

CURREY INGRAM ACADEMY

FINANCIAL STATEMENTS

June 30, 2007 and 2006

CURREY INGRAM ACADEMY

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Currey Ingram Academy (a nonprofit organization) as of June 30, 2007 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Currey Ingram Academy as of June 30, 2006 were audited by other auditors whose report dated October 12, 2006 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Frasier, Dean & Howard, PLLC

December 11, 2007

CURREY INGRAM ACADEMY
STATEMENTS OF FINANCIAL POSITION
June 30, 2007 and 2006

	Assets	
	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and cash equivalents	\$ 1,456,586	\$ 1,367,281
Investments	1,056,907	1,377,598
Accounts receivable, net of allowance of \$223,463 and \$181,651, respectively	135,536	43,845
Current installments of pledges receivable, net	1,375,583	987,917
Prepaid expenses	<u>141,327</u>	<u>104,615</u>
Total current assets	4,165,939	3,881,256
Restricted assets:		
Cash and cash equivalents	1,962,946	773,923
Investments	2,540,258	1,499,791
Pledges receivable	<u>1,531,811</u>	<u>1,102,680</u>
Total restricted assets	6,035,015	3,376,394
Property and equipment - net of accumulated depreciation of \$4,812,715 and \$3,939,302, respectively	<u>18,861,920</u>	<u>19,555,216</u>
Other assets	<u>110,671</u>	<u>111,626</u>
Total assets	<u><u>\$ 29,173,545</u></u>	<u><u>\$ 26,924,492</u></u>
Liabilities and Net Assets		
Current liabilities:		
Current installments of bonds payable	\$ 300,000	\$ 290,000
Line of credit	-	240,201
Accounts payable	142,135	80,170
Deferred revenues	1,262,844	1,402,439
Accrued expenses	<u>735,306</u>	<u>571,478</u>
Total current liabilities	2,440,285	2,584,288
Bonds payable, net of current installments	<u>6,360,000</u>	<u>6,660,000</u>
Total liabilities	<u>8,800,285</u>	<u>9,244,288</u>
Net assets:		
Unrestricted	14,338,245	14,303,810
Temporarily restricted	3,484,604	939,921
Permanently restricted	<u>2,550,411</u>	<u>2,436,473</u>
Total net assets	<u>20,373,260</u>	<u>17,680,204</u>
Total liabilities and net assets	<u><u>\$ 29,173,545</u></u>	<u><u>\$ 26,924,492</u></u>

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$ 496,572	\$ 3,821,417	\$ 146,058	\$ 4,464,047
Revenue:				
Tuition	6,783,238	-	-	6,783,238
Student activities income	247,355	-	-	247,355
Investment and interest income	212,955	-	-	212,955
Diagnostic center	121,715	-	-	121,715
Application and enrollment fees	120,500	-	-	120,500
Dewar's tuition refund	113,831	-	-	113,831
Aftercare income	101,118	-	-	101,118
Child development center	70,752	-	-	70,752
Student fees	61,085	-	-	61,085
In-kind income	29,976	-	-	29,976
Finance charge income	29,106	-	-	29,106
Other	24,767	-	-	24,767
Net assets released from restrictions	<u>1,308,854</u>	<u>(1,276,734)</u>	<u>(32,120)</u>	<u>-</u>
Total revenue	<u>9,225,252</u>	<u>(1,276,734)</u>	<u>(32,120)</u>	<u>7,916,398</u>
Unrealized gain on investments, net of fees	<u>388,702</u>	<u>-</u>	<u>-</u>	<u>388,702</u>
Total public support, revenue and gains	<u>10,110,526</u>	<u>2,544,683</u>	<u>113,938</u>	<u>12,769,147</u>
Expenses:				
Program services	<u>7,318,524</u>	<u>-</u>	<u>-</u>	<u>7,318,524</u>
Supporting services:				
Management and general	2,254,865	-	-	2,254,865
Fundraising	<u>502,702</u>	<u>-</u>	<u>-</u>	<u>502,702</u>
Total supporting services	<u>2,757,567</u>	<u>-</u>	<u>-</u>	<u>2,757,567</u>
Total expenses	<u>10,076,091</u>	<u>-</u>	<u>-</u>	<u>10,076,091</u>
Change in net assets	34,435	2,544,683	113,938	2,693,056
Net assets at beginning of year	<u>14,303,810</u>	<u>939,921</u>	<u>2,436,473</u>	<u>17,680,204</u>
Net assets at end of year	<u>\$14,338,245</u>	<u>\$ 3,484,604</u>	<u>\$ 2,550,411</u>	<u>\$20,373,260</u>

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions	<u>\$ 1,647,322</u>	<u>\$ 961,410</u>	<u>\$ 170,296</u>	<u>\$ 2,779,028</u>
Revenue:				
Tuition	5,918,952	-	-	5,918,952
Student activities income	125,740	-	-	125,740
Application and enrollment fees	111,750	-	-	111,750
Diagnostic center	97,286	-	-	97,286
Aftercare income	92,858	-	-	92,858
Dewar's tuition refund	86,529	-	-	86,529
Child development center	81,482	-	-	81,482
Investment and interest income	71,146	-	-	71,146
Student fees	53,190	-	-	53,190
In-kind income	35,375	-	-	35,375
Other	21,038	-	-	21,038
Finance charge income	18,756	-	-	18,756
Net assets released from restrictions	<u>903,112</u>	<u>(845,913)</u>	<u>(57,199)</u>	<u>-</u>
Total revenue	<u>7,617,214</u>	<u>(845,913)</u>	<u>(57,199)</u>	<u>6,714,102</u>
Unrealized gain on investments, net of fees	<u>139,065</u>	<u>-</u>	<u>-</u>	<u>139,065</u>
Total public support, revenue and gains	<u>9,403,601</u>	<u>115,497</u>	<u>113,097</u>	<u>9,632,195</u>
Expenses:				
Program services	<u>6,802,628</u>	<u>-</u>	<u>-</u>	<u>6,802,628</u>
Supporting services:				
Management and general	2,430,573	-	-	2,430,573
Fundraising	<u>452,683</u>	<u>-</u>	<u>-</u>	<u>452,683</u>
Total supporting services	<u>2,883,256</u>	<u>-</u>	<u>-</u>	<u>2,883,256</u>
Total expenses	<u>9,685,884</u>	<u>-</u>	<u>-</u>	<u>9,685,884</u>
Change in net assets	(282,283)	115,497	113,097	(53,689)
Net assets at beginning of year	<u>14,586,093</u>	<u>824,424</u>	<u>2,323,376</u>	<u>17,733,893</u>
Net assets at end of year	<u>\$14,303,810</u>	<u>\$ 939,921</u>	<u>\$ 2,436,473</u>	<u>\$17,680,204</u>

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2007

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries, payroll taxes and other related expenses	\$ 4,492,063	\$ 1,233,893	\$ 359,924	\$ 6,085,880
Scholarship	645,616	-	-	645,616
Technology	203,018	50,451	2,893	256,362
Interest	-	251,213	-	251,213
Contract services	700	197,860	-	198,560
Utilities	178,794	1,824	1,824	182,442
Materials and supplies	95,939	82,919	1,316	180,174
Student activities	153,612	832	-	154,444
Kitchen supplies and food	148,990	51	-	149,041
Insurance	-	116,410	-	116,410
Dewar's tuition and other insurance	113,791	-	-	113,791
Events	26,038	21,600	33,259	80,897
Rent	72,806	743	743	74,292
Letters of credit fees	-	68,312	-	68,312
Copier and printing	32,158	9,306	25,134	66,598
Professional development	45,748	12,471	4,201	62,420
Advertising	708	6,036	43,806	50,550
Bad debts	41,812	-	-	41,812
Collection fees	35,019	-	-	35,019
Athletics	34,957	-	-	34,957
In-kind expense	-	30,187	-	30,187
Textbooks	29,025	-	-	29,025
Small equipment	18,022	8,027	-	26,049
Vehicle	747	22,509	747	24,003
Board and school hospitality	1,494	12,987	8,660	23,141
Bank charges	385	21,765	-	22,150
Library expense	22,131	-	-	22,131
Consulting	17,635	2,663	-	20,298
Postage	5,392	6,821	5,481	17,694
Legal	-	15,816	-	15,816
Testing	15,069	-	-	15,069
Accounting and auditing	-	13,850	-	13,850
Membership fees	13,126	-	-	13,126
Other bond fees	-	11,876	-	11,876
Trash removal	-	10,441	-	10,441
Search expense	85	8,268	-	8,353
Travel and entertainment	2,948	3,575	1,017	7,540
Permits and licenses	1,049	6,269	-	7,318
Dues and subscriptions	412	3,997	2,844	7,253
Discretionary fund	2,080	2,080	2,080	6,240
Repairs and maintenance	2,173	2,891	-	5,064
Equipment rental	808	3,892	-	4,700
Miscellaneous	300	4,257	-	4,557
Counseling	4,073	-	-	4,073
Total expenses before depreciation and amortization	6,458,723	2,246,092	493,929	9,198,744
Depreciation and amortization	859,801	8,773	8,773	877,347
	<u>\$ 7,318,524</u>	<u>\$ 2,254,865</u>	<u>\$ 502,702</u>	<u>\$ 10,076,091</u>

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2006

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries, taxes and other related expenses	\$ 4,050,098	\$ 978,629	\$ 293,037	\$ 5,321,764
Scholarship	565,667	-	-	565,667
Legal	-	343,500	-	343,500
Technology	283,838	48,226	8,285	340,349
Interest	-	239,553	-	239,553
Student activities	202,076	-	-	202,076
Contract services	-	166,066	-	166,066
Materials and supplies	60,546	85,112	4,700	150,358
Insurance	-	141,248	-	141,248
Kitchen supplies and food	135,279	-	-	135,279
Utilities	130,540	1,332	1,332	133,204
Dewar's tuition and other insurance	86,529	-	-	86,529
Rent	72,806	743	743	74,292
Search expense	6,395	60,727	-	67,122
Copier and printing	29,861	5,001	20,909	55,771
Aftercare	54,253	-	-	54,253
Professional development	26,575	20,631	6,427	53,633
Letters of credit fees	-	50,879	-	50,879
Athletics	47,634	-	-	47,634
Faculty childcare	-	3,112	40,297	43,409
Library expense	34,564	8,799	-	43,363
Property tax	-	40,622	-	40,622
Telephone	-	37,583	-	37,583
Advertising	2,358	-	33,427	35,785
In-kind expense	-	35,375	-	35,375
Bad debts	32,705	-	-	32,705
Substitution teaching	30,205	-	-	30,205
School hospitality	1,290	-	26,579	27,869
Consulting	6,136	20,754	307	27,197
Dues and subscriptions	14,440	10,046	2,214	26,700
Collection fees	-	26,226	-	26,226
Diagnostic center	20,025	-	-	20,025
Postage	4,092	7,749	5,629	17,470
Bank charges	-	17,071	-	17,071
Vehicle	-	15,408	-	15,408
Accounting and auditing	-	13,040	-	13,040
Small equipment	4,324	7,995	-	12,319
Textbooks	11,968	-	-	11,968
Trash removal	-	10,642	-	10,642
Testing	10,346	-	-	10,346
Discretionary fund	-	10,053	-	10,053
Designated gift expense - other	9,503	-	-	9,503
Travel	-	4,740	16	4,756
Repairs and maintenance	895	3,705	-	4,600
Equine care	-	2,415	-	2,415
Equipment rental	-	2,389	-	2,389
Fundraising	-	1,795	-	1,795
Stipends	1,500	-	-	1,500
Miscellaneous	368	630	4	1,002
Bookstore	498	-	-	498
Total expenses before depreciation and amortization	5,937,314	2,421,796	443,906	8,803,016
Depreciation and amortization	865,314	8,777	8,777	882,868
	<u>\$ 6,802,628</u>	<u>\$ 2,430,573</u>	<u>\$ 452,683</u>	<u>\$ 9,685,884</u>

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets:	\$ 2,693,056	\$ (53,689)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	873,412	877,683
Amortization	3,935	5,185
Contributions restricted for long-term purposes	(2,907,597)	-
Unrealized gain on investments	(388,702)	(139,065)
Investment fees deducted from investments	11,624	10,202
Allowance for bad debts	41,812	18,045
Loss on sale of property and equipment	-	1,225
Changes in operating assets and liabilities:		
Accounts receivable	(133,503)	(37,294)
Pledges receivable	155,473	364,564
Prepaid expenses	(36,712)	(64,670)
Other assets	(2,980)	(12,838)
Accounts payable	61,965	27,077
Deferred revenues	(139,595)	257,939
Accrued expenses	163,828	82,958
Net cash provided by operating activities	<u>396,016</u>	<u>1,337,322</u>
Cash flows from investing activities:		
Purchase of investments (net of sales)	(342,698)	(361,507)
Purchase of property and equipment	<u>(180,116)</u>	<u>(148,219)</u>
Net cash used in investing activities	<u>(522,814)</u>	<u>(509,726)</u>
Cash flows from financing activities:		
Net changes in cash whose use is limited	(1,189,023)	4,552
Proceeds from contributions restricted for long-term purposes	1,935,327	-
Payments of bonds payable	(290,000)	(280,000)
Net payments on lines of credit	<u>(240,201)</u>	<u>(259,799)</u>
Net cash provided by (used in) financing activities	<u>216,103</u>	<u>(535,247)</u>
Net increase in cash and cash equivalents	89,305	292,349
Cash and cash equivalents at beginning of year	<u>1,367,281</u>	<u>1,074,932</u>
Cash and cash equivalents at end of year	<u>\$ 1,456,586</u>	<u>\$ 1,367,281</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 251,213</u>	<u>\$ 239,553</u>

See accompanying notes.

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Currey Ingram Academy (“the Academy”) is a nonprofit 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.

Accounts Receivable

Accounts receivable are reviewed periodically as to their collectibility. Uncollectible accounts are written off in the period in which they are determined to be uncollectible and are charged to bad debts. At June 30, 2007 and 2006 an allowance of \$223,463 and \$181,651 for bad debts has been estimated and recorded, respectively.

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Allocated Expenses

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

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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost. 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

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.

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable (Continued)

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 the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges are received to discount the amounts.

The Academy uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2007 and 2006, no allowance was considered necessary.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled \$50,550 and \$35,785 for the years ended June 30, 2007 and 2006, 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.

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.

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain 2006 balances have been reclassified to conform with the 2007 presentation.

NOTE 2 – INVESTMENTS

Investments at June 30 consist of the following:

	<u>2007</u>	<u>2006</u>
Mutual funds – equity funds	\$ 2,380,868	\$ 1,814,767
Mutual funds – bond funds	<u>1,216,297</u>	<u>1,062,622</u>
	<u>\$ 3,597,165</u>	<u>\$ 2,877,389</u>

The following schedule summarizes the investment return at June 30:

	<u>2007</u>	<u>2006</u>
Investment income distributed	\$ 212,955	\$ 71,146
Unrealized gains	<u>388,702</u>	<u>139,065</u>
	<u>\$ 601,657</u>	<u>\$ 210,211</u>

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 pledges receivable are recorded at present value with a discount rate of 4.87% and 5.04% for the years ended June 30, 2007 and 2006, respectively.

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 3 – PLEDGES RECEIVABLE (Continued)

The following are the future maturities of pledges receivable at June 30, 2007:

Year ending June 30,	
2008	\$ 1,875,870
2009	962,100
2010	172,433
2011	72,000
2012	<u>50,000</u>
	3,132,403
Less: discounts to net present value	<u>(225,009)</u>
	<u><u>\$ 2,907,394</u></u>

NOTE 4 – ASSETS WHOSE USE IS LIMITED

At June 30, 2007 and 2006, the Academy had \$6,035,015 and \$3,376,394, respectively, held in assets whose use is restricted for future scholarships, capital purchases, and other designated uses as follows:

	<u>2007</u>	<u>2006</u>
Permanently restricted:		
Scholarship and other	<u>\$ 2,550,411</u>	<u>\$ 2,436,473</u>
Temporarily restricted:		
Capital purchases	3,359,285	597,947
Scholarship	103,791	203,328
Other	<u>21,528</u>	<u>138,646</u>
	<u>3,484,604</u>	<u>939,921</u>
	<u><u>\$ 6,035,015</u></u>	<u><u>\$ 3,376,394</u></u>

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2007</u>	<u>2006</u>
Buildings	\$17,805,521	\$17,805,521
Land	2,986,766	2,986,766
Furniture and equipment	2,258,474	2,173,255
Construction in progress	317,545	275,849
Vehicles	142,665	120,466
Building improvements	87,252	80,231
Grounds equipment	46,553	25,919
Athletic equipment	25,491	22,143
Land improvements	<u>4,368</u>	<u>4,368</u>
	23,674,635	23,494,518
Less accumulated depreciation	<u>(4,812,715)</u>	<u>(3,939,302)</u>
	<u>\$18,861,920</u>	<u>\$19,555,216</u>

At June 30, 2007 and 2006, the Academy has \$317,545 and \$275,849, respectively, in construction in progress related to the construction of a new high school building. For the years ending June 30, 2007 and 2006, the Academy had depreciation expense of \$873,412 and \$877,683, respectively.

NOTE 6 – OTHER ASSETS

At June 30, 2007 and 2006, other assets consisted of the following:

	<u>2007</u>	<u>2006</u>
Utility deposit	\$ -	\$ 6,000
Bond issuance costs	78,695	78,695
Accumulated amortization on bond costs	(14,223)	(12,163)
Underwriters' discount	37,500	37,500
Accumulated amortization on discount	(7,969)	(6,094)
Inventory	<u>16,668</u>	<u>7,688</u>
Total	<u>\$ 110,671</u>	<u>\$ 111,626</u>

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 7 – LINE OF CREDIT

The Academy has a line of credit payable to a financial institution that matures in April 2008. At June 30, 2007 and 2006, the Academy had drawn \$0 and \$240,201, respectively, from the total amount available. The amount available was \$250,000 at June 30, 2007. Interest is payable at 7.75%. The line of credit is unsecured.

NOTE 8 – BONDS PAYABLE

On March 15, 2003, the Academy issued \$7,500,000 of Debenture Adjustable Rate Demand Development Revenue Bonds through a financial institution. Interest is due monthly on the last business day of each month. The interest rate is adjusted weekly and at June 30, 2007 and 2006, the rate was 3.86% and 4.04%, respectively. Bonds payable mature as follows:

Year ending <u>June 30,</u>	Annual Principal <u>Amount</u>
2008	\$ 300,000
2009	310,000
2010	320,000
2011	330,000
2012	340,000
Thereafter	<u>5,060,000</u>
	6,660,000
Less: current installments	<u>(300,000)</u>
	<u><u>\$ 6,360,000</u></u>

The Academy is required to meet certain financial and nonfinancial covenants as specified in the bond documents. For the year ended June 30, 2007, the Academy met all financial covenants.

NOTE 9 – DEFERRED COMPENSATION PLANS

The Academy has a 403(b) tax deferred annuity plan covering substantially all employees. The Academy contributes 1.5% of the gross salary of each full-time employee and matches an additional 3.5% of any voluntary contribution from the employee. During the year ended June 30, 2005, the Academy amended its plan to contribute these amounts only for employees with service of five years or more. Benefits for existing employees were not changed. During the years ended June 30, 2007 and 2006, total employer contributions to the plan were \$111,382 and \$153,117, respectively.

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 9 – DEFERRED COMPENSATION PLANS (Continued)

The Academy also has a 457(f) deferred compensation plan for a key employee. Related accrued compensation expense as of June 30, 2007 and 2006 was \$726,426 and \$549,379, respectively. During the years ended June 30, 2007 and 2006, total employer expense related to the plan was \$177,047 and \$83,336, respectively.

NOTE 10 – LETTERS OF CREDIT

The Organization has two letters of credit issued by a local financial institution totaling \$600,000. These letters of credit would be available in the event of noncompliance with certain performance bonds required by Williamson County, Tennessee. Both of the letters of credit expire in June 2008.

The Academy has a letter of credit issued by a local financial institution totaling \$7,582,192. This letter of credit would be available in the event that the Academy could not repay their bonds payable. The letter of credit expires April 15, 2008.

NOTE 11 – LEASE COMMITMENT

The Academy leases several copiers, computers, portable classrooms and other equipment under lease arrangements classified as operating leases. Total rent expense for the years ended June 30, 2007 and 2006 was \$261,103 and \$354,477, respectively. The leases are payable in monthly payments and expire at various times through September 2011.

Future minimum lease payments are as follows:

Year ending <u>June 30,</u>	
2008	\$ 226,707
2009	130,824
2010	40,885
2011	30,026
2012	<u>5,004</u>
Total	<u>\$ 433,446</u>

NOTE 12 – 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, 2007 and 2006 totaled \$358,111 and \$180,000, respectively.

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2007 and 2006

NOTE 13 – CONCENTRATIONS

The Academy's cash account balances at June 30, 2007 and 2006 exceeded Federal Deposit Insurance Corporation ("FDIC") insurance limits. In management's opinion, risk related to such deposits is reduced based on the credit quality of its depository financial institution.

At June 30, 2007, 83% of the pledges receivable were due to the Academy by four donors. At June 30, 2006, 60% of pledges receivable were due to the Academy by two donors.