

**LEAD PUBLIC SCHOOLS, INC.
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
LEAD Public Schools, Inc. and Affiliates
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of LEAD Public Schools, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LEAD Public Schools, Inc. and Affiliates as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 19 – 24 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Frasier, Orr & Hard, PLLC

Nashville, Tennessee
December 28, 2016

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,919,539	\$ 3,588,364
Accounts receivable	1,272,944	1,549,273
Prepaid expenses and other	<u>43,155</u>	<u>119,149</u>
Total current assets	5,235,638	5,256,786
Property and equipment, net	5,123,429	3,109,243
Construction in progress	<u>50,665</u>	<u>1,075,752</u>
Total assets	<u><u>\$ 10,409,732</u></u>	<u><u>\$ 9,441,781</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 401,029	\$ 419,886
Accrued expenses	538,803	1,519,211
Other liabilities	115,011	7,350
Notes payable, current portion	<u>133,671</u>	<u>109,468</u>
Total current liabilities	1,188,514	2,055,915
Notes payable, noncurrent portion	<u>4,358,911</u>	<u>2,041,928</u>
Total liabilities	<u>5,547,425</u>	<u>4,097,843</u>
Net assets:		
Unrestricted	<u>4,862,307</u>	<u>5,343,938</u>
Total net assets	<u>4,862,307</u>	<u>5,343,938</u>
Total liabilities and net assets	<u><u>\$ 10,409,732</u></u>	<u><u>\$ 9,441,781</u></u>

See accompanying notes.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
District funding	\$18,745,813	\$ -	\$18,745,813
Federal grants	1,707,211	-	1,707,211
Contributions and other	1,028,332	-	1,028,332
Other grants	181,251	-	181,251
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>21,662,607</u>	<u>-</u>	<u>21,662,607</u>
Expenses:			
Student instruction and services	20,087,085	-	20,087,085
Administration	1,947,482	-	1,947,482
Fundraising	<u>188,273</u>	<u>-</u>	<u>188,273</u>
Total expenses	<u>22,222,840</u>	<u>-</u>	<u>22,222,840</u>
Other income:			
Rental income	84,076	-	84,076
Realized loss on sale of investments	<u>(5,474)</u>	<u>-</u>	<u>(5,474)</u>
Total other income	<u>78,602</u>	<u>-</u>	<u>78,602</u>
Change in net assets	(481,631)	-	(481,631)
Net assets at beginning of year	<u>5,343,938</u>	<u>-</u>	<u>5,343,938</u>
Net assets at end of year	<u><u>\$ 4,862,307</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,862,307</u></u>

See accompanying notes.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
District funding	\$15,369,762	\$ -	\$15,369,762
Contributions and other	2,279,544	-	2,279,544
Federal grants	1,609,499	-	1,609,499
Other grants	104,152	-	104,152
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>19,362,957</u>	<u>-</u>	<u>19,362,957</u>
Expenses:			
Student instruction and services	16,429,773	-	16,429,773
Administration	2,059,515	-	2,059,515
Fundraising	<u>145,363</u>	<u>-</u>	<u>145,363</u>
Total expenses	<u>18,634,651</u>	<u>-</u>	<u>18,634,651</u>
Other income:			
Rental income	85,968	-	85,968
Loss on disposal of property and equipment	<u>(204,008)</u>	<u>-</u>	<u>(204,008)</u>
Total other income	<u>(118,040)</u>	<u>-</u>	<u>(118,040)</u>
Change in net assets	610,266	-	610,266
Net assets at beginning of year	<u>4,733,672</u>	<u>-</u>	<u>4,733,672</u>
Net assets at end of year	<u><u>\$ 5,343,938</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,343,938</u></u>

See accompanying notes.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	Student Instruction and Services	Supporting Services		Total Expenses
		Administration	Fundraising	
Salaries, wages and benefits	\$ 13,511,737	\$ 842,029	\$ 119,208	\$ 14,472,974
Occupancy cost	2,247,120	29,912	-	2,277,032
Transportation	2,131,289	44,302	444	2,176,035
Professional and service fees	254,996	660,061	14,280	929,337
Instructional	747,729	5,767	6,601	760,097
Depreciation	439,536	50,706	-	490,242
Other expenses	224,463	245,409	1,820	471,692
Office expense	292,692	36,737	3,320	332,749
Organizational development	61,770	8,815	42,600	113,185
Outreach	87,224	15,392	-	102,616
Staff development	88,529	8,352	-	96,881
	<u>\$ 20,087,085</u>	<u>\$ 1,947,482</u>	<u>\$ 188,273</u>	<u>\$ 22,222,840</u>
Total expenses	<u>\$ 20,087,085</u>	<u>\$ 1,947,482</u>	<u>\$ 188,273</u>	<u>\$ 22,222,840</u>

See accompanying notes.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

	Student Instruction and Services	Supporting Services		Total Expenses
		Administration	Fundraising	
Salaries, wages and benefits	\$ 11,350,150	\$ 948,712	\$ 131,236	\$ 12,430,098
Occupancy cost	1,633,490	8,262	-	1,641,752
Instructional	1,128,904	10,582	-	1,139,486
Transportation	1,112,814	-	-	1,112,814
Professional and service fees	115,572	776,766	-	892,338
Depreciation	400,733	40,177	-	440,910
Other expenses	218,130	148,939	-	367,069
Office expense	221,868	48,194	-	270,062
Staff development	139,096	18,343	-	157,439
Outreach	94,742	16,719	-	111,461
Organizational development	14,274	42,821	14,127	71,222
	<u>\$ 16,429,773</u>	<u>\$ 2,059,515</u>	<u>\$ 145,363</u>	<u>\$ 18,634,651</u>
Total expenses	<u>\$ 16,429,773</u>	<u>\$ 2,059,515</u>	<u>\$ 145,363</u>	<u>\$ 18,634,651</u>

See accompanying notes.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (481,631)	\$ 610,266
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Receipt of donated stock	-	(218,768)
Loss on disposal of property and equipment	-	204,008
Depreciation	490,242	440,910
Changes in operating assets and liabilities:		
Accounts receivable	276,329	(1,040,995)
Prepaid expenses and other	75,994	(20,984)
Accounts payable	(18,857)	(252,967)
Accrued expenses	(980,408)	870,909
Other liabilities	107,661	(1,854)
Net cash (used in) provided by operating activities	<u>(530,670)</u>	<u>590,525</u>
Cash flows from investing activities:		
Proceeds from sale of investments	-	218,768
Purchase of property and equipment	<u>(1,479,341)</u>	<u>(1,328,793)</u>
Net cash used in investing activities	<u>(1,479,341)</u>	<u>(1,110,025)</u>
Cash flows from financing activities:		
Proceeds from notes payable	2,457,401	-
Payments on notes payable	(116,215)	(51,585)
Payments on capital lease obligations	<u>-</u>	<u>(39,349)</u>
Net cash provided by (used in) financing activities	<u>2,341,186</u>	<u>(90,934)</u>
Net increase (decrease) in cash and cash equivalents	331,175	(610,434)
Cash and cash equivalents at beginning of year	<u>3,588,364</u>	<u>4,198,798</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,919,539</u></u>	<u><u>\$ 3,588,364</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 142,697</u>	<u>\$ 72,071</u>
Supplemental schedule of noncash investing and financing activities:		
Receipt of donated stock	<u><u>\$ -</u></u>	<u><u>\$ 218,768</u></u>

See accompanying notes.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LEAD Public Schools, Inc. (“LPS”) was incorporated during 2010 as a charter management organization that starts and operates public charter schools in Middle Tennessee. Public charter schools in Tennessee are public schools operated under a charter contract with a local district, statewide district, or the state board of education and governed under a nonprofit board of directors separate from the district. Currently, LPS operates five charter schools as single member limited liability corporations consisting of LEAD Academy, Nonprofit, LLC (the “Academy”), Cameron College Prep, Nonprofit, LLC (“Cameron”), Brick Church College Prep, Nonprofit, LLC (“Brick Church”), LEAD Prep Southeast, Nonprofit, LLC (“Southeast”), and Neely’s Bend College Prep, Nonprofit, LLC (“Neely’s Bend”). In addition, LPS operates a real estate holding company, LEAD Real Estate Holdings, Nonprofit, LLC (“LEAD Real Estate”).

In accordance with the Academy’s, Cameron’s, and Southeast’s charter agreements, enrollment is open to any student within the Metropolitan Nashville Public Schools (“MNPS”) System who resides in Davidson County. Brick Church’s enrollment is restricted to students who would have been zoned to Brick Church Middle School or other ASD Priority School. If space exists after planned enrollment of zoned students, other eligible students may enroll or be included in an enrollment lottery pursuant to T.C.A § 49-13-106. The Academy currently enrolls students in grades five through twelve. The Academy’s charter provides for a total enrollment of 800. Cameron began classes in August 2011 and currently enrolls students in grades five through eight. Brick Church began classes in August 2012 and currently enrolls students in grades five through eight. Southeast began classes in August 2013 and currently enrolls students in grades five through seven. Neely’s Bend began classes in August 2015 and currently enrolls students in grade five.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements present the financial position and results of operations of LPS, the Academy, Cameron, Brick Church, Southeast, Neely’s Bend, and LEAD Real Estate (collectively the “Organization”). The Academy, Cameron, Brick Church, Southeast, and Neely’s Bend were organized in accordance with Section 6(1)(a) of the Tennessee Public Charter School Act of 2002 (the “Act”). 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 Academy entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on July 23, 2006, to operate a charter school in Nashville, Tennessee. The Academy began classes in July 2007 with fifth and sixth grade classes. The Academy has since added a grade each year until it reached twelfth grade. Cameron entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on October 1, 2010, to operate a charter school in Nashville, Tennessee. Cameron began classes in August 2011 with fifth grade and plans to add a grade each subsequent year through the eighth grade. Brick Church entered into a Charter School

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Agreement with the Tennessee Achievement School District on June 1, 2012, to operate a charter school in Nashville, Tennessee. Brick Church began classes in August 2012 with fifth grade and plans to add a grade each subsequent year through the eighth grade. Southeast entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on October 25, 2011, to operate a charter school in Nashville, Tennessee. Southeast began classes in August 2013 with fifth grade and plans to add a grade each subsequent year through the twelfth grade. Neely's Bend entered into a Charter School Agreement with the Tennessee Achievement School District on May 21, 2015, to operate a charter school in Nashville, Tennessee. Neely's Bend began classes in August 2015 with fifth grade and plans to add a grade each subsequent year through the eighth grade.

The Organization presents its consolidated financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") guidance for not-for-profit organizations. Under this guidance, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets 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 Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. The Organization had no temporarily restricted net assets at June 30, 2016 and 2015.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned for unrestricted purposes. The Organization had no permanently restricted net assets at June 30, 2016 and 2015.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments with original maturities when purchased of less than three months to be cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

Accounts Receivable

Accounts receivable represent amounts due from grants or other sources which have been approved but not received. All receivables are reported at estimated collectible amounts.

Property and Equipment

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 consolidated statement of activities. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years, or over the term of the lease for leasehold improvements, if less.

Donated Materials, Services and Assets

Donated materials and equipment, if any, are reflected as contributions in the accompanying consolidated financial statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. A number of unpaid volunteers have made significant contributions of their time to assist in fundraising and special projects. However, these services do not meet the requirements above and have not been recorded.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants

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

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled \$10,992 and \$17,644 for the years ended June 30, 2016 and 2015, respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated based upon management's estimate among the programs and supporting services benefited.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the consolidated financial statements.

The Organization follows FASB ASC guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying consolidated financial statements. Tax years that remain open for examination include years ended June 30, 2013 through June 30, 2016.

Subsequent Events

The Organization evaluated subsequent events through December 28, 2016, when these consolidated financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying consolidated financial statements.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Land	\$ 542,960	\$ 542,960
Buildings and improvements	4,401,217	2,375,657
Computer equipment	799,575	578,879
Furniture and fixtures	181,165	148,196
Office equipment	103,920	78,703
Textbooks	37,038	37,038
Leasehold improvements	302,234	105,792
School buses	<u>426,284</u>	<u>426,284</u>
	6,794,393	4,293,509
Less accumulated depreciation	<u>(1,670,964)</u>	<u>(1,184,266)</u>
	<u><u>\$ 5,123,429</u></u>	<u><u>\$ 3,109,243</u></u>

Depreciation expense totaled \$490,242 and \$440,910 for the years ended June 30, 2016 and 2015, respectively.

Construction in progress totaling \$50,665 and \$1,075,752 at June 30, 2016 and 2015, respectively, consisted of architectural fees and improvements made to the Organization's Metroplex property purchased during fiscal 2014.

NOTE 3 – OPERATING LEASES

The facilities used to provide educational services of the Academy are provided under an operating lease arrangement with St. Vincent De Paul Catholic Church entered into in August 2009 that terminated July 31, 2015 with the option to extend the lease for one year. The Academy elected to exercise the option to extend the termination date to July 31, 2016. The lease requires an annual use fee of \$170,000 payable in equal monthly installments. Under the terms of the lease, the Academy paid rent expense of approximately \$170,000 for the years ended June 30, 2016 and 2015, respectively. Effective June 15, 2016, this lease was terminated by the Academy in accordance with the lease terms. Upon termination, the Academy moved the grade levels at this location to Cameron.

The Academy also entered into a lease arrangement with MNPS for certain educational facilities. The current lease terminates on June 30, 2018. The lease required monthly payments of \$20,585 beginning for the year ended June 30, 2014 subject to annual increases of 2%. Additionally, the lease provides for a 50% rate reduction for tenant improvement expenditures made to the facility. Under the terms of the lease, the Academy paid rent expense of \$124,151 for the year ended June 30, 2015. Effective July 10, 2015, this lease was terminated by the Academy in accordance with the lease terms. Upon termination, the Academy moved the grade levels at this location to Brick Church.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 3 – OPERATING LEASES (Continued)

During 2014, Cameron entered into a lease arrangement with MNPS for certain educational facilities starting July 1, 2014 and expires June 30, 2021. The lease requires monthly rent payments of \$31,417 subject to annual increases of 2%. Under terms of the lease, Cameron paid rent expense of \$376,822 during the year ended June 30, 2015. Effective July 1, 2015, this lease was amended permitting the Academy's ninth grade to use a portion of Cameron's leased space. The amendment requires monthly rental payments of \$25,957 from Cameron and \$10,347 from the Academy for the year ended June 30, 2016 subject to annual increases of 2%. The amendment also gives the Organization the right to terminate the lease subject to 60 days written notice. Under the terms of the amended lease, rent expense totaled \$458,016 for the year ended June 30, 2016.

As of June 30, 2016, future minimum operating lease payments required are as follows:

Years Ending <u>June 30,</u>	
2017	458,523
2018	453,244
2019	462,309
2020	471,555
2021	480,986
Thereafter	<u>-</u>
	<u>\$ 2,326,617</u>

NOTE 4 – NOTES PAYABLE

In April 2012, the Organization entered into a loan agreement with CSGF Tennessee, LLC. Under terms of the loan, the Organization received \$500,000 to be used for general support and management of the Organization. The note bears interest at 3.25%. The entire principal amount plus any accrued and unpaid interest is due on June 30, 2017; however, under terms of the loan, the note may be forgiven provided the Organization meets certain milestones.

During November 2013, the Organization entered into a second loan agreement with CSGF Tennessee, LLC. Under terms of the loan, the Organization received \$100,000 to be used for general support and management of the Organization. The note bears interest at 1.00%. The entire principal amount plus any accrued and unpaid interest is due on June 30, 2019; however, under terms of the loan, the note may be forgiven provided the Organization meets certain milestones.

During July 2015, the Organization entered into a third loan agreement with CSGF Tennessee, LLC. Under terms of the loan, the Organization received \$100,000 to be used for general support and management of the Organization. The note bears interest at 1.00%. The entire principal amount plus any accrued and unpaid interest is due on June 30, 2021; however, under terms of the loan, the note may be forgiven provided the Organization meets certain milestones.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 4 – NOTES PAYABLE (Continued)

In February 2014, the Organization entered into a note payable with a financial institution for the purchase of certain real estate. During September 2015, this note payable was restructured to a term loan with total borrowings of \$3,900,000 requiring monthly payments of \$24,753 including interest calculated at 4.00%. Total outstanding amounts plus accrued and unpaid interest are due on September 1, 2020. The agreement is secured by a deed of trust and a negative pledge of the Organization's assets. Amounts outstanding under this note totaled \$3,792,582 and \$1,551,396 at June 30, 2016 and 2015, respectively. Additionally, the agreement contains restrictive covenants that are tested twice per year, on June 30th and December 31st, on a rolling four quarter basis. The testing periods for the debt service coverage ratio were waived. At June 30, 2016, the Organization was in compliance with the other covenants.

Future principal payments on the notes are as follows at June 30, 2016:

Years Ending <u>June 30,</u>	
2017	\$ 133,671
2018	638,732
2019	244,464
2020	150,064
2021	<u>3,325,651</u>
	<u>\$ 4,492,582</u>

NOTE 5 – LINE OF CREDIT

The Organization maintains a line of credit agreement with a financial institution to provide maximum borrowings of \$1,000,000. The line of credit requires monthly interest payments calculated at the bank's prime rate not to fall below 4.5% and matures in February 2017. There were no outstanding amounts under this line of credit as of June 30, 2016 or 2015.

NOTE 6 – FEDERAL GRANTS

The Organization receives federal passthrough funding from various grantor agencies to help meet objectives and accomplish its mission as a charter school. Total federal awards received during the years ended June 30, 2016 and 2015 totaled \$1,707,211 and \$1,609,499 respectively.

NOTE 7 – CONCENTRATIONS

For the years ended June 30, 2016 and 2015, the Organization received \$18,476,216 (76%) and \$15,048,361 (78%), respectively, of its funding for operations from MNPS based on the State of Tennessee's Basic Education Program ("BEP"). BEP funding is designated to schools based on student attendance.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 8 – RETIREMENT PLANS

Tennessee Legacy Pension Plan of TCRS

Plan description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of the Organization 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. Beginning July 1, 2014, the Teacher Retirement Plan became effective 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. 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 in 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 publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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. Under the Teacher Legacy Pension 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.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 8 – RETIREMENT PLANS (Continued)

Tennessee Legacy Pension Plan of TCRS (Continued)

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 (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. 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, 2016 to the Teacher Legacy Pension Plan were 9.04 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.

Teacher Retirement Plan of TCRS

Plan description. Teachers with membership in the TCRS before July 1, 2014 of the Organization are provided with pensions through the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. 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 in 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 publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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 COLAs after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2016 and 2015

NOTE 8 – RETIREMENT PLANS (Continued)

Teacher Retirement Plan of TCRS (Continued)

year. The COLA is based on the change in the 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 LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for 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 the Organization for the year ended June 30, 2016 to the Teacher Retirement Plan were 4 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.

Members of the Teacher Retirement Plan are also included in a 401(k) component whereby employer contributions are made at 5 percent of covered payroll.

Employer contributions for both the Tennessee Legacy Teachers Plan of TCRS and the Teacher Retirement Plan totaled \$708,912 and \$568,556 for the years ended June 30, 2016 and 2015.

Other Plan

The Organization's noncertified employees are covered under a 403(b) plan. Under terms of the plan, employee contributions are matched 200% up to a maximum match of 6% of eligible compensation by the Organization. Employer contributions to this plan totaled \$99,904 and \$110,649 for the years ended June 30, 2016 and 2015, respectively.

SUPPLEMENTAL INFORMATION

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2016

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
Assets									
Current assets:									
Cash and cash equivalents	\$ 3,886,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,863	\$ -	\$ 3,919,539
Accounts receivable	1,256,114	-	-	-	-	-	16,830	-	1,272,944
Prepaid expenses and other	43,155	-	-	-	-	-	-	-	43,155
Total current assets	5,185,945	-	-	-	-	-	49,693	-	5,235,638
Investment in Academy	(2,064,154)	-	-	-	-	-	-	2,064,154	-
Investment in Cameron	3,078,034	-	-	-	-	-	-	(3,078,034)	-
Investment in Southeast	486,478	-	-	-	-	-	-	(486,478)	-
Investment in Brick Church	273,100	-	-	-	-	-	-	(273,100)	-
Investment in Neely's Bend	397,253	-	-	-	-	-	-	(397,253)	-
Investment in LEAD Real Estate	(553,718)	-	-	-	-	-	-	553,718	-
Property and equipment, net	577,106	-	-	-	-	-	4,546,323	-	5,123,429
Construction in progress	-	-	-	-	-	-	50,665	-	50,665
Total assets	<u>\$ 7,380,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,646,681</u>	<u>\$ (1,616,993)</u>	<u>\$ 10,409,732</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)
June 30, 2016

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
Liabilities and Net Assets									
Current liabilities:									
Accounts payable	\$ 401,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 401,029
Intercompany payable (receivable)	814,506	2,064,154	(3,078,034)	(486,478)	(273,100)	(397,253)	1,356,205	-	-
Accrued expenses	494,541	-	-	-	-	-	44,262	-	538,803
Other liabilities	107,661	-	-	-	-	-	7,350	-	115,011
Note payable, current portion	-	-	-	-	-	-	133,671	-	133,671
Total current liabilities	1,817,737	2,064,154	(3,078,034)	(486,478)	(273,100)	(397,253)	1,541,488	-	1,188,514
Note payable	700,000	-	-	-	-	-	3,658,911	-	4,358,911
Total liabilities	2,517,737	2,064,154	(3,078,034)	(486,478)	(273,100)	(397,253)	5,200,399	-	5,547,425
Net assets (deficit):									
Unrestricted	4,862,307	(2,064,154)	3,078,034	486,478	273,100	397,253	(553,718)	(1,616,993)	4,862,307
Temporarily restricted	-	-	-	-	-	-	-	-	-
Total net assets	4,862,307	(2,064,154)	3,078,034	486,478	273,100	397,253	(553,718)	(1,616,993)	4,862,307
Total liabilities and net assets	<u>\$ 7,380,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,646,681</u>	<u>\$ (1,616,993)</u>	<u>\$ 10,409,732</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2015

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
Assets									
Current assets:									
Cash and cash equivalents	\$ 3,581,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,350	\$ -	\$ 3,588,364
Accounts receivable	1,549,273	-	-	-	-	-	-	-	1,549,273
Prepaid expenses and other	119,149	-	-	-	-	-	-	-	119,149
Total current assets	5,249,436	-	-	-	-	-	7,350	-	5,256,786
Investment in Academy	(1,051,461)	-	-	-	-	-	-	1,051,461	-
Investment in Cameron	2,465,806	-	-	-	-	-	-	(2,465,806)	-
Investment in Southeast	166,266	-	-	-	-	-	-	(166,266)	-
Investment in Brick Church	533,629	-	-	-	-	-	-	(533,629)	-
Investment in Neely's Bend	(36,340)	-	-	-	-	-	-	36,340	-
Investment in LEAD Real Estate	(210,738)	-	-	-	-	-	-	210,738	-
Property and equipment, net	347,421	-	-	-	-	-	2,761,822	-	3,109,243
Construction in progress	-	-	-	-	-	-	1,075,752	-	1,075,752
Total assets	<u>\$ 7,464,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,844,924</u>	<u>\$ (1,867,162)</u>	<u>\$ 9,441,781</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)
June 30, 2015

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
Liabilities and Net Assets									
Current liabilities:									
Accounts payable	\$ 419,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 419,886
Intercompany payable (receivable)	(404,262)	1,051,461	(2,465,806)	(166,266)	(533,629)	36,340	2,482,162	-	-
Accrued expenses	1,504,457	-	-	-	-	-	14,754	-	1,519,211
Other liabilities	-	-	-	-	-	-	7,350	-	7,350
Note payable, current portion	-	-	-	-	-	-	109,468	-	109,468
Total current liabilities	1,520,081	1,051,461	(2,465,806)	(166,266)	(533,629)	36,340	2,613,734	-	2,055,915
Note payable	600,000	-	-	-	-	-	1,441,928	-	2,041,928
Total liabilities	2,120,081	1,051,461	(2,465,806)	(166,266)	(533,629)	36,340	4,055,662	-	4,097,843
Net assets (deficit):									
Unrestricted	5,343,938	(1,051,461)	2,465,806	166,266	533,629	(36,340)	(210,738)	(1,867,162)	5,343,938
Temporarily restricted	-	-	-	-	-	-	-	-	-
Total net assets	5,343,938	(1,051,461)	2,465,806	166,266	533,629	(36,340)	(210,738)	(1,867,162)	5,343,938
Total liabilities and net assets	<u>\$ 7,464,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,844,924</u>	<u>\$ (1,867,162)</u>	<u>\$ 9,441,781</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
Public support and revenue:									
District funding	\$ -	\$ 4,507,424	\$ 5,826,141	\$ 3,772,213	\$ 3,376,754	\$ 1,263,281	\$ -	\$ -	\$ 18,745,813
Contributions and other	933,951	23,961	34,859	12,300	16,257	7,004	-	-	1,028,332
Federal grants	161,980	219,391	278,907	147,616	168,027	731,290	-	-	1,707,211
Other grants	147,265	9,397	9,554	5,638	6,390	3,007	-	-	181,251
Total public support and revenue	1,243,196	4,760,173	6,149,461	3,937,767	3,567,428	2,004,582	-	-	21,662,607
Expenses:									
Student instruction and services	2,370,408	5,368,223	4,952,822	3,236,710	3,466,106	1,429,659	215,734	(952,577)	20,087,085
Administration	1,433,850	404,643	584,411	380,845	361,851	141,330	211,322	(1,570,770)	1,947,482
Fundraising	188,273	-	-	-	-	-	-	-	188,273
Total expenses	3,992,531	5,772,866	5,537,233	3,617,555	3,827,957	1,570,989	427,056	(2,523,347)	22,222,840
Other income (expenses):									
Rental income	-	-	-	-	-	-	84,076	-	84,076
Realized loss on sale of investments	(5,474)	-	-	-	-	-	-	-	(5,474)
Management fees	2,523,347	-	-	-	-	-	-	(2,523,347)	-
Loss in Academy	(1,012,693)	-	-	-	-	-	-	1,012,693	-
Earnings in Cameron	612,228	-	-	-	-	-	-	(612,228)	-
Earnings in Southeast	320,212	-	-	-	-	-	-	(320,212)	-
Loss in Brick Church	(260,529)	-	-	-	-	-	-	260,529	-
Earnings in Neely's Bend	433,593	-	-	-	-	-	-	(433,593)	-
Loss in LEAD Real Estate	(342,980)	-	-	-	-	-	-	342,980	-
Total other income (expenses)	2,267,704	-	-	-	-	-	84,076	(2,273,178)	78,602
Change in net assets	(481,631)	(1,012,693)	612,228	320,212	(260,529)	433,593	(342,980)	250,169	(481,631)
Net assets at beginning of year	5,343,938	(1,051,461)	2,465,806	166,266	533,629	(36,340)	(210,738)	(1,867,162)	5,343,938
Net assets at end of year	<u>\$ 4,862,307</u>	<u>\$ (2,064,154)</u>	<u>\$ 3,078,034</u>	<u>\$ 486,478</u>	<u>\$ 273,100</u>	<u>\$ 397,253</u>	<u>\$ (553,718)</u>	<u>\$ (1,616,993)</u>	<u>\$ 4,862,307</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
Public support and revenue:									
District funding	\$ -	\$ 5,168,669	\$ 5,453,711	\$ 2,185,932	\$ 2,561,450	\$ -	\$ -	\$ -	\$ 15,369,762
Contributions and other	2,207,977	23,777	29,899	13,839	4,052	-	-	-	2,279,544
Federal grants	382,328	228,809	292,560	101,699	477,497	126,606	-	-	1,609,499
Other grants	12,959	28,083	28,989	9,965	24,156	-	-	-	104,152
Total public support and revenue	2,603,264	5,449,338	5,805,159	2,311,435	3,067,155	126,606	-	-	19,362,957
Expenses:									
Student instruction and services	1,880,283	5,532,570	4,910,389	2,140,854	2,459,571	136,195	124,230	(754,319)	16,429,773
Administration	1,751,372	470,914	547,237	219,979	249,601	26,751	120,660	(1,326,999)	2,059,515
Fundraising	145,363	-	-	-	-	-	-	-	145,363
Total expenses	3,777,018	6,003,484	5,457,626	2,360,833	2,709,172	162,946	244,890	(2,081,318)	18,634,651
Other income (expenses):									
Rental income	-	-	-	-	-	-	85,968	-	85,968
Loss on disposal of property and equipment	(204,008)	-	-	-	-	-	-	-	(204,008)
Management fees	2,081,318	-	-	-	-	-	-	(2,081,318)	-
Loss in Academy	(554,146)	-	-	-	-	-	-	554,146	-
Earnings in Cameron	347,533	-	-	-	-	-	-	(347,533)	-
Loss in Southeast	(49,398)	-	-	-	-	-	-	49,398	-
Earnings in Brick Church	357,983	-	-	-	-	-	-	(357,983)	-
Loss in Neely's Bend	(36,340)	-	-	-	-	-	-	36,340	-
Loss in LEAD Real Estate	(158,922)	-	-	-	-	-	-	158,922	-
Total other income (expenses)	1,784,020	-	-	-	-	-	85,968	(1,988,028)	(118,040)
Change in net assets	610,266	(554,146)	347,533	(49,398)	357,983	(36,340)	(158,922)	93,290	610,266
Net assets at beginning of year	4,733,672	(497,315)	2,118,273	215,664	175,646	-	(51,816)	(1,960,452)	4,733,672
Net assets at end of year	<u>\$ 5,343,938</u>	<u>\$ (1,051,461)</u>	<u>\$ 2,465,806</u>	<u>\$ 166,266</u>	<u>\$ 533,629</u>	<u>\$ (36,340)</u>	<u>\$ (210,738)</u>	<u>\$ (1,867,162)</u>	<u>\$ 5,343,938</u>