CURREY INGRAM ACADEMY

FINANCIAL STATEMENTS

June 30, 2013 and 2012

CURREY INGRAM ACADEMY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Currey Ingram Academy
Brentwood, Tennessee

We have audited the accompanying financial statements of Currey Ingram Academy (the "Academy") (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, 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 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Currey Ingram Academy as of June 30, 2013 and 2012, 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.

Frasier, Dean + Howard, PLLC

December 2, 2013

CURREY INGRAM ACADEMY
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

Assets

	2013	2012
Current assets:		
Cash and cash equivalents	$ 2,371,677	$ 2,052,687
Investments	3,682,743	3,340,350
Accounts receivable, net of allowance of $600,703 and $660,098, respectively	241,651	263,860
Current pledges receivable, net of allowance of $298,357 and $298,357, respectively	1,008,416	95,157
Prepaid expenses	61,823	77,146
Total current assets	7,366,310	5,829,200
Pledges receivable, net of discount	1,721,776	3,154
Property and equipment, net of accumulated depreciation of $12,303,511 and $10,836,610, respectively	37,124,398	29,882,965
Other assets, net	131,388	129,716
Total assets	$ 46,343,872	$ 35,845,035

Liabilities and Net Assets

	2013	2012
Current liabilities:		
Accounts payable and accrued expenses	$ 1,269,738	$ 563,399
Deferred revenues	2,316,006	2,399,084
Current installments of bonds payable	370,000	360,000
Interest rate swap agreement	324,290	476,827
Line of credit	250,000	-
Total current liabilities	4,530,034	3,799,310
Note payable	1,085,876	1,655,876
Bonds payable, net of current installments	7,336,863	4,740,000
Total liabilities	12,952,773	10,195,186
Net assets:		
Unrestricted	27,851,031	22,717,063
Temporarily restricted	2,730,192	132,160
Permanently restricted	2,809,876	2,800,626
Total net assets	33,391,099	25,649,849
Total liabilities and net assets	$ 46,343,872	$ 35,845,035

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF ACTIVITIES
Year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support:				
Contributions	$ 1,756,758	$ 9,542,987	$ 9,250	$11,308,995
Revenue:				
Tuition, net of financial aid of $1,340,516	9,079,735	-	-	9,079,735
Other	334,324	-	-	334,324
Diagnostic center	304,280	-	-	304,280
Child development center	260,586	-	-	260,586
Dewar's tuition refund	202,779	-	-	202,779
Student activities income	187,681	-	-	187,681
Aftercare income	166,495	-	-	166,495
Application and enrollment fees	124,450	-	-	124,450
Student fees	105,778	-	-	105,778
Investment interest and dividends	75,338	-	-	75,338
Finance charge income	36,991	-	-	36,991
In-kind income	16,790	-	-	16,790
Loss of sale of assets	(13,328)	-	-	(13,328)
Net assets released from restrictions	6,944,955	(6,944,955)	-	-
Total revenue	17,826,854	(6,944,955)	-	10,881,899
Unrealized gain on investments	381,256	-	-	381,256
Total public support, revenue and investment gain	19,964,868	2,598,032	9,250	22,572,150
Expenses:				
Program services	12,867,841	-	-	12,867,841
Supporting services:				
Management and general	1,150,375	-	-	1,150,375
Fundraising	812,684	-	-	812,684
Total supporting services	1,963,059	-	-	1,963,059
Total expenses	14,830,900	-	-	14,830,900
Change in net assets	5,133,968	2,598,032	9,250	7,741,250
Net assets at beginning of year	22,717,063	132,160	2,800,626	25,649,849
Net assets at end of year	$27,851,031	$ 2,730,192	$ 2,809,876	$33,391,099

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF ACTIVITIES
Year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support:				
Contributions	$ 903,244	$ 1,311,628	$ 4,436	$ 2,219,308
Revenue:				
Tuition, net of financial aid of $1,320,231	9,496,945	-	-	9,496,945
Diagnostic center	270,635	-	-	270,635
Dewar's tuition refund	224,857	-	-	224,857
Child development center	186,888	-	-	186,888
Student activities income	167,441	-	-	167,441
Aftercare income	150,072	-	-	150,072
Application and enrollment fees	137,350	-	-	137,350
Other	132,189	-	-	132,189
Student fees	112,200	-	-	112,200
Investment interest and dividends	72,860	-	-	72,860
Finance charge income	35,128	-	-	35,128
In-kind income	9,932	-	-	9,932
Loss on sale of assets	(10)	-	-	(10)
Net assets released from restrictions	2,095,945	(2,095,945)	-	-
Total revenue	13,092,432	(2,095,945)	-	10,996,487
Unrealized loss on investments	(31,129)	-	-	(31,129)
Total public support, revenue and investment gain	13,964,547	(784,317)	4,436	13,184,666
Expenses:				
Program services	12,207,623	-	-	12,207,623
Supporting services:				
Management and general	1,349,454	-	-	1,349,454
Fundraising	616,115	-	-	616,115
Total supporting expenses	1,965,569	-	-	1,965,569
Total expenses	14,173,192	-	-	14,173,192
Change in net assets	(208,645)	(784,317)	4,436	(988,526)
Net assets at beginning of year	22,925,708	916,477	2,796,190	26,638,375
Net assets at end of year	$22,717,063	$ 132,160	$ 2,800,626	$25,649,849

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	$ 6,421,823	$ 461,788	$ 590,283	$ 7,473,894
Contract services	1,533,341	151,542	8,039	1,692,922
Payroll taxes and employee benefits	981,465	70,576	90,215	1,142,256
Investment and debt fees	413,880	2,355	-	416,235
Utilities	373,531	-	-	373,531
Student contract discount	284,715	-	-	284,715
Materials and supplies	179,497	90,560	10,591	280,648
Legal fees	-	257,942	-	257,942
Dewar's tuition and other insurance	203,511	-	-	203,511
Advertising and public relations	73,482	26,159	84,049	183,690
Student activities	157,444	11	12,764	170,219
Miscellaneous	124,698	22,759	750	148,207
Bad debt	141,995	-	-	141,995
Insurance	140,254	-	-	140,254
Copier	132,690	-	-	132,690
Technology	61,737	1,020	1,000	63,757
Professional development	42,345	505	4,744	47,594
Membership, subscriptions, books, and dues	39,944	4,750	2,151	46,845
Equipment	19,691	22,110	-	41,801
Athletic	31,538	-	721	32,259
Audit	-	29,985	-	29,985
Entertainment and hospitality	25,101	1,429	3,120	29,650
Postage	7,307	3,917	4,257	15,481
Permits and licenses	1,533	2,967	-	4,500
Total expenses before depreciation and amortization	11,391,522	1,150,375	812,684	13,354,581
Depreciation and amortization	1,476,319	-	-	1,476,319
	$12,867,841	$ 1,150,375	$ 812,684	$ 14,830,900

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2012

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	$ 5,689,783	$ 469,308	$ 395,216	$ 6,554,307
Contract services	1,467,454	263,970	15,436	1,746,860
Payroll taxes and employee benefits	925,274	76,318	64,270	1,065,862
Bad debt	437,853	-	-	437,853
Utilities	395,306	-	-	395,306
Investment and debt fees	374,168	542	-	374,710
Materials and supplies	190,231	138,472	16,853	345,556
Legal fees	-	277,895	-	277,895
Dewar's tuition and other insurance	224,857	-	-	224,857
Student contract discount	222,216	-	-	222,216
Student activities	154,863	135	10,538	165,536
Advertising and public relations	36,749	46,672	62,117	145,538
Insurance	131,570	-	-	131,570
Copier	90,070	-	-	90,070
Technology	66,839	4,531	3,775	75,145
Professional development	32,029	1,173	25,320	58,522
Miscellaneous	47,338	10,404	138	57,880
Equipment	18,184	23,463	-	41,647
Membership, subscriptions, books, and dues	29,519	3,051	3,597	36,167
Entertainment and hospitality	24,201	1,872	9,659	35,732
Athletic	25,007	-	2,882	27,889
Audit	-	26,259	-	26,259
Postage	5,888	4,694	5,664	16,246
Permits and licenses	1,173	695	650	2,518
Total expenses before depreciation and amortization	10,590,572	1,349,454	616,115	12,556,141
Depreciation and amortization	1,617,051	-	-	1,617,051
	$12,207,623	$ 1,349,454	$ 616,115	$ 14,173,192

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENTS OF CASH FLOWS
For the year ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets:	$ 7,741,250	$ (988,526)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,466,900	1,607,632
Amortization	9,419	9,419
Unrealized (gain) loss on investments	(381,256)	31,129
Loss on sale of assets	13,328	10
Allowance for bad debts	-	437,853
Contributions restricted for long-term purposes	(8,929,310)	(1,064,881)
Changes in operating assets and liabilities:		
Accounts receivable	22,209	(5,044)
Pledges receivable	(9,793)	208,711
Prepaid expenses	15,323	19,397
Other assets	(11,091)	(3,071)
Accounts payable and accrued expenses	839,801	(862,113)
Deferred revenues	(83,078)	(125,377)
Change in estimated fair value of interest rate swap agreement	(152,537)	(25,985)
Net cash provided by (used in) operating activities	541,165	(760,846)
Cash flows from investing activities:		
Purchase of investments	(4,045,262)	(47,512)
Proceeds from sale of investments	4,084,125	959,765
Proceeds from sale of property and equipment	-	-
Purchases of property and equipment	(8,721,661)	(947,516)
Net cash used in investing activities	(8,682,798)	(35,263)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	6,307,222	1,307,383
Proceeds from new bond issue	2,966,863	-
Draw on short-term line of credit	250,000	-
Payments of bonds payable	(360,000)	(350,000)
Payments on note payable	(570,000)	(500,000)
Payments on capital lease	(133,462)	(121,079)
Net cash provided by financing activities	8,460,623	336,304
Net (decrease) increase in cash and cash equivalents	318,990	(459,805)
Cash and cash equivalents at beginning of year	2,052,687	2,512,492
Cash and cash equivalents at end of year	$ 2,371,677	$ 2,052,687
Supplemental disclosure of cash flow information:		
Interest paid	$ 289,559	$ 333,960

See accompanying notes.

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Currey Ingram Academy ("the Academy") is a not-for-profit kindergarten through twelfth grade college preparatory school for students with average to above average intelligence who have learning differences. The Academy's major sources of funding are tuition payments and contributions from donors.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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 Academy and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions which are restricted for specific programs are reflected as unrestricted revenue if these funds are received and spent during the same fiscal year.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Academy. Generally, the donors of these assets permit the Academy to use all or part of the income earned for unrestricted purposes.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Academy considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents. Cash and cash equivalents include a debt service reserve of $250,000 which is maintained in accordance with a bond agreement.

Investments

The Academy accounts for investments under Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") guidance for Accounting for Investments by not-for-profit organizations. Under this guidance, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. See Note 2 for additional information on fair value measurements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are reviewed periodically as to their collectability. Uncollectible accounts are written off in the period in which they are determined to be uncollectible. At June 30, 2013 and 2012 an allowance of $600,703 and $660,098 for bad debts has been estimated and recorded, respectively.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Academy that is, in substance, unconditional. Unconditional promises to give are recorded when the promises are made. Donor restricted contributions are reported as increases to temporarily or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional promises to give due in the next year are reflected as current pledges receivable and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term pledges receivable and are recorded at present value using interest rates applicable to the years in which the pledges are received.

The Academy uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2013 and 2012, the allowance totaled $298,357.

Property and Equipment

Property and equipment are recorded at cost if purchased or fair value if contributed. Expenditures for ordinary maintenance and repairs are charged to operations. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is provided in amounts necessary to allocate the cost of the various classes of assets over their estimated useful lives. Estimated useful lives of all major classes of assets are as follows:

Equipment, vehicles, furniture and fixtures	3 – 5 years
Building and building improvements	10 – 30 years

Derivative Instruments and Hedging Activities

The Academy follows FASB ASC guidance for Accounting for Derivatives. The guidance establishes accounting and reporting standards requiring that every derivative instrument be recorded

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Instruments and Hedging Activities (Continued)

in the statements of financial position as either an asset or as a liability measured at its estimated fair value. The guidance also requires that changes in the derivative's fair value be recognized currently in the statements of activities. Effective October 1, 2007, the Academy entered into an interest rate swap agreement which was considered to be a derivative. The swap agreement matures October 1, 2015.

Restricted Endowment Funds

The Uniform Prudent Management Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. The guidance requires that the amount of permanently restricted net assets cannot be reduced by losses on investments of the funds or by an organization's expenditures from the fund unless the donor required the gift to be held in specific investments.

FASB ASC guidance also requires disclosure of a description of the governing board's interpretation of the law that underlies the organization's net asset classification of donor-restricted endowment funds, a description of the organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the organization's endowment investment policies, and additional disclosures. See Note 13 for additional information regarding permanently restricted endowment funds.

Functional Expense Allocation

For purposes of the statements of functional expenses, certain expenses have been allocated between program and supporting services based on estimates made by management.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled $183,690 and $145,538 for the years ended June 30, 2013 and 2012, respectively.

Donated Materials, Services and Assets

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at date of receipt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials, Services and Assets (Continued)

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.

Additionally, a number of unpaid volunteers have made significant contributions of their time to assist in fund-raising 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 Academy reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Academy reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Use of Estimates

The preparation of 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 during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Academy is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Academy 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

upon ultimate settlement. The Academy has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2010 through June 30, 2013.

Reclassifications

Certain reclassifications have been made to the June 30, 2012 financial statements to conform with the June 30, 2013 presentation.

NOTE 2 – FAIR VALUE MEASUREMENT

The Academy follows the provisions of the Fair Value Measurement Topic of the FASB ASC. This guidance establishes a framework for measuring fair value for financial assets and financial liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives 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). The three levels of the fair value hierarchy are described below.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Academy has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 2 – FAIR VALUE MEASUREMENT (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2013 and 2012. A description of our valuation methodologies used for assets and liabilities measured at fair value is described below.

Investments in Commonfund – equity funds represent units of ownership in certain fund shares rather than individual securities. The Academy values these investments as level 2 because the specific units held do not have quoted prices and are not traded on an active market. However, the underlying assets of the fund are actively traded.

The fair value of mutual funds – bond funds and trusts held by third parties (level 1) were determined by obtaining quoted market prices in active markets.

The fair value of the swap liability (level 2) was determined based on valuation models that provide a market to market estimate.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Academy believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The general investment strategy of the Academy is to diversify investments among both equity and fixed income securities so as to enhance total return while avoiding undue risk concentration in any investment class.

The following table sets forth by level, within the fair value hierarchy, the Academy's assets at fair value as of June 30, 2013:

	Level 1	Level 2	Level 3	Total
Investments:				
Commonfund – equity funds	$ -	$ 2,438,424	$ -	$ 2,438,424
Mutual funds – bond funds	1,244,319	-	-	1,244,319
Total investments at fair value	$ 1,244,319	$ 2,438,424	$ -	$ 3,682,743
Interest rate swap liability	$ -	$ (324,290)	$ -	$ (324,290)

NOTE 2 – FAIR VALUE MEASUREMENT (Continued)

The following table sets forth by level, within the fair value hierarchy, the Academy's assets at fair value as of June 30, 2012:

	Level 1	Level 2	Level 3	Total
Investments:				
Commonfund – equity funds	$ -	$ 2,034,606	$ -	$ 2,034,606
Mutual funds – bond funds	1,305,744	-	-	1,305,744
Total investments at fair value	$ 1,305,744	$ 2,034,606	$ -	$ 3,340,350
Interest rate swap liability	$ -	$ (476,827)	$ -	$ (476,827)

The following schedule summarizes the investment return at June 30:

	2013	2012
Investment interest and dividends	$ 75,338	$ 72,860
Unrealized (losses) and gains	381,256	(31,129)
Net investment gain	$ 456,594	$ 41,731

NOTE 3 – PLEDGES RECEIVABLE

The Academy has received pledges for contributions for the construction of new buildings on campus, the scholarship endowment and the unrestricted annual fund. The discount rate used to determine the present value of pledge contributions receivable was 3.63% at June 30, 2013 and 4.24% at June 30, 2012.

The following are the future maturities of pledges receivable at June 30, 2013:

Year ending June 30,	
2014	$ 1,306,773
2015	943,050
2016	941,695
2017	20,833
Gross pledge contribution receivable	3,212,351
Less: discount to net present value	(183,802)
Present value of pledge contribution receivable	3,028,549
Less: allowance for uncollectible pledges	(298,357)
Pledge contributions receivable, net	$ 2,730,192

NOTE 3 – PLEDGES RECEIVABLE (Continued)

Pledges receivable are scheduled to be received as follows:

	2013	2012
Receivable in less than one year	$ 1,008,416	$ 95,157
Receivable in one to five years	1,721,776	3,154
	$ 2,730,192	$ 98,311

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2013	2012
Buildings	$ 32,176,205	$ 32,176,205
Furniture and equipment	3,950,037	3,890,510
Land	2,986,766	2,986,766
Building improvements	427,590	427,590
Land improvements	431,269	416,359
Vehicles	173,526	173,526
Grounds equipment	72,467	67,313
Construction in progress	9,210,049	581,306
	49,427,909	40,719,575
Less accumulated depreciation	(12,303,511)	(10,836,610)
	$ 37,124,398	$ 29,882,965

During fiscal years 2013 and 2012, respectively, the Academy incurred costs amounting to $9,210,049, and $581,306 which have been capitalized as construction in progress. At June 30, 2013, these costs consist of amounts capitalized for the construction of the student center and other amounts related to smaller projects. At June 30, 2012, these costs consist of amounts capitalized for the construction of the student center and architect and engineering fees incurred related to the construction of a sports pavilion. Effective July 15, 2013, the new student center and related projects were placed into service with final capitalized costs of approximately $10,300,000.

For the years ending June 30, 2013 and 2012, the Academy had depreciation expense of $1,466,900 and $1,607,632 respectively.

NOTE 5 – OTHER ASSETS

At June 30, 2013 and 2012, other assets consisted of the following:

	2013	2012
Bond issuance costs	$ 133,695	$ 133,695
Accumulated amortization on bond costs	(54,196)	(46,564)
Underwriters' discount	37,500	37,500
Accumulated amortization on discount	(18,888)	(17,101)
Inventory	33,277	22,186
Total	$ 131,388	$ 129,716

NOTE 6 – BONDS PAYABLE

On March 15, 2003, the Academy issued $7,500,000 of Debenture Adjustable Rate Demand Development Revenue Bonds through a financial institution. The bonds required interest at a fixed rate in accordance with the swap agreement (described in Note 9) plus a variable rate. The variable interest rate was adjusted weekly based upon LIBOR plus an agreed upon factor. Interest was due monthly on the last business day of each month.

Effective October 20, 2009, the bonds payable were refinanced through an agreement with the Industrial Development Board of Williamson County, Tennessee ("IDB"). Under this agreement, the IDB issued $6,105,000 in Educational Facilities Revenue Refunding Bonds, and loaned the proceeds of this bond issuance to the Academy through a loan agreement with a financial institution. Principal payments are due annually with monthly interest payments at a variable rate based on LIBOR (1.81% at June 30, 2013). The maturity date of the agreement is April 1, 2023. Amounts outstanding at June 30, 2013 and 2012 are $4,740,000 and $5,100,000, respectively.

On May 3, 2013, the IDB issued an additional $4,100,000 in Educational Facilities Revenue Bonds and loaned the proceeds of the bond issuance to the Academy through a loan agreement with a financial institution. Advances are to be disbursed to the Academy on a line of credit basis, as construction progresses. As of June 30, 2013, amounts drawn toward construction payments are $2,966,863. Interest is due monthly under the new agreement at a variable rate based on LIBOR (1.91% at June 30, 2013). The principal is due upon maturity on April 30, 2018.

NOTE 6 – BONDS PAYABLE (Continued)

Maturities of bonds payable are as follows:

Year ending June 30,	Annual Principal Amount
2014	$ 370,000
2015	385,000
2016	395,000
2017	400,000
2018	3,381,863
Thereafter	2,775,000
	$ 7,706,863

The Academy is required to meet certain financial and nonfinancial covenants as specified in the bond documents. For the years ended June 30, 2013 and 2012, the Academy met all financial covenants.

NOTE 7 – NOTE PAYABLE

Effective September 24, 2008, the IDB issued $7 million of revenue bonds to a financial institution to fund the Academy's Upper School construction project and the future expansion of gym facilities. Effective November 20, 2008, the financial institution entered into a loan agreement with the Academy, allowing borrowings up to $7 million to fund construction projects. In September 2009, the loan agreement was amended to provide for a principal amount up to $5.5 million and a change in the interest rate. Interest accrues at 1.80% and 1.83% on the outstanding principal balance and is calculated at a variable rate based on LIBOR at June 30, 2013 and 2012, respectively. All principal amounts outstanding under the agreement are due November 1, 2016. At June 30, 2013 and 2012, amounts outstanding under this agreement totaled $1,085,876 and $1,655,876, respectively.

The Academy is required to meet certain financial and nonfinancial covenants as specified in the loan agreement. For the years ended June 30, 2013 and 2012, the Academy was in compliance with all financial covenants.

NOTE 8 – LINE OF CREDIT

The Academy maintains an unsecured $250,000 line of credit with a financial institution. The line of credit had a variable interest rate determined by the institution's prime rate. At June 30, 2013, amounts outstanding on the agreement totaled $250,000. No amounts were outstanding under this agreement at June 30, 2012. The interest rate at June 30, 2013 was 4.75%. The line of credit was renewed subsequent to June 30, 2013 with an expiration date of October 2014.

NOTE 9 – INTEREST RATE SWAP AGREEMENT

During 2008, the Academy entered into an interest rate swap transaction in connection with the bonds payable issued in 2003 to hedge against future changes in interest rates. Details of the interest rate swap agreement as of June 30, 2013 are as follows:

Description	Termination Date	Notional Amount	Estimated Fair Value at June 30, 2013
Interest rate swap agreement swapping a variable rate for a fixed rate of 3.49%.	October 1, 2015	$ 4,740,000	$ (324,290)

The Academy accounted for this interest rate swap agreement in accordance with FASB ASC guidance on Accounting for Derivative Instruments, which requires that the fair value of the liability be presented in the accompanying statements of financial position. The statements of activities for the years ended June 30, 2013 and 2012 includes $152,537 and $22,685 of unrealized appreciation to reflect the change in the valuation of the interest rate swap agreement.

During October 2013, this swap agreement was terminated and replaced by a new interest rate swap agreement (see Note 20).

NOTE 10 – UNRESTRICTED NET ASSETS

The Board of Trustees has placed voluntary designations on certain unrestricted net assets. A summary of unrestricted net assets at June 30, 2013 and 2012 is as follows:

	2013	2012
Board designated:		
Deferred maintenance	$ 519,618	$ 519,618
Undesignated	27,331,413	22,197,445
	$ 27,851,031	$ 22,717,063

NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS

The Academy has received contributions from donors with the stipulation that such contributions are to be used for future scholarships, capital purchases and other specified uses.

Temporarily restricted net assets are available as follows at June 30:

	2013	2012
Capital purchases	$ -	$ 100,000
Pledges receivable – time restricted	2,730,192	32,160
	$ 2,730,192	$ 132,160

NOTE 12 – TEMPORARILY RESTRICTED CONTRIBUTIONS AND RELATED EXPENSES

Temporarily restricted contributions and related expenses consist of the following for the years ended June 30:

	2013		2012	
	Contributions	Expenses/ Releases	Contributions	Expenses/ Releases
Capital purchases	$ 9,149,297	$ 9,249,297	$ 1,005,920	$ 1,005,920
Pledges receivable – time restricted	-	(2,698,032)	-	654,035
Scholarship	393,690	393,690	305,708	420,893
Tennis program	-	-	-	15,097
Total	$ 9,542,987	$ 6,944,955	$ 1,311,628	$ 2,095,945

NOTE 13 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following endowment funds at June 30:

	2013	2012
Scholarship and other	$ 2,809,876	$ 2,800,626

The dividend and interest income earned on permanently restricted net assets is available to the Academy on an unrestricted basis. The Academy's endowment consists of donor restricted gifts held in investment accounts. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Academy has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Academy classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Academy in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 13 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

2013 Endowment Net Asset Composition by Type of Fund as of June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ -	$ 2,809,876	$ 2,809,876

Changes in Endowment Net Assets for the fiscal year ended June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 2,800,626	$ 2,800,626
Contributions, net	-	-	9,250	9,250
Endowment net assets, end of year	$ -	$ -	$ 2,809,876	$ 2,809,876

2012 Endowment Net Asset Composition by Type of Fund as of June 30, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ -	$ 2,800,626	$ 2,800,626

Changes in Endowment Net Assets for the fiscal year ended June 30, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 2,796,190	$ 2,796,190
Contributions, net	-	-	4,436	4,436
Endowment net assets, end of year	$ -	$ -	$ 2,800,626	$ 2,800,626

NOTE 13 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

Endowment Investment Policy and Risk Parameters

The Academy has adopted investment and spending policies for endowment assets to support the Academy and its mission over the long term, through the preservation of cash and reserves, while producing market-level income. Endowment assets include those assets of donor-restricted funds that the Academy must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the general policy is to diversify investments among both equity and fixed income securities so as to enhance total return while avoiding undue risk concentration in any investment class. The endowment assets are to be allocated among certain pre-specified asset classes, including domestic equity, domestic fixed income, international equity, international fixed income, real estate, venture capital, and private equity. Investments of a single issuer may not exceed 5% of the total market value of the endowment, with the exception of U.S. government holdings.

Strategies Employed for Achieving Investment Objectives

To satisfy its long term objectives, the Academy relies on a strategy meant to preserve the principal of operating cash and reserves while producing market-level income. The objective is for the endowment to realize absolute rate-of-return of 5%, to realize rates of return commensurate with relative capital market measures, such as securities indices, and to achieve a total rate of return that is above median performance of similarly managed funds over a time period.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Academy has a policy of appropriating dividend and interest income from the endowment fund for operational use.

NOTE 14 – LETTERS OF CREDIT

At June 30, 2013 and 2012, the Academy maintained two letters of credit issued by a local financial institution totaling $165,000. These letters of credit will be available in the event of noncompliance with certain performance bonds as required by Williamson County, Tennessee and the State of Tennessee.

NOTE 15 – DEFERRED COMPENSATION PLANS

The Academy has a 403(b) tax deferred annuity plan covering substantially all employees. The Academy contributed 1.5% of the gross salary for all eligible employees that had completed 12 months of service, as well as a matching contribution of 100% of each eligible employee’s voluntary

NOTE 15 – DEFERRED COMPENSATION PLANS (Continued)

contributions, up to 5% of the employee's gross salary, upon completion of one month of service. Effective April 30, 2013, the plan was revised for the Academy to match 100% of a total of 3.5% of each eligible employee's voluntary contributions that exceed 1.5% of the gross salary, for all eligible employees that have completed 12 months of service. During the years ended June 30, 2013 and 2012, total employer contributions to the plan were $204,181 and $182,693, respectively.

The Academy also had a 457(f) deferred compensation plan for a key employee. In accordance with the plan agreement, the funds accrued as of April 5, 2012 were disbursed to the plan participant. Consequently, there was no accrued compensation expense as of June 30, 2013 and 2012.

NOTE 16 – LEASE COMMITMENTS

The Academy has leased copiers, computers and other equipment under lease arrangements classified as operating leases. Total rent expense for the years ended June 30, 2013 and 2012 was $131,668 and $139,711, respectively. The leases are payable in monthly payments and expire at various times through fiscal year 2017. Future minimum lease payments are as follows:

Year ending June 30,	
2014	$ 61,357
2015	61,357
2016	61,357
2017	61,357
Total	$ 245,428

The Academy also leases computers under a noncancelable lease that is classified as a capital lease. During 2011, the computers under this capital lease were recorded as equipment purchases totaling $379,614, which was the present value of the required lease payments upon inception. The lease agreement period approximates the remaining economic life of the assets, and expired in 2013.

NOTE 17 – VANDERBILT SCHOLARSHIP GIFT AGREEMENT

In 2004, one benefactor donated funds to the Vanderbilt University Endowment Fund under an agreement which states that any income, up to 4.5%, generated from this gift is to be given to the Currey Ingram Academy Scholarship Fund. Qualified recipients of this scholarship are children of full-time employees of Vanderbilt University. Contributions from Vanderbilt in the years ended June 30, 2013 and 2012 totaled $274,160 and $229,896 respectively.

NOTE 18 – CONCENTRATIONS

The Academy's cash account balances at June 30, 2013 and 2012 exceeded Federal Deposit Insurance Corporation insurance limits. The Academy has not experienced any losses in such accounts and management believes the Academy is not exposed to any significant credit risk related to cash.

At June 30, 2013, 80% of the pledges receivable were due to the Academy by one donor. At June 30, 2012, 76% of the pledges receivable were due to the Academy by one donor. For the year ended June 30, 2013, contributions from two donors represented approximately 68% of total contributions received by the Academy. For the year ended June 30, 2012, contributions from two donors represented approximately 60% of total contributions received by the Academy.

NOTE 19 – RELATED PARTY TRANSACTIONS

The Academy occasionally purchases goods or services at commercially reasonable rates from companies or organizations that are affiliated with or owned, directly or indirectly, by members of the Board of Trustees. All such purchases are reviewed and approved in accordance with the Academy's purchasing policy. For the years ended June 30, 2013 and 2012, the Academy incurred legal expenses from two law firms affiliated with members of the Board of Trustees totaling $209,561 and $181,111, respectively.

NOTE 20 – SUBSEQUENT EVENTS

During October 2013, the interest rate swap agreement disclosed in Note 9 was terminated and replaced by a new swap agreement. Details of the new agreement are as follows:

Description	Effective Date	Termination Date	Notional Amount
Interest rate swap agreement swapping a variable rate for a fixed rate of 3.14%.	October 9, 2013	November 1, 2023	$ 4,740,000

The Academy evaluated subsequent events through December 2, 2013 when these financial statements were available to be issued. Other than the swap agreement renegotiation disclosed above, management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying financial statements.