THE EDISON SCHOOL, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2018 and 2017

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MFA

McMurray, Fox & Associates, PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Edison School, Inc.

We have audited the accompanying financial statements of The Edison School, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Edison School, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McMurray, Fox & Associates

McMurray, Fox & Associates, PLLC
Hendersonville, Tennessee
January 30, 2019

THE EDISON SCHOOL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 and 2017

	June 30, 2018	June 30, 2017
ASSETS		
Current assets		
Cash , $0 and $5,133 restricted, respectively	$ 72,703	$ 104,972
Accounts Receivable	322	-
Prepaid Assets	881	-
Total current assets	73,906	104,972
Fixed assets		
Computer & office equipment	6,496	6,496
Less: accumulated depreciation	(6,305)	(4,140)
Net fixed assets	191	2,356
Surety bond	-	1,280
Total assets	$ 74,097	$ 108,607
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued liabilities	$ 3,745	$ 4,966
Deferred revenue	-	3,850
Total current liabilities	3,745	8,816
Net assets		
Unrestricted	70,352	94,659
Temporarily restricted	-	5,133
Total net assets	70,352	99,792
Total liabilities and net assets	$ 74,097	$ 108,608

See independent auditor's report and notes to the financial statements

THE EDISON SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support			
Student tuition and fees	$ 325,180	$ -	$ 325,180
Less student aid	(13,902)	-	(13,902)
	311,278	-	311,278
Fundraising	15,520	-	15,520
Contributions	50,705	-	50,705
Miscellaneous	131	-	131
Grants	31,000	-	31,000
	97,356	-	97,356
Net assets released from restrictions	5,133	(5,133)	-
Total revenues, gains and other support	413,767	(5,133)	408,634
Expenditures			
Salaries and benefits	266,715	-	266,715
Subcontractors	18,000	-	18,000
Office	5,283	-	5,283
Classroom	9,167	-	9,167
Fundraising	2,671	-	2,671
PTO	3,762	-	3,762
Rent and utilities	93,720	-	93,720
Advertising	5,751	-	5,751
Depreciation	2,165	-	2,165
Bad debt expense	3,022	-	3,022
Other program expenses	27,818	-	27,818
Total expenditures	438,074	-	438,074
Increase (decrease) in net assets	(24,307)	(5,133)	(29,440)
Net assets at beginning of year	94,659	5,133	99,792
Net assets at end of year	$ 70,352	-	$ 70,352

See independent auditor's report and notes to the financial statements

THE EDISON SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support			
Student tuition and fees	$ 320,377	$ -	$ 320,377
Less student aid	(19,150)	-	(19,150)
	301,227	-	301,227
Fundraising	36,478	-	36,478
Contributions	50,633	5,133	55,766
Miscellaneous	289	-	289
Grants	30,000	-	30,000
	117,400	5,133	122,533
Net assets released from restrictions	2,073	(2,073)	-
Total revenues, gains and other support	420,700	3,060	423,760
Expenditures			
Salaries and benefits	276,742	-	276,742
Subcontractors	18,000	-	18,000
Office	5,887	-	5,887
Classroom	14,721	-	14,721
Fundraising	9,508	-	9,508
PTO	4,654	-	4,654
Rent and utilities	102,736	-	102,736
Advertising	6,253	-	6,253
Depreciation	2,165	-	2,165
Bad debt expense	3,450	-	3,450
Other program expenses	48,722	-	48,722
Total expenditures	492,838	-	492,838
Increase (decrease) in net assets	(72,138)	3,060	(69,078)
Net assets at beginning of year	166,797	2,073	168,870
Net assets at end of year	$ 94,659	$ 5,133	$ 99,792

See independent auditor's report and notes to the financial statements

THE EDISON SCHOOL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 and 2017

	June 30, 2018	June 30, 2017
Operating activities:		
Increase (decrease) in net assets	$ (29,440)	$ (69,078)
Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities:		
Depreciation	2,165	2,165
(Increase) decrease in accounts receivable	(322)	-
(Increase) decrease in prepaid assets	(881)	-
Increase (decrease) in deferred revenue	(3,850)	(150)
Increase (decrease) in accrued liabilities	(1,221)	(404)
Surety bond adjustment	1,280	(1,280)
Total adjustments	(2,829)	331
Net cash provided by (used in) operating activities	(32,269)	(68,747)
Net increase (decrease) in cash	(32,269)	(68,747)
Cash at beginning of year	104,972	173,719
Cash at end of year	$ 72,703	$ 104,972

See independent auditor's report and notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Edison School, Inc. (the School) is a private co-educational day school that helps children in grades K-8 with specific learning differences and unique learning styles, develop academically as well as socially and emotionally. The mission of the School is to prepare students to meet the challenges of tomorrow through self-understanding and the creation of healthy compensatory skills. The School is supported primarily through tuition revenues and donations.

B. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

C. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed stipulations. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the School and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the funds are received are reported in the statement of activities as unrestricted. The School has no temporarily restricted net assets at June 30, 2018.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the School. The School has no permanently restricted net assets at June 30, 2018 and 2017.

D. 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. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and on hand as of June 30, 2018 and 2017.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets which was determined to be three years. Depreciation expense for the years ended June 30, 2018 and 2017 was $2,165 and $2,165, respectively.

The School's capitalization policy requires individual assets to be capitalized if the cost or fair market value exceeds $1,000. Repair and maintenance costs are expensed as incurred.

G. Revenue Recognition

The School records tuition and fees collected prior to the beginning of each academic year as deferred revenue. Income from tuition and fees is recognized at the beginning of the year when classes begin.

Contributions received are recognized as revenue when the donor's commitment is received.

Grants and contracts consist primarily of contractual agreements with private entities who wish to further the advancement and mission of the school. Revenue is recognized on grants upon receipt of the funds and classified as either unrestricted or temporarily restricted revenue depending upon the grantor's wishes.

H. Advertising Costs

Advertising costs are expensed as occurred. Advertising expense totaled $5,751 and $6,253 for the years ended June 30, 2018 and 2017, respectively.

I. Income Taxes

The School is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made.

J. Reclassification

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation.

NOTE 2 – LEASE

Beginning in August 2016, the School entered into a new lease agreement with monthly payments of approximately $6,667 with lease terms extending through July 2019 with minimum lease payments of $80,000 per year for fiscal year ending June 30, 2018 and 2019.

NOTE 2 – LEASE (continued)

Total rent expense was $72,667 and $76,333 for the years ended June 30, 2018 and 2017, respectively.

NOTE 3 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 30, 2019, the date the financial statements were available to be issued.