Nashville Classical Charter School

Financial Report

June 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Nashville Classical Charter School
Nashville, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and major fund of the Nashville Classical Charter School (the Organization), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Organization, as of June 30, 2022 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The organization structure and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

San Diego, California
January 31, 2023

As management of the Nashville Classical Charter School (the 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, 2022. 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 $6,386,145.
- The change in net position for the year was an increase of $1,589,896.
- The Organization had an excess of revenue over expenditures in the General Fund in the amount of $1,070,033 in the current year compared to an excess of revenues over expenditures of $1,406,637 in the previous year.
- The Organization had $204,384 in additions to capital assets.
- For the fiscal year ended June 30, 2022, total revenues of $10,847,605 were comprised of District funding – 73.27%, federal pass-through funds – 9.29%, and contributions and other local funds – 17.43%.

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 how 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.

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.

OVERVIEW OF FINANCIAL STATEMENTS (continued)

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 $6,386,145 as of June 30, 2022.

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.

OVERVIEW OF FINANCIAL STATEMENTS (continued)

TABLE 1
Condensed Statement of Net Position

	2022	2021	$ Change	% Change
ASSETS				
Current and other assets	$ 6,664,705	$ 4,804,794	$ 1,859,911	38.7%
Capital assets, net of depreciation	374,650	373,729	921	0.2%
Right to use leased assets, net of amortization	720,899	-	720,899	100.0%
TOTAL ASSETS	7,760,254	5,178,523	2,581,731	49.9%
DEFERRED OUTFLOW OF RESOURCES				
Pension related costs	679,935	278,928	401,007	143.8%
LIABILITIES				
Current liabilities	631,791	100,061	531,730	531.4%
Lon-term lease liabilities	180,190	179,335	855	0.5%
TOTAL LIABILITIES	811,981	279,396	532,585	190.6%
DEFERRED INFLOW OF RESOURCES				
Pension related costs	1,242,063	381,806	860,257	225.3%
TOTAL DEFERRED INFLOW OF RESOURCES	1,242,063	381,806	860,257	
NET POSITION				
Net investment in capital assets	374,650	373,729	921	0.2%
Restricted	1,448,166	577,571	870,595	150.7%
Unrestricted	4,563,329	3,844,949	718,380	18.7%
TOTAL NET POSITION	$ 6,386,145	$ 4,796,249	$ 1,589,896	33.1%

Statement of Activities

The Organization's total revenues for the fiscal year ended June 30, 2022, increased by $2,193,377 over June 30, 2021 revenues.

The Organization's total expenses increased by $2,780,466 over June 30, 2021 expenses.

The change in net position was a decrease of ($587,089) compared to the prior year.

OVERVIEW OF FINANCIAL STATEMENTS (continued)

The following table presents a summary of the Statement of Activities for the fiscal year ended June 30, 2022:

TABLE 2

	2022	2021	$ Change	% Change
REVENUES				
Program revenues:				
District funding	$ 7,948,451	$ 6,471,347	$ 1,477,104	22.8%
Federal revenues	1,008,143	192,762	815,381	423.0%
Other revenue	-	921,307	(921,307)	100.0%
Contributions and grants	1,860,901	1,053,131	807,770	76.7%
General revenues:				
Other local revenues	30,110	15,681	14,429	92.0%
Total revenue	10,847,605	8,654,228	2,193,377	25.3%
EXPENSES				
Student instruction and services	6,109,211	4,843,188	1,266,023	26.1%
General and administrative	3,148,498	1,634,055	1,514,443	92.7%
Total expenses	9,257,709	6,477,243	2,780,466	42.9%
CHANGE IN NET POSITION	$ 1,589,896	$ 2,176,985	$ (587,089)	-27.0%

OVERVIEW OF FINANCIAL STATEMENTS (continued)

General Fund Budgetary Highlights

The Organization's Total Budget for the General Fund for this fiscal year showed revenues in excess of expenditures of $1,074,993 compared to the actual amount of revenues in excess of expenditures of $1,070,033. The Organizations budget to actual difference for the fiscal year was ($4,960).

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

	Expected Amount	Actual Amount	Variance
Revenue			
State	$ 6,783,755	$ 7,948,451	$ 1,164,696
Federal	1,759,436	1,008,143	(751,293)
Local	1,253,376	1,891,011	637,635
Total	9,796,567	10,847,605	1,051,038
Expenditures			
Personnel	$ 4,431,467	$ 5,092,233	$ 660,766
Employee taxes and benefits	1,267,522	1,013,468	(254,054)
Contracted services	2,285,229	1,829,018	(456,211)
Supplies and materials	487,482	465,145	(22,337)
Other charges	198,682	421,544	222,862
Debt services	2,916	751,780	748,864
Capital expenses	48,276	204,384	156,108
Total	$ 8,721,574	$ 9,777,572	$ 1,055,998

The overage in Other Charges was primarily due to an exclusion from the budget of depreciation expense. The overage in Personnel is due to the Organization hiring more employees than budgeted. The overage in debt services is due to additional interest charges not originally budgeted for. Overall, the Organization ended the fiscal year in a stable position.

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Capital Assets

During the 2021-2022 school year the Organization acquired $204,384 in additions to capital assets.

TABLE 3
Changes in Capital Assets

	2022	2021	$ Change	% Change
Construction in progress	$ 114,765	$ 32,300	$ 82,465	255.3%
Computer equipment	241,157	201,922	39,235	19.4%
Furniture and fixtures	169,172	142,298	26,874	18.9%
Building Improvements	592,797	592,797	-	0.0%
Leasehold Improvements	677,450	621,640	55,810	9.0%
Less: accumulated depreciation	(1,420,691)	(1,217,228)	(203,463)	16.7%
Total capital assets, net of depreciation	$ 374,650	$ 373,729	$ 921	0.2%

Long-Term Debt

During the 2021-2022 school year the Organization made payments of $179,335 on long-term debt and $518,328 on lease liabilities.

TABLE 4
Changes in Long-Term Debt

	2022	2021	$ Change	% Change
Lease liabilities	$ 737,280	$ -	$ 737,280	100.0%
Note payable	$ -	$ 179,335	$ (179,335)	-100.0%
Total long-term debt	$ 737,280	$ 179,335	$ 557,945	311.1%

FACTORS BEARING ON THE ORGANIZATION'S FUTURE

The Organization's outlook for future years is mostly tied to steady enrollment and per pupil funding, which has increased exponentially in the last two years. 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 Metro Nashville 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 the Founder and Executive Director, Charlie Friedman, by mail at 2000 Greenwood Avenue, Nashville, Tennessee, 37206, by email: Cfriedman@nashvilleclassical.org, or by telephone at (615) 538-5841.

NASHVILLE CLASSICAL CHARTER SCHOOL
STATEMENT OF NET POSITION
June 30, 2022

		Governmental Activities
ASSETS		
Cash in banks	$	4,551,875
Accounts receivable		605,363
Prepaid items		59,301
Capital assets, net of depreciation		374,650
Right to use assets, net of amortization		720,899
RESTRICTED ASSETS		
Pension asset		1,236,801
Stabilization trust account		211,365
Total current assets		7,760,254
TOTAL ASSETS		7,760,254
DEFERRED OUTFLOW OF RESOURCES		
Pension related costs		679,935
TOTAL DEFERRED OUTFLOW OF RESOURCES		679,935
LIABILITIES		
Current Liabilities:		
Accounts payable		8,851
Accrued liabilities		29,418
Other current liabilities		36,432
Lease liability, due within one year		557,090
Total current liabilites		631,791
Long-term liabilities:		
Lease liability, due within one year		180,190
Total long-term liabilities		180,190
TOTAL LIABILITIES		811,981
DEFERRED INFLOW OF RESOURCES		
Pension related costs		1,242,063
TOTAL DEFERRED INFLOW OF RESOURCES		1,242,063
NET POSITION		
Investment in capital assets		374,650
Restricted:		
Stabilization trust account		211,365
Pension asset		1,236,801
Unrestricted		4,563,329
TOTAL NET POSITION	$	6,386,145

 The accompanying notes are an integral part of these financial statements.

NASHVILLE CLASSICAL CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

	Expenses		Program Revenues	Net (Expenses) Revenues
Functions/Programs	**Student Instruction and Services**	**General and Administrative**	**Operating Grants and Contributions**	**Total Governmental Activities**
GOVERNMENTAL ACTIVITIES				
Salaries, wages and benefits	$ 4,736,246	$ 1,013,468	$ -	$ (5,749,714)
Staff development	39,469	-	-	(39,469)
Instructional materials and supplies	465,145	-	-	(465,145)
Other student services - Transportation	286,475	-	-	(286,475)
Operation and housekeeping services	-	-	10,817,495	10,817,495
Rental, leases, and repairs				-
non-capitalized improvements	-	534,709	-	(534,709)
Professional/consulting services and				-
operating expenditures	581,876	1,247,142	-	(1,829,018)
Finance and accounting	-	95,600		(95,600)
Depreciation	-	203,462	-	(203,462)
Debt service - interest	-	54,117	-	(54,117)
TOTAL GOVERNMENTAL ACTIVITIES	$ 6,109,211	$ 3,148,498	$ 10,817,495	1,559,786
		GENERAL REVENUES		
		Local revenues		30,110
		Total general revenues		30,110
		CHANGE IN NET POSITION		1,589,896
		NET POSITION - BEGINNING		4,796,249
		NET POSITION - ENDING		$ 6,386,145

The accompanying notes are an integral part of these financial statements.

NASHVILLE CLASSICAL CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2022

	General Fund
ASSETS	
Cash on hand and in banks	$ 4,551,875
Accounts receivable	605,363
Prepaid items	59,301
Stabilization trust account	211,365
TOTAL ASSETS	$ 5,427,904
LIABILITIES	
Accounts payable	$ 8,851
Accrued liabilities	65,850
TOTAL LIABILITIES	74,701
FUND BALANCE	
Nonspendable:	
Prepaid expenditures	59,301
Restricted:	
Stabilization trust account	211,365
Unassigned	5,082,537
Total fund balance	5,353,203
TOTAL LIABILITIES AND FUND BALANCE	$ 5,427,904

NASHVILLE CLASSICAL CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS –
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balances - governmental fund balance sheet	$	5,353,203
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		374,650
Right to use leased assets used in governmental activities are not reported in the funds		720,899
Deferred outflows relating to pension costs which are applicable to future periods are not reported in the funds.		679,935
Net pension assets are not reported in the funds		1,236,801
Deferred inflows relating to pension costs which are applicable to future periods are not reported in the funds.		(1,242,063)
Payable for the lease liabilities related to the right to use assets which is not not due in the current period are not reported in the funds		(737,280)
Net position of governmental activities - Statement of Net Position	$	6,386,145

The accompanying notes are an integral part of these financial statements.

NASHVILLE CLASSICAL CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

	General Fund
REVENUES	
District Funding	$ 7,948,451
Federal revenue	1,008,143
Contributions	1,860,901
Other local revenue	30,110
Total revenues	10,847,605
EXPENDITURES	
Current:	
Salaries, wages and benefits:	
Student instruction and services	5,092,233
Administration	1,013,468
Staff development	39,469
Instructional materials and supplies	465,145
Professional/consulting services and and operating expenditures	1,829,018
Finance and accounting	95,600
Student transportation	286,475
Debt service - principal	697,663
Debt service - interest	54,117
Capital Outlay	204,384
Total expenditures	9,777,572
Excess of revenues over expenditures	1,070,033
NET CHANGE IN FUND BALANCE	1,070,033
FUND BALANCE, JULY 1	4,283,170
FUND BALANCE, JUNE 30	$ 5,353,203

The accompanying notes are an integral part of these financial statements.

NASHVILLE CLASSICAL CHARTER SCHOOL
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, 2022

Net change in fund balances - total governmental funds	$ 1,070,033
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital outlays are not reported as expenses in the SOA.	204,384
The depreciation of capital assets used in governmental activities is not reported in the funds.	(203,462)
The amortization of right to use leased assets used in governmental activities is not reported in the funds.	(534,709)
Contributions are an expense in the SOA but is not an expense in the funds.	(55,357)
Repayment of notes payable principal is an expenditure in the funds but is not an expense in the SOA.	179,335
Repayment of lease liabilities principal related to right to use assets is an expenduture in the funds but is not an expense in the SOA.	518,328
Pension costs are recognized when contributions are made in the funds but are recognized on an accrual basis for the SOA.	411,344
Change in net position of governmental activities - Statement of Activities	$ 1,589,896

 The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

Nashville Classical Charter School (the Organization) was incorporated on March 31, 2011, 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) on May 30, 2013, to operate a charter school in Nashville, Tennessee. The Organization began classes in July 2013 with just Kindergarten and has added a grade level each school year. In 2021-2022, the organization reached full growth, enrolling grades K-8.

Pursuant to the Organization's charter agreement, enrollment in the Organization is open to any student within Davidson County, Tennessee.

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
- 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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Based on these criteria, the Organization has no component units. Additionally, the Organization is not a component unit of any other reporting entity as defined by the GASB statement.

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.

Non-Major Governmental Funds:

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Assets, Liabilities, and Equity

Cash

Cash consists of cash on hand and cash in banks. As of June 30, 2022, 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

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 ten years. The Organization follows the practice of capitalizing all expenditures for property and equipment items over $5,000.

Compensated Absences

No accrual for of 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. The administrative employees of the Organization follow the same schedule as the teachers and other employees of the Organization; therefore, no compensated absences accrual for any employees of the Organization is appropriate.

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.

Leases

The Organization adopted GASB Statement 87, *Leases*, as of July 1, 2021. The Organization is a lessee for facility and equipment and recognizes a lease liability and an intangible right to use lease asset in the government-wide financial statements. The Organization recognizes lease liabilities with an initial, individual value of $3,000 or more.

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

Key estimates and judgments related to leases include how the Organization determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Leases (continued)

- The Organization uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Organization generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Organization is reasonably certain to exercise.

The Organization monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount to f the lease liability.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferral of outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Organization reports deferred employer pension contributions and other deferred outflows related to the District's pension.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources which represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Certain changes in the District's net pension liability are required to be deferred over a closed amortized period.

Pensions

The Organization follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB No. 68), as of July 1, 2014. This statement requires accrual-based measurement and recognition of the cost of pension benefits during the periods when employees render their services. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the net position of the Organization's Tennessee Consolidated Retirement System (TCRS) plan (Plan) and additions to/deductions from the Plan's net position have been determined on the same bases as they are reported by the TCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. TCRS actuarial valuation are publicly available reports that can be obtained at TCRS' website under Forms and Publications.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Pensions (continued)

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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, 2022.

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 unrelated 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 JPA 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Grant Revenue (continued)

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.

Net Position and Fund Balance Reserves and Designations (continued)

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.

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, 2022 consisted of the following:

Cash in banks	$ 4,551,875
Total	$ 4,551,875

Cash balances, consistent with state statues, 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, 2022, the Organization had $4,301,875 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, 2022, consisted of the following:

	General Fund
State Government:	
State Programs	$ 605,363
Total accounts receivable	$ 605,363

4. CAPITAL ASSETS

A schedule of changes in capital assets for the fiscal year ended June 30, 2022, is shown below:

	June 30, 2021	Additions	Disposals	June 30, 2022
Capital assets, being depreciated:				
Computer equipment	$ 201,922	$ 39,235	$ -	$ 241,157
Furniture and fixtures	142,298	26,874	-	169,172
Building improvements	592,797	-	-	592,797
Leasehold improvements	621,640	55,810	-	677,450
Total capital assets, being depreciated	1,558,657	121,919	-	1,680,576
Construction in progress	32,300	82,465	-	114,765
Total capital assets, not being depreciated	32,300	82,465	-	114,765
Less accumulated depreciation for:				
Computer equipment	(183,111)	(26,161)	-	(209,272)
Furniture and fixtures	(105,650)	(17,900)	-	(123,550)
Building improvements	(586,942)	(5,856)	-	(592,798)
Leasehold improvements	(341,525)	(153,546)	-	(495,071)
Total accumulated depreciation	(1,217,228)	(203,463)	-	(1,420,691)
Capital assets, net of depreciation	$ 373,729	$ 921	$ -	$ 374,650
Governmental activities:				
General and administrative				$ 203,463
Total depreciation				$ 203,463

During the fiscal year ended June 30, 2022, a total of $203,463 was charged to depreciation expense.

5. RIGHT OF USE – LEASED ASSETS

The Organization recorded a right to use assets for certain facilities and equipment. The right to use leased assets are amortized on a straight-line bases over the life of the related leases. Right to use asset activity for the year ended June 30, 2022 was as follows:

	June 30, 2021	Increases	Decreases	June 30, 2022
Right to Use Assets Being Amortized:				
Facility	$ -	$ 989,622	$ -	$ 989,622
Equipment	-	265,986	-	265,986
Accumulated amortization	-	-	(534,709)	(534,709)
Total	$ -	$ 1,255,608	$ (534,709)	$ 720,899

The Organization has $534,709 of amortization expense for the year ended June 30, 2022.

6. 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, 2022, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Lease liabilities	$ -	$ 1,255,608	$ (518,328)	$ 737,280	$ 557,090
Note payable	179,335	-	(179,335)	-	-
Total	$ 179,335	$ 1,255,608	$ (697,663)	$ 737,280	$ 557,090

Leases Payable

During the current fiscal year, the Organization was a lessee in one facility agreement and one equipment lease agreement. The leases are for the following:

Description	Term	Annual Payment	Interest Rate
Facility	Monthly through June 2023	$ 44,671	5.18%
Equipment	Monthly through September 2026	$ 5,007	4.90%

The future principal and interest lease payments as of June 30, 2022 were as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 557,090	$ 24,157	$ 581,247
2024	52,425	7,662	60,087
2025	55,053	5,035	60,088
2026	57,812	2,276	60,088
2027	14,900	122	15,022
	$ 737,280	$ 39,252	$ 776,532

6. LONG-TERM OBLIGATIONS (continued)

Note Payable

On June 10, 2015, the Organization entered into a promissory note for $975,000 with Avenue Bank, at 4.50% per annum, with monthly installments of principal and interest of $15,406 through May 20, 2022. On March 18, 2016 the organization acquired an additional $100,000 in debt with monthly interest payments and the first principal payment due in April of 2017. The purpose of the loan is to fund leasehold improvements on a 1.47 acre site located at 1310 Ordway Place, Nashville TN 37206. The outstanding balance was paid if full as of June 30, 2022.

7. 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 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 at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Teachers employed by the Organization 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.

7. RETIREMENT PLANS (continued)

Hybrid (continued)

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.

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 Local Education Agencies 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 4.00 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. 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 Nashville Classical Charter School for the year ended June 30, 2022 to the Teacher Retirement Plan were $65,431 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.

7. RETIREMENT PLANS (continued)

Hybrid (continued)

Pension Asset

At June 30, 2022, Nashville Classical Charter School reported an asset of $177,301 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. Nashville Classical Charter School proportion of the net pension asset was based on Nashville Classical Charter School share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2021, Nashville Classical's proportion was 0.163681 percent. The proportion measured as of June 30, 2020 was 0.177681 percent.

Pension Expense

For the year ended June 30, 2022, the Organization recognized pension expense of $20,472.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2022, the Organization reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,084	$ 32,442
Net difference between projected ` and actual earning on pension plan investments	-	102,059
Changes in assumptions	63,951	-
Changes in proportion of Net Pension Asset	6,821	16,891
Contributions subsequent to the measurement date of June 30, 2021	65,431	not applicable
Total	$ 139,287	$ 151,392

7. RETIREMENT PLANS (continued)

Hybrid (continued)

Deferred outflows of resources and deferred inflows of resources (continued)

The Organization's employer contributions of $65,431 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2023	$	(23,477)
2024	$	(22,918)
2025	$	(22,759)
2026	$	(25,327)
2027	$	1,895
Thereafter	$	15,050

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

Actuarial Assumptions

The total pension liability in the June 30, 2021 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	6.75 percent, net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.125 percent

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

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, demographic assumptions were adjusted to more closely reflect actual and expected future experience.

7. RETIREMENT PLANS (continued)

Hybrid (continued)

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, 2020 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 2.25 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:

Asset Class	**Rate of Return**	**Allocation**
U.S equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
	Total	100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 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.

7. RETIREMENT PLANS (continued)

Hybrid (continued)

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 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Organization's proportionate share share of the net pension liability (asset)	$ 60,951	$ (177,301)	$ (353,021)

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. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and- Governance/Reporting-and-Investment-Policies.

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 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.

7. RETIREMENT PLANS (continued)

Legacy

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 year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and 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 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.

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 (LEAs) 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, 2022 to the Teacher Legacy Pension Plan were $100,169, which is 10.27 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 Asset

At June 30, 2022, the Organization reported an asset of $993,932 for its proportionate share of net pension asset. The net pension asset is measured as of June 30, 2021, and the total pension liability 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 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, 2021 the Organization's proportion was 0.023044 percent. The proportion measured as of June 30, 2020 was 0.015923 percent.

7. RETIREMENT PLANS (continued)

Legacy (continued)

Pension Expense

For the year ended June 30, 2022, the Organization recognized a negative pension expense of $173,836.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2022, the Organization reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,340	$ 82,897
Changes in assumptions	265,562	-
Net difference between projected and actual earning of pensnion plan investments	-	792,639
Changes in proportion of Net Pension Liability (Asset)	121	38,592
Contributions subsequent to the measurement date of June 30, 2021	100,169	not applicable
Total	$ 369,192	$ 914,128

The Organization's employer contributions of $100,169 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2023	$ (157,370)
2024	$ (149,995)
2025	$ (123,829)
2026	$ (213,910)
2027	$ -
Thereafter	$ -

7. RETIREMENT PLANS (continued)

Legacy (continued)

Deferred outflows of resources and deferred inflows of resources (continued)

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

Actuarial Assumptions

The total pension liability in the June 30, 2021 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	6.75 percent, net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.125 percent

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

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. 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, 2020 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 2.25 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:

7. RETIREMENT PLANS (continued)

Legacy (continued)

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
Total		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 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 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Organization's proportionate share share of the net pension liability (asset)	$ (176,886)	$ (993,932)	$ (1,673,877)

7. RETIREMENT PLANS (continued)

Legacy (continued)

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 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 publicly available comprehensive annual financial report of the Metropolitan Government. That report can be obtained at 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.

Contributions

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, 2022 totaled $37,370.

7. RETIREMENT PLANS (continued)

Metro (continued)

Pension Asset

At June 30, 2021, the Organization reported a net pension asset of $65,561. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial as of July 1, 2020. The Organization's employer proportion of the net pension asset was based upon the Organization's contributions to the pension plan during the year ended June 30, 2022, relative to all contributions for 2022. At the measurement date June 30, 2021 the Organization's proportion share was 0.0388038 percent.

Pension Expense

For the year ended June 30, 2022, The Organization recognized negative pension expense for the Metro plan of $37,023.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the Organization reported deferred outflows of resources related to the Metro Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 79,703	$ -
Net difference between projected and actual earning on pension plan investments	-	-
Changes in assumptions	-	138,504
Changes in proportion of Net Pension liability (asset)	-	-
Contributions subsequent to the measurement date of June 30, 2021	37,370	not applicable
Total	$ 117,073	$ 138,504

7. RETIREMENT PLANS (continued)

Metro (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021. Actuarial assumptions are summarized below:

Inflation	2.50 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	6.75 percent, net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.125 percent

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 2.50 percent.

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

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S equity	5.10%	24%
Developed market international equity	5.30%	16%
Emerging market international equity	7.90%	10%
Private equity and strategic lending	7.90%	10%
U.S. fixed income	4.90%	10%
Real estate	2.30%	20%
Short-term securities	2.70%	10%
Total		100%

7. 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 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Organization's proportionate share share of the net pension liability (asset)	$ (63,173)	$ (65,561)	$ (82,400)

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.

Stabilization Reserve Trust

Legal Provisions

The Organization is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The Organization has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School Department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Organization may not impose any restrictions on investments placed by the trust on their behalf.

7. RETIREMENT PLANS (continued)

Stabilization Reserve Trust (continued)

Investment Balances

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2021, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes so to be represented in the table below.

7. RETIREMENT PLANS (continued)

Stabilization Reserve Trust (continued)

Investment Balances (continued)

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest. Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date.

Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

US Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2022 the Organization had investments in the amount of $211,365 held by the trust on its behalf. For the year ended June 30, 2022, the employer contributions for the Organization were $64,998 based on a rate of 1.13 percent of covered payroll. The investment loss allocation for the Organization as of June 30, 2022 was ($9,641). As of June 30 2022, the Organization made a $50,218 contribution subsequent to the measurement date.

7. RETIREMENT PLANS (continued)

Stabilization Reserve Trust (continued)

Risks and Uncertainties

The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Organization does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Organization does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. The Organization places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Organization to pay retirement benefits of the Organization's employees.

7. RETIREMENT PLANS (continued)

Defined Contributions Plan

The Organization provides a combination of a defined benefit plan and a defined contribution plan. The defined contribution portion of the Teacher Retirement Plan is administered and managed by Empower Retirement through Great-West Life & Annuity Insurance Company. Enrolled employees may, at their option, contribute up to 5% of their salaries and employers are required to contribute 4% of those salaries to the defined contribution (401(k)) portion of the Teacher Retirement Plan. During 2022, the Organization's employer contribution to the defined contribution (401(k)) portion of the Teachers Retirement Plan was $163,729. Participants are immediately vested in their contribution plus actual earnings, along with the employer contributions, to the defined contribution portion of the Teacher Retirement Plan. Due to that immediate vesting, there will be no forfeitures. At June 30, 2022, there was no outstanding employer liability.

8. 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 the settlements have not exceeded coverage in any of the prior three years.

9. 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.

REQUIRED SUPPLEMENTARY INFORMATION

NASHVILLE CLASSICAL CHARTER SCHOOL
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER RETIREMENT PLAN OF TCRS
Last Fiscal Year Ended June 30, 2021

	2015	2016	2017	2018	2019	2020	2021
Nashville Classical's Proportion of the net pension liability (asset)	0.000000%	0.090051%	0.135476%	0.148885%	0.161504%	0.177681%	0.163681%
Nashville Classical's proportionate share of the net pension liability (asset)	$ -	$ (9,375)	$ (35,744)	$ (67,523)	$ (91,167)	$ (101,037)	$ (177,301)
Nashville Classical's covered payroll	$ -	$ 396,235	$ 889,184	$ 1,301,077	$ 1,709,042	$ 2,242,189	$ 2,360,088
Nashville Classical's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-	(0.0237%)	(0.402%)	(0.519%)	(0.0533%)	(4.51%)	7.5100
Plan fiduciary net position as a percentage of total pension liability	0.00%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%

*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.

Changes of assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decrease the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate from 7.50 percent to 7.25 percent; decrease the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

NASHVILLE CLASSICAL CHARTER SCHOOL
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER LEGACY PENSION PLAN OF TCRS
Last Fiscal Year Ended June 30, 2021

	2015	2016	2017	2018	2019	2020	2021
Nashville Classical's Proportion of the net pension liability (asset)	0.000000%	0.012486%	0.012569%	0.012747%	0.014114%	0.015923%	0.023044%
Nashville Classical's proportionate share of the net pension liability (asset)	$ -	$ 78,030	$ (4,114)	$ (44,857)	$ (145,117)	$ (121,425)	$ (993,932)
Nashville Classical's covered payroll	$ -	$ 450,716	$ 444,318	$ 446,369	$ 473,260	$ 529,959	$ 756,334
Nashville Classical's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.173%	(0.93%)	(0.1005%)	(30.66%)	(22.91%)	(131.41%)
Plan fiduciary net position as a percentage of total pension liability	0.00%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%

*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.

Changes of assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decrease the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate from 7.50 percent to 7.25 percent; decrease the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

NASHVILLE CLASSICAL CHARTER SCHOOL
SCHEDULE OF CONTRIBUTIONS
TEACHER RETIREMENT PLAN OF TCRS
For the Year Ended June 30, 2022

	2016	2017	2018	2019	2020	2021	2022
Contractually Required	$ 9,919	$ 35,567	$ 21,217	$ 33,156	$ 45,517	$ 47,718	$ 51,215
Contribution in relation to the contractually required contribution	$ 15,849	$ 35,567	$ 52,043	$ 33,156	$ 45,517	$ 47,718	$ 51,215
Contribution deficiency (excess)	$ (5,930)	$ -	$ (30,826)	$ -	$ -	$ -	$ -
Nashville Classical's Covered Payroll	$ 396,235	$ 889,184	$ 1,301,077	$ 828,900	$ 2,242,189	$ 2,360,088	$ 2,522,906
Contributions as a percentage of Nashville Classical's covered payroll	4.00%	4.00%	4.00%	4.00%	2.03%	2.02%	2.03%

*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.

Changes of assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decrease the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate from 7.50 percent to 7.25 percent; decrease the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

NASHVILLE CLASSICAL CHARTER SCHOOL
SCHEDULE OF CONTRIBUTIONS
TEACHER LEGACY PENSION PLAN OF TCRS
For the Year Ended June 30, 2022

	2016	2017	2018	2019	2020	2021	2022
Contractually Required	$ 40,745	$ 40,167	$ 40,530	$ 30,128	$ 56,335	$ 77,676	$ 100,169
Contribution in relation to the contractually required contribution	40,745	40,167	40,530	30,128	56,335	77,676	100,169
Contribributiion deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Nashville Classical's Covered Payroll	$ 450,716	$ 444,318	$ 446,369	$ 333,274	$ 529,962	$ 756,334	$ 975,355
Contributions as a percentage of Nashville Classical's covered payroll	9.04%	9.04%	9.08%	9.04%	10.63%	10.63%	10.27%

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.

Changes of assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decrease the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate from 7.50 percent to 7.25 percent; decrease the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

OTHER SUPPLEMENTARY INFORMATION

Nashville Classical Charter School (Organization) was established in 2013. The Organization is currently operating one school and serves grades kindergarten through 8th grade. The location of the school is 2000 Greenwood Avenue, Nashville, TN 37206.

The Board of Directors for the fiscal year ended June 30, 2022, was comprised of the following members:

Governing Board

Name	Title	Term	Term Expiration
David Wells	Chair	3 Years	July 2023
Shani Dowell	Vice Chair	3 Years	July 2022
Andrew Maxwell	Secretary	3 Years	July 2023
Scott Van Dusen	Treasurer	3 Years	July 2022
Laura Encalade	Member	3 years	July 2022
Mark Cate	Member	3 Years	September 2024
Javier Solano	Parent Representative	4 years	July 2023
Elizabeth Palmer	Member	3 years	July 2023
Christian Paro	Member	3 years	September 2024

Administration

Name	Position
Charles Friedman	Executive Director
Nida Rab	Sr. Director of Finance & Compliance
Matt Dempsey	Sr. Director of Growth, Strategy & Operations

Management of the Organization has determined that a Schedule of Federal Awards does not need to be presented based on guidance received from Metro Nashville Public Schools (MNPS), the Tennessee Department of Education and the Division of Local Government Audit. Per the guidance, Federal funds passed through MNPS do not constitute subawards to the Organization, and therefore, those expenditures are not be subject to Single Audit under the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards or listed on the Organization's Schedule of Expenditures of Federal Awards.

OTHER INDEPENDENT AUDITORS' REPORTS

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*

Independent Auditors' Report

Board of Directors
Nashville Classical Charter School
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 (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund of Nashville Classical Charter School (the Organization), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Nashville Classical Charter School's basic financial statements, and have issued our report thereon dated January 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other 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
January 31, 2023

FINDINGS AND RECOMMENDATIONS

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Nashville Classical Charter School.

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 *Government Auditing Standards.*

3. No instances of noncompliance material to the financial statements of Nashville Classical Charter School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. Nashville Classical Charter School did not have a Single Audit as required under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, a Single Audit was not performed.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Not applicable

NASHVILLE CLASSICAL CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR FINDINGS
June 30, 2022

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