of credit matures May 20, 2023. The outstanding balance was \$0 as of June 30, 2021.

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**5. LONG-TERM OBLIGATIONS (continued)**

***Operating Leases***

The Organization has entered into operating leases for facilities with Metro Nashville Public Schools for Nashville Prep, Nashville Academy of Computer Science, and Liberty Collegiate Academy. The lease requires monthly rent payments, are subject to annual rent increases, and expires on June 30, 2023. The Organization is entitled to rent credits against the payment of rent in an amount equal to the Organization's improvement of expenditures up to 50% of the total cost of the lease. The NACS lease was terminated effective June 30, 2020.

The Organization has an interfund lease agreement with RePublic High School, LLC ("LLC") for RePublic High School's facility. The agreement requires monthly rent payments and expires in August 2030. The Organization has eliminated rent income and expense totaling \$1,170,000 in the government-wide financial statements.

The Organization entered into an operating lease agreement for modular classrooms located at Nashville Prep. The lease requires monthly rent payments, and expires on June 30, 2023.

As of June 30, 2021, future minimum rental payments required under the non-cancellable operating leases are as follows:

<b>Year Ending June 30,</b>	<b>Lease Payments</b>
2022	\$ 1,415,629
2023	1,419,294
2024	1,170,000
2025	1,170,000
2026	1,170,000
Thereafter	4,875,000
Total future minimum	<u>\$ 11,219,923</u>

Other than the inter-fund lease agreement with the LLC, The Organization will receive no sublease rental revenues nor pay any contingent rentals associated with these leases. For the fiscal year ended June 30, 2021, operating lease expense was \$1,351,082.

**6. RETIREMENT PLANS**

***Hybrid***

***Pension***

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 Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System ("TCRS") and

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**6. RETIREMENT PLANS** (continued)

***Hybrid*** (continued)

additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan. Investments are reported at fair value.

*Plan Description*

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained on the TN treasury website.

Teachers employed by Republic Schools Nashville with memberships in TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies ("LEAs") after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**6. RETIREMENT PLANS** (continued)

***Hybrid*** (continued)

*Contributions*

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Organization for the year ended June 30, 2021 to the Teacher Retirement Plan were \$137,082 which is 2.03 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

*Pension Assets*

At June 30, 2021, the Organization reported an asset of \$258,885 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Organization's proportion of the net pension liability (asset) was based on Organization's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2020 Organization's proportion was 0.455268 percent. The proportion measured as of June 30, 2019 was 0.552711 percent.

*Pension Expense*

For the year ended June 30, 2021, recognized pension expense (negative pension expense) of \$279,969.

**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**6. RETIREMENT PLANS (continued)**

**Hybrid** (continued)

*Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2021, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 9,618	\$ 64,877
Net difference between projected and actual earning on pension plan investments	21,090	-
Changes in assumptions	8,118	-
Changes in proportion of Net Pension Liability (Asset)	146,702	43,682
Contributions subsequent to the measurement date of June 30, 2020	137,082	not applicable
<b>Total</b>	<b>\$ 322,610</b>	<b>\$ 108,559</b>

The Organization's employer contributions of \$137,082, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30</b>	
2022	\$ 7,412
2023	\$ 10,459
2024	\$ 12,013
2025	\$ 12,456
2026	\$ 5,312
Thereafter	\$ 29,318

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**6. RETIREMENT PLANS** (continued)

**Hybrid** (continued)

*Actuarial Assumptions*

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

Inflation	2.5 Percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projects and historical market returns were used in a building block method in which a best estimate of expected future real rates of return (expected returns, net of position plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset class allocation percentage and by adding expected inflation of 2.5 percent. The best estimates of geometric real rates of return and TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
U.S equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
	Total	100%



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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**6. RETIREMENT PLANS** (continued)

*Actuarial Assumptions (continued)*

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the Organization's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the Organization's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>6.25%</b>	<b>Discount</b>	<b>8.25%</b>
		<b>Rate (7.25%)</b>	
Organization's proportionate share			
share of the net pension liability (asset)	\$ 201,370	\$ (258,885)	\$ (598,150)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**Legacy**

*Plan Description*

The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS.

Teachers employed by the Organization with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a costsharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees.

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**6. RETIREMENT PLANS** (continued)

***Legacy*** (continued)

*Plan Description* (continued)

The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate costsharing, multiple-employer defined benefit plan.

*Benefits Provided*

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*Contributions*

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Organization for the year ended June 30, 2021 to the Teacher Legacy Pension Plan were \$100,239, which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

*Pension liabilities (asset)*

At June 30, 2021, the Organization reported an asset of \$295,068 for its proportionate share of net pension asset. The net pension asset is measured as of June 30, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability (asset) was based on the Organization's employer contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2020 the Organization's proportion was 0.038694 percent. The proportion measured as of June 30, 2019 was 0.006784 percent.

**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**6. RETIREMENT PLANS (continued)**

***Legacy*** (continued)

*Pension Expense*

For the year ended June 30, 2021, the Organization recognized a pension expense of \$279,969.

*Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2021, the Organization reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,217	\$ 141,863
Net difference between projected and actual earning on pension plan investments	65,901	-
Changes in assumptions	26,805	-
Changes in proportion of Net Pension liability (asset)	21,370	55,584
Contributions subsequent to the measurement date of June 30, 2018	100,239	not applicable
<b>Total</b>	<u>\$ 225,532</u>	<u>\$ 197,447</u>

The Organization's employer contributions of \$100,239 reported as pension related deferred outflows of resources, subsequent to the measurement date will be recognized as an increase in net pension asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2022	(109,022)
2023	(7,907)
2024	1,121
2025	43,654
2026	-
Thereafter	-

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**6. RETIREMENT PLANS** (continued)

***Legacy*** (continued)

*Actuarial Assumptions*

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

Inflation	2.5 Percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.25 percent, net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projects and historical market returns were used in a building block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset class allocation percentage and by adding expected inflation of 2.5 percent.

The best estimates of geometric real rates of return and TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
Total		100%

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**6. RETIREMENT PLANS** (continued)

***Legacy*** (continued)

*Actuarial Assumptions* (continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate* (continued)

The following presents the Organization's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the Organization's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>6.25%</b>	<b>Rate (7.25%)</b>	<b>8.25%</b>
Organization's proportionate share			
share of the net pension liability (asset)	\$ 917,654	\$ (295,068)	\$ (1,300,700)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

***Metro***

The Metro plan is established under the authority of the Metropolitan Charter, Article XIII. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also required that the pension plan be actuarially sound. Administrative costs of the plan are financed through plan assets. The plan is managed by the Metropolitan Employee Benefit Board, an independent board, created

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**6. RETIREMENT PLANS** (continued)

***Metro***

by the Metropolitan Charter. The Board is composed of ten members as follows: Finance Director, Human Resources Director, three members appointed by the Mayor, and five members selected by the employees and retirees of the Metropolitan Government. Additional information about the Metro Plan can be found in the publically available comprehensive annual financial report of the Metropolitan Government. That report can be obtained at [www.nashville.gov](http://www.nashville.gov).

*Benefits Provided*

As of July 1, 1995, Division B of the Metro Plan was established for all non-certificated employees of Metropolitan Nashville Public Schools, including charter schools, and all other Metro Government employees. Employees with an effective hire date of July 1, 1995 or later are only eligible to participate in Division B of the Metro Plan.

Normal retirement for the Organization's employees participating in the Metro Plan occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus completed years of credited service equals 85, but not before age 60; or (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime monthly benefit is calculated as 1/12 of the sum of 1.75 percent of average earnings based upon the previous 60 consecutive months of employment. Benefits fully vest on completing 10 years of service for employees and non-vested employees hired or rehired on or after January 1, 2013. An early retirement option, with reduced benefits, is available for retired employees if the termination occurs prior to the eligibility under normal retirement but after age 50 and after the completion of 10 years of credited employee service.

All assets of the Metropolitan Employees' Benefit Trust Fund may legally be used to pay benefit to any plan members or beneficiaries.

*Contribution*

The funding policy is to provide for periodic contributions, at actuarially determined rates, that are designed to accumulate sufficient assets to pay benefits when due. All funding is provided under an actuarially recommended employee contribution rate of 12.340% for the non-certificated employees of the Metropolitan Nashville Public Schools, including charter schools, all other Metropolitan Government employees. Contributions to the plan for the year ended June 30, 2021 totaled \$132,254.

*Pension Liability (Asset)*

At June 30, 2021, the Organization reported a net pension asset of \$1,046,274. The net pension asset was measured as of June 30, 2020, and the total pension asset used to calculate the net pension liability was determined by an actuarial as of July 1, 2020.

*Pension Expense*

For the year ended June 30, 2021, The Organization recognized pension expense for the Metro plan of \$132,254.

**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**6. RETIREMENT PLANS** (continued)

**Metro** (continued)

*Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2021, the Organization reported deferred outflows of resources of \$246,857 and deferred inflows of \$1,619,248 related to the Metro Plan.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,619,248
Net difference between projected and actual earning on pension plan investments	-	-
Changes in assumptions	-	
Changes in proportion of Net Pension liability (asset)	-	
Contributions subsequent to the measurement date of June 30, 2018	246,857	not applicable
<b>Total</b>	<b>\$ 246,857</b>	<b>\$ 1,619,248</b>

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of July 1, 2020. Actuarial assumptions are summarized below:

Mortality rates were based on the 110% RP-2000 Healthy Annuitant Mortality Table for Males and Females, as determined by the period actuarial experience study. The actuarial assumptions used in the

July 1, 2014 valuation were based on the results of an actuarial experience study for the period 2007 to 2012.

The long-term expected rate of return on pension plan investments was established in conjunction with the most recent actuarial experience study completed January 15, 2013, by considering the following three techniques: (1) the 20-year historical return of the Metro Open Plan at June 30, 2012, (3) capital market projections that were utilized as a building-block method in which best-estimates ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by target asset allocation percentage and by adding inflation of 2.5 percent.

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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**6. RETIREMENT PLANS** (continued)

***Metro*** (continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 7.25 percent. Based on the Metro Plan assumptions and funding policy, the fiduciary net position for the plan was projected to be to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the Organization's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the Organization's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease 6.25%</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase 8.25%</b>
Organization's proportionate share share of the net pension liability (asset)	\$ (744,569)	\$ (1,191,310)	\$ (2,174,141)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in a separately issued Metropolitan Government financial report.

**7. RISK MANAGEMENT**

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Organization purchases commercial insurance. There have been no significant changes from the prior year and settlements have not exceeded coverage in any of the prior three years.

**8. COMMITMENTS AND CONTINGENCIES**

***State and Federal Allowances, Awards, and Grants***

The Organization has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grant, management believes that any required reimbursement will not be material.



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**REPUBLIC SCHOOLS NASHVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**8. COMMITMENTS AND CONTINGENCIES (continued)**

***Litigation***

The Organization is periodically the subject of litigation and claims arising in the ordinary of its activities. However, it is management's opinion, based in the advice of legal counsel, that the potential settlement of any litigation and claims, net of applicable insurance coverage, would not materially affect the financial statements of the Organization.

**9. RELATED PARTY TRANSACTIONS**

***School Management Services Agreement with Related Party***

The Organization pays management fees to RePublic Schools, Inc. ("RSI"), a Charter Management Organization, for educational support services. Fees equal 7% of certain federal, state, and local public streams. Management fees to RSI totaled \$1,170,000 during the year ended June 30, 2021.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**REPUBLIC SCHOOLS NASHVILLE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY (ASSET)**  
**TEACHER RETIREMENT PLAN OF TCRS**  
**Last Fiscal Year Ended June 30, 2020**

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	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
RSN's Proportion of the net pension liability (asset)	0.686091%	0.780820%	0.661200%	0.552711%	0.455268%
RSN's proportionate share of the net pension liability (asset)	\$ (31,885)	\$ (206,008)	\$ (299,873)	\$ (311,997)	\$ (258,885)
RSN's covered payroll	\$ 1,646,812	\$ 6,170,075	\$ 5,778,092	\$ 5,848,796	\$ 5,745,150
RSN's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(1.936%)	(4.02%)	(5.19%)	(5.33%)	-4.51
Plan fiduciary net position as a percentage of total pension liability	127.46%	126.81%	126.97%	123.07%	116.52%

The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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**REPUBLIC SCHOOLS NASHVILLE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY (ASSET)**  
**TEACHER LEGACY PENSION PLAN OF TCRS**  
**For Last Fiscal Year Ended June 30, 2020**

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	2014	2015	2016	2017	2018	2019	2020
RSN's Proportion of the net pension liability (asset)	0.059066%	0.085307%	0.037782%	0.029740%	0.034961%	0.037639%	0.038694%
RSN's proportionate share of the net pension liability (asset)	\$ (9,598)	\$ 22,808	\$ 199,821	\$ (9,731)	\$ (123,026)	\$ (386,998)	\$ (295,068)
RSN's covered payroll	\$ 2,040,288	\$ 2,084,341	\$ 1,363,811	\$ 1,063,316	\$ 1,224,223	\$ 1,262,093	\$ 1,287,825
RSN's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.47%)	1.094%	0.1731%	(.9300%)	(.1005%)	(30.66%)	(30.66%)
Plan fiduciary net position as a percentage of total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	104.28%

The amounts presented were determined as of the measurement date.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**REPUBLIC SCHOOLS NASHVILLE**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEACHER RETIREMENT PLAN OF TCRS**  
**For the Year Ended June 30, 2021**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually Required	\$ 65,873	\$ 173,330	\$ 170,454	\$ 246,903	\$ 200,101	\$ 116,627	\$ 76,926
Contribution in relation to the contractually required contribution	\$ 65,873	\$ 201,481	\$ 170,454	\$ 246,803	\$ 200,101	\$ 116,627	
Contribution deficiency (excess)	\$ -	\$ (28,151)	\$ -	\$ -	\$ -	\$ -	\$ -
RSN's covered payroll	\$ 1,646,812	\$ 3,018,801	\$ 4,261,358	\$ 6,170,075	\$ 5,002,525	\$ 5,745,150	\$ 3,789,434
Contributions as a percentage of RSN's covered payroll	4.00%	4.00%	4.00%	4.00%	4.00%	2.03%	2.03%

The amounts presented were determined as of the measurement date.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**REPUBLIC SCHOOLS NASHVILLE**  
**SCHEDULE OF CONTRIBUTIONS**  
**METRO PENSION PLAN**  
**For the Year Ended June 30, 2020**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually Required	\$ 205,927	\$ 188,425	\$ 119,046	\$ 75,304	\$ 111,158	\$ 132,028	\$ 137,617	\$ 103,753
Contribution in relation to the contractually required contribution	<u>\$ 205,927</u>	<u>\$ 188,425</u>	<u>\$ 119,046</u>	<u>\$ 75,304</u>	<u>\$ 111,158</u>	<u>\$ 132,028</u>	<u>\$ 137,617</u>	<u>\$ 103,753</u>
Contribubitiion deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
RSN's Covered Payroll	\$ 2,318,998	\$ 2,084,341	\$ 1,316,881	\$ 833,013	\$ 1,229,624	\$ 1,454,053	\$ 1,332,825	\$ 976,038
Contributions as a percentage of RSN's covered payroll	8.88%	9.04%	9.04%	9.04%	9.04%	9.08%	10.63%	10.63%

The amounts presented were determined as of the measurement date.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

## **OTHER SUPPLEMENTARY INFORMATION**

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**REPUBLIC SCHOOLS NASHVILLE**  
**ORGANIZATIONAL STRUCTURE**  
**June 30, 2021**

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The Organization was established in August 2012. The Organization is currently operating four schools. Nashville Prep (“NP”), which serves grades five through eight; Nashville Academy of Computer Sciences (“NACS”), which serves grades five through eight; Liberty Collegiate Academy (“LCA”), which serves grades five through eight; RePublic High School (“RHS”), which serves grade nine and ten. Pursuant to the Organization’s charter agreement, enrollment in the Organization is open to any student within Davidson County, Tennessee.

The Organization for the fiscal year ended June 30, 2021, was comprised of the following members:

<b>Governing Board</b>			
<b>Name</b>	<b>Office</b>	<b>Term</b>	<b>Term Expiration</b>
Stewart Hood	Board Chair	3 years	6/30/2022
Adam Mangana	Board Member	3 years	6/30/2021
Cortez Moss	Board Member	3 years	6/30/2021
Drake Jarman	Board Member	3 years	6/30/2021
Miranda Christy	Board Member	3 years	6/30/2021
Rob Corbin	Board Member	1 year	6/30/2021
Diarese George	Board Member	2 years	6/30/2023
Julia Hanks	Board Member	2 years	6/30/2023
Walker Morrow	Board Member	2 years	6/30/2022
Wood Caldwell	Board Member	3 years	6/30/2022

<b>Administration</b>	
<b>Name</b>	<b>Position</b>
Jonathan Rybka	Chief Executive Officer
Leroy Harris	Chief Financial Officer



**REPUBLIC SCHOOLS NASHVILLE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

Federal Grantor/ Pass-Through Entity Program Title	Pass-Through		Federal Expenditures
	Assistance Listing Number	Entity Identifying Number	
<b>U.S. Department of Agriculture</b>			
Direct:			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 275,117
National School Lunch Program	10.555	N/A	462,686
Total Child Nutrition Cluster			<u>737,803</u>
<b>Total U.S. Department of Agriculture</b>			<u>737,803</u>
<b>U.S. Department of Treasury</b>			
Passed through State of Tennessee Department of Finance & Administration			
COVID 19 - Tennessee Community Cares	21.019	N/A	<u>821,326</u>
<b>Total U.S. Department of Treasury</b>			<u>821,326</u>
<b>U.S. Department of Education</b>			
Passed through Tennessee Department of Education:			
Public Charter Schools Program	84.282M	N/A	\$ 96,500
COVID 19 - Governor's Emergency Education Relief Fund	84.425C	N/A	153,323
Passed through Metro Nashville Public Schools (MNPS):			
Special Education Grants to States	84.027	N/A	384,261
Title I Grants to Local Educational Agencies	84.010	N/A	487,204
Title II Grants to Local Educational Agencies	84.367	N/A	55,287
COVID 19 - Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	357,049
COVID 19 - Governor's Emergency Education Relief Fund	84.425C	N/A	<u>260,919</u>
<b>Total U.S. Department of Education</b>			<u>1,794,543</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,353,672</u>

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**REPUBLIC SCHOOLS NASHVILLE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

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**1. NOTE ON BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Republic Schools Nashville under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Republic Schools Nashville, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Republic Schools Nashville.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**3. INDIRECT COST RATE**

Republic Schools Nashville has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**REPUBLIC SCHOOLS NASHVILLE**  
**COMBINING STATEMENT OF NET POSITION**  
**For the Year Ended June 30, 2021**

	Nashville Preparatory Charter School	Liberty Collegiate Academy	Nashville Academy of Computer Sciences	RePublic High School	RePublic High School LLC	Intercompany Eliminations	Totals
<b>ASSETS</b>							
Current:							
Cash in banks	\$ 3,025,209	\$ 6,077,116	\$ -	\$ 1,140,351	\$ 378,054	\$ -	\$ 10,620,730
Accounts receivable, net	185,505	230,888	-	282,350	-	-	698,743
Due from other funds	778,511	1,039,413	-	1,506,833	-	(3,324,757)	-
Related party receivables, current	-	-	-	1,000,000	-	(1,000,000)	-
Prepaid items	2,034	2,828	-	3,801	-	-	8,663
Net pension asset	410,512	514,400	85,757	734,594	-	-	1,745,263
Other current assets	18,576	18,147	-	28,047	-	-	64,770
Total current assets	4,420,347	7,882,793	85,757	4,695,975	378,054	(4,324,757)	13,138,170
Non-Current:							
Capital assets, net accumulated depreciation	338,857	590,495	-	689,077	15,604,614	-	17,223,044
<b>TOTAL ASSETS</b>	4,759,205	8,473,289	85,757	5,385,053	15,982,668	(4,324,757)	30,361,214
<b>DEFERRED OUTFLOW OF RESOURCES</b>							
Pension related costs	155,002	236,973	34,238	261,156	-	-	687,368
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts payable	120,146	191,587	-	211,939	-	-	523,672
Due to other funds	-	-	134,760	-	3,189,997	(3,324,757)	-
Accrued liabilities	170,511	235,822	-	364,164	240,901	-	1,011,398
Related party payables	52,316	69,849	-	97,658	1,000,000	(1,000,000)	219,824
Note payables, current portion	71,398	95,325	-	133,277	434,333	-	734,333
Total current liabilities	414,371	592,583	134,760	807,039	4,865,232	(4,324,757)	2,489,228
Long-term liabilities:							
Notes payable, less current portion	475,985	635,501	-	1,888,514	10,021,074	-	13,021,074
Total long-term liabilities	475,985	635,501	-	1,888,514	10,021,074	-	13,021,074
<b>TOTAL LIABILITIES</b>	890,355	1,228,085	134,760	2,695,553	14,886,306	(4,324,757)	15,510,302
<b>DEFERRED INFLOW OF RESOURCES</b>							
Pension related costs	456,277	496,182	19,853	763,136	-	-	1,735,448
<b>NET POSITION</b>							
Net investment in capital assets	(208,525)	(140,331)	-	(1,332,714)	5,149,206	-	3,467,636
Unrestricted	3,776,100	7,126,326	(34,618)	3,520,233	(4,052,845)	-	10,335,195
<b>TOTAL NET POSITION</b>	\$ 3,567,575	\$ 6,985,994	\$ (34,618)	\$ 2,187,519	\$ 1,096,362	\$ -	\$ 13,802,831

**REPUBLIC SCHOOLS NASHVILLE**  
**COMBINING STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2021**

	Nashville Preparatory Charter School	Liberty Collegiate Academy	Nashville Academy of Computer Sciences	RePublic High School	RePublic High School LLC	Intercompany Eliminations	Total
<b>GOVERNMENT ACTIVITIES</b>							
Student Instruction and Services:							
Salaries, wages and benefits	1,932,516	2,751,757	34,618	3,943,192	-	-	8,662,084
Occupancy costs							
Food service	323,938	343,551	-	303,167	-	-	970,656
Staff development	27,271	39,618	-	52,833	-	-	119,722
Instructional	212,725	317,644	-	416,836	-	-	947,205
Office expense							
Transportation	42,787	66,570	-	28,868	-	-	138,225
Insurance	35,015	46,749	-	65,362	-	-	147,126
Operation and housekeeping services	108,102	142,763	-	225,095	-	-	475,961
Rental, leases, and repairs							
non-capitalized improvements	94,273	81,756	-	1,217,821	-	(1,170,000)	223,850
Professional/consulting services and							
operating expenditures	394,383	513,586	-	723,807	-	-	1,631,776
Communications	94,643	88,877	-	93,979	-	-	277,499
Depreciation	156,853	233,318	-	358,908	412,707	-	1,161,786
Fundraising							
Other expenses	14,026	20,282	-	27,787	-	-	62,095
Total student instruction and services	3,436,532	4,646,472	34,618	7,457,656	412,707	(1,170,000)	14,817,985
General and Administration:							
Salaries, wages and benefits	162,560	202,823	-	268,454	-	-	633,837
Staff development	8,270	11,042	-	15,438	-	-	34,751
Instructional	359	1,064	-	1,312	-	-	2,734
Insurance	3,891	5,194	-	7,262	-	-	16,347
Operation and housekeeping services							
Professional/consulting services and							
operating expenditures	149,225	192,643	-	280,751	25	-	622,644
Communications	10,516	9,875	-	10,442	-	-	30,833
Depreciation	17,428	25,924	-	39,879	45,856	-	129,087
Other expenses	39,631	40,346	-	38,978	675,618	-	794,573
Total general and administrative	391,880	488,911	-	662,517	721,499	-	2,264,807
<b>TOTAL EXPENSES</b>	3,828,412	5,135,383	34,618	8,120,173	1,134,206	(1,170,000)	17,082,792
Program Revenues:							
District funding	4,273,502	5,715,781	-	7,955,771	-	-	17,945,054
Federal funding	1,445,887	1,599,033	4,686	2,424,337	-	-	5,473,943
Total program revenues	5,719,389	7,314,814	4,686	10,380,108	-	-	23,418,997
General Revenues:							
Contributions	51,465	68,679	-	258,637	-	-	378,781
Other local revenue	59,933	69,586	-	75,605	1,170,000	(1,170,000)	205,123
Total general revenues	111,398	138,265	-	334,242	1,170,000	(1,170,000)	583,905
<b>TOTAL REVENUES</b>	5,830,787	7,453,079	4,686	10,714,350	1,170,000	(1,170,000)	24,002,902
<b>CHANGE IN NET POSITION</b>	2,002,375	2,317,696	(29,932)	2,594,177	35,794	-	6,920,110
<b>NET POSITION, BEGINNING OF YEAR</b>	1,565,200	4,668,298	(4,686)	(406,658)	1,060,568	-	6,882,721
<b>NET POSITION, END OF THE YEAR</b>	\$ 3,567,575	\$ 6,985,994	\$ (34,618)	\$ 2,187,519	\$ 1,096,362	\$ -	\$ 13,802,831

**REPUBLIC SCHOOLS NASHVILLE**  
**COMBINING BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2021**

	General Fund					Capital Project Fund		
	Nashville Preparatory Charter School	Liberty Collegiate Academy	Nashville Academy of Computer Sciences	RePublic High School	Totals	RePublic High School LLC	Intercompany Eliminations	Totals
<b>ASSETS</b>								
Cash on hand and in banks	\$ 3,025,209	\$ 6,077,116	\$ -	\$ 1,140,351	\$ 10,242,676	\$ 378,054	\$ -	\$ 10,620,730
Accounts receivable, net	185,505	230,888	-	282,350	698,743	-	-	698,743
Due from other funds	778,511	1,039,413	-	1,506,833	3,324,757	-	(3,324,757)	-
Related party receivables	-	-	-	1,000,000	1,000,000	-	(1,000,000)	-
Prepaid items	2,034	2,828	-	3,801	8,663	-	-	8,663
Other current assets	18,576	18,147	-	28,047	64,770	-	-	64,770
<b>TOTAL ASSETS</b>	<b>\$ 4,009,835</b>	<b>\$ 7,368,393</b>	<b>\$ -</b>	<b>\$ 3,961,381</b>	<b>\$ 15,339,610</b>	<b>\$ 378,054</b>	<b>\$ (4,324,757)</b>	<b>\$ 11,392,906</b>
<b>LIABILITIES</b>								
Liabilities:								
Accounts payable	\$ 120,146	\$ 191,587	\$ -	\$ 211,939	\$ 523,672	\$ -	\$ -	\$ 523,672
Due to other funds	-	-	134,760	-	134,760	3,189,997	(3,324,757)	-
Accrued liabilities	170,511	235,822	-	364,164	770,497	240,901	-	1,011,398
Related party payables	52,316	69,849	-	97,658	219,824	1,000,000	(1,000,000)	219,824
Total liabilities	342,973	497,258	134,760	673,762	1,648,753	4,430,899	(4,324,757)	1,754,894
<b>FUND BALANCE</b>								
Nonspendable:								
Prepaid expenditures	2,034	2,828	-	3,801	8,663	-	-	8,663
Unassigned	3,664,828	6,868,307	(134,760)	3,283,818	13,682,194	(4,052,845)	-	9,629,349
Total fund balance	3,666,862	6,871,135	(134,760)	3,287,619	13,690,857	(4,052,845)	-	9,638,012
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 4,009,835</b>	<b>\$ 7,368,393</b>	<b>\$ -</b>	<b>\$ 3,961,381</b>	<b>\$ 15,339,610</b>	<b>\$ 378,054</b>	<b>\$ -</b>	<b>\$ 11,392,906</b>

**REPUBLIC SCHOOLS NASHVILLE**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2021**

	General Fund					Capital Project Fund		
	Nashville Preparatory Charter School	Liberty Collegiate Academy	Nashville Academy of Computer Sciences	RePublic High School	Totals	RePublic High School LLC	Intercompany Eliminations	Totals
<b>REVENUES</b>								
District funding	\$ 4,273,502	\$ 5,715,781	\$ -	\$ 7,955,771	\$ 17,945,054	\$ -	\$ -	\$ 17,945,054
Federal revenue	1,445,887	1,599,033	4,686	2,424,337	5,473,943	-	-	5,473,943
Contributions	51,465	68,679	-	258,637	378,781	-	-	378,781
Other local revenue	59,933	69,586	-	75,605	205,123	1,170,000	(1,170,000)	205,123
Total revenues	5,830,787	7,453,079	4,686	10,714,350	24,002,902	1,170,000	(1,170,000)	24,002,902
<b>EXPENDITURES</b>								
Current:								
Salaries, wages and benefits:								
Student instruction and services	1,932,516	2,759,795	-	3,800,593	8,492,905	-	-	8,492,905
Administration	242,704	202,823	-	268,454	713,981	-	-	713,981
Food service	323,938	343,551	-	303,167	970,656	-	-	970,656
Staff development	35,541	50,660	-	68,272	154,473	-	-	154,473
Instructional	213,084	318,708	-	418,148	949,939	-	-	949,939
Student transportation	42,787	66,570	-	28,868	138,225	-	-	138,225
Insurance	38,906	51,944	-	72,624	163,474	-	-	163,474
Operation and housekeeping services	108,102	142,763	-	225,095	475,961	-	-	475,961
Rental, leases, and repairs								
non-capitalized improvements	94,273	81,756	-	1,217,821	1,393,850	-	(1,170,000)	223,850
Professional/consulting services and								
operating expenditures	543,608	706,229	-	1,004,558	2,254,395	26	-	2,254,421
Communications	105,159	98,752	-	104,421	308,332	-	-	308,332
Capital outlay	136,233	354,446	41,389	303,171	835,239	-	-	835,239
Other expenses	44,873	60,627	-	66,764	172,264	-	-	172,264
Debt service:								
Principal	423,927	613,636	315,817	902,852	2,256,231	1,368,107	-	3,624,338
Interest	8,784	-	-	-	8,784	675,618	-	684,402
Total expenditures	4,294,435	5,852,259	357,206	8,784,809	19,288,709	2,043,751	-	20,162,460
Excess (deficiency) of revenues over expenditures	1,536,352	1,600,820	(352,520)	1,929,541	4,714,193	(873,751)	-	3,840,442
Other financing sources (uses)								
Proceeds from notes payable	469,100	637,264	-	893,635	2,000,000	-	0	2,000,000
Total other financing sources (uses)	469,100	637,264	-	893,635	2,000,000	-	-	2,000,000
<b>NET CHANGE IN FUND BALANCE</b>	2,005,452	2,238,084	(352,520)	2,823,176	6,714,193	(873,751)	-	5,840,442
<b>FUND BALANCE, JULY 1</b>	1,661,410	4,633,051	217,760	464,443	6,976,664	(3,179,094)	-	3,797,570
<b>FUND BALANCE, JUNE 30</b>	\$ 3,666,862	\$ 6,871,135	\$ (134,760)	\$ 3,287,619	\$ 13,690,857	\$ (4,052,845)	-	\$ 9,638,012

## **OTHER INDEPENDENT AUDITORS' REPORTS**

**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**

Baker Tilly US, LLP  
3655 Nobel Dr; Ste 300  
San Diego, CA 92122  
United States of America

T: +1 (858) 597 4100  
F: +1 (858) 597 4111

[bakertilly.com](http://bakertilly.com)

Board of Directors  
RePublic Schools Nashville  
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of RePublic Schools Nashville as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise RePublic Schools Nashville's basic financial statements, and have issued our report thereon dated March 22, 2022.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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



**Purpose of this Report**

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

*Baker Tilly US, LLP*

San Diego, California  
March 22, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Baker Tilly US, LLP  
3655 Nobel Dr; Ste 300  
San Diego, CA 92122  
United States of America

T: +1 (858) 597 4100  
F: +1 (858) 597 4111

[bakertilly.com](http://bakertilly.com)

Board of Directors  
RePublic Schools Nashville  
Nashville, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited the RePublic Schools Nashville's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of RePublic Schools Nashville's major federal programs for the fiscal year ended June 30, 2021. RePublic Schools Nashville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of RePublic Schools Nashville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RePublic Schools Nashville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, RePublic Schools Nashville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of RePublic Schools Nashville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered RePublic Schools Nashville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RePublic Schools Nashville's internal control over compliance.

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

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

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

The image shows a handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

San Diego, California  
March 22, 2022

## **FINDINGS AND RECOMMENDATIONS**

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**REPUBLIC SCHOOLS NASHVILLE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2021**

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**1. SUMMARY OF AUDITORS' RESULTS**

**A) Financial Statements**

1. The auditor's report expresses an unmodified opinion on the financial statements of RePublic Schools Nashville.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.
3. No instances of noncompliance material to the financial statements of RePublic Schools Nashville, which would be required to be reported in accordance with *Governmental Auditing Standards*, we disclosed during the audit.

**B) Federal Awards**

1. The auditor's report expresses an unmodified opinion on Compliance for Each Major Program on Internal Control Over Compliance Required by The Uniform Guidance.
2. No significant deficiencies or material weaknesses relating to the audit of Compliance For Each Major Program on Internal Control Over Compliance Required by The Uniform Guidance.
3. No audit findings disclosed that are required to be reported under section 200.516 Audit Findings paragraph (a) or OMB Uniformed Guidance.

Identification of Major Programs:

COVID-19 - Coronavirus Relief Funds – CFDA # 21.019

COVID 19 - Education Stabilization Funds – CFDA 84.425

Dollar threshold used to distinguish between type A and type B programs: \$750,000.

Auditee qualified as low-risk auditee? Yes.

**2. FINANCIAL STATEMENT FINDINGS**

None noted.

**3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

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**REPUBLIC SCHOOLS NASHVILLE**  
**SUMMARY SCHEDULE OF PRIOR FINDINGS**  
**For the Fiscal Year Ended June 30, 2021**

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<b>Findings/Recommendations</b>	<b>Current Status</b>	<b>Management's Explanation if Not Implemented</b>
None	N/A	N/A