CURREY INGRAM ACADEMY

FINANCIAL STATEMENTS

June 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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.

Fraser, Dean & Howard, PLLC

November 3, 2017

CURREY INGRAM ACADEMY
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	$ 3,189,538	$ 4,055,831
Investments	4,906,122	4,424,646
Inventory	63,292	50,551
Accounts receivable, net of allowance of $523,888 and $625,839, respectively	482,350	235,632
Current pledges receivable, net of allowance of $6,898 and $298,357, respectively	34,818	72,757
Prepaid expenses	86,328	100,475
Total current assets	8,762,448	8,939,892
Pledges receivable, net of discount	-	8,633
Property and equipment, net of accumulated depreciation of $19,380,154 and $17,889,717, respectively	31,960,922	33,367,556
Other assets, net	60,436	69,855
Total assets	$ 40,783,806	$ 42,385,936
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 257,079	$ 187,517
Deferred revenues	1,184,020	2,620,578
Current installments of bonds payable	1,724,063	400,000
Current portion of capital lease	-	146,610
Interest rate swap	25,324	126,472
Total current liabilities	3,190,486	3,481,177
Note payable	-	585,876
Bonds payable, net of current installments	2,775,000	4,714,063
Total liabilities	5,965,486	8,781,116
Net assets:		
Unrestricted	31,726,055	30,487,966
Temporarily restricted	45,821	88,390
Permanently restricted	3,046,444	3,028,464
Total net assets	34,818,320	33,604,820
Total liabilities and net assets	$ 40,783,806	$ 42,385,936

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support:				
Contributions	$ 1,724,437	$ 11,003	$ 17,980	$ 1,753,420
Revenue:				
Tuition, net of financial aid of $1,779,110	11,280,954	-	-	11,280,954
Diagnostic center	423,645	-	-	423,645
Child development center	396,853	-	-	396,853
Student fees	231,501	-	-	231,501
Tuition refund income	230,302	-	-	230,302
Student activities income	182,407	-	-	182,407
Aftercare income	152,920	-	-	152,920
Application and enrollment fees	136,050	-	-	136,050
Other	118,642	-	-	118,642
Investment interest and dividends	68,391	-	-	68,391
Finance charge income	45,179	-	-	45,179
Gain on sale of assets	37,761	-	-	37,761
Facility rental	31,965	-	-	31,965
In-kind income	16,382	-	-	16,382
Net assets released from restrictions	53,572	(53,572)	-	-
Total revenue	13,406,524	(53,572)	-	13,352,952
Unrealized gain on investments	529,748	-	-	529,748
Total public support, revenue and investment gain	15,660,709	(42,569)	17,980	15,636,120
Expenses:				
Program services	13,256,560	-	-	13,256,560
Supporting services:				
Management and general	953,256	-	-	953,256
Fundraising	212,804	-	-	212,804
Total supporting services	1,166,060	-	-	1,166,060
Total expenses	14,422,620	-	-	14,422,620
Change in net assets	1,238,089	(42,569)	17,980	1,213,500
Net assets at beginning of year	30,487,966	88,390	3,028,464	33,604,820
Net assets at end of year	$31,726,055	$ 45,821	$ 3,046,444	$34,818,320

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support:				
Contributions	$ 1,686,536	$ 7,000	$ 40,055	$ 1,733,591
Revenue:				
Tuition, net of financial aid of $1,611,422	10,480,083	-	-	10,480,083
Diagnostic center	417,590	-	-	417,590
Child development center	342,788	-	-	342,788
Student activities income	231,981	-	-	231,981
Other	216,042	-	-	216,042
Tuition refund income	215,700	-	-	215,700
Student fees	200,019	-	-	200,019
Aftercare income	138,747	-	-	138,747
Application and enrollment fees	135,100	-	-	135,100
Investment interest and dividends	80,382	-	-	80,382
Finance charge income	42,221	-	-	42,221
In-kind income	26,756	-	-	26,756
Gain on sale of assets	5,363	-	-	5,363
Net assets released from restrictions	851,292	(851,292)	-	-
Total revenue	13,384,064	(851,292)	-	12,532,772
Unrealized loss on investments	(96,945)	-	-	(96,945)
Total public support, revenue and investment loss	14,973,655	(844,292)	40,055	14,169,418
Expenses:				
Program services	13,081,322	-	-	13,081,322
Supporting services:				
Management and general	1,260,302	-	-	1,260,302
Fundraising	246,036	-	-	246,036
Total supporting services	1,506,338	-	-	1,506,338
Total expenses	14,587,660	-	-	14,587,660
Change in net assets	385,995	(844,292)	40,055	(418,242)
Net assets at beginning of year	30,101,971	932,682	2,988,409	34,023,062
Net assets at end of year	$30,487,966	$ 88,390	$ 3,028,464	$33,604,820

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	$ 6,760,255	$ 453,929	$ 105,050	$ 7,319,234
Contract services	1,494,334	192,784	9,870	1,696,988
Payroll taxes and employee benefits	1,260,584	75,918	15,920	1,352,422
Utilities	378,063	-	-	378,063
Student contract discount	238,158	-	-	238,158
Materials and supplies	210,118	21,862	1,999	233,979
Investment and debt fees	202,977	3,850	-	206,827
Student activities	164,646	-	8,020	172,666
Advertising and public relations	136,999	-	29,020	166,019
Miscellaneous	77,204	45,115	34,544	156,863
Tuition refund program	111,707	-	-	111,707
Insurance	84,897	24,284	-	109,181
Bad debt	102,633	-	-	102,633
Professional development	67,004	9,162	522	76,688
Copier rent expense	75,213	-	-	75,213
Equipment	11,108	54,015	-	65,123
Technology	47,774	12,213	-	59,987
Athletic	44,727	-	-	44,727
Membership, subscriptions, books, and dues	34,250	2,113	628	36,991
Audit	-	30,500	-	30,500
Entertainment and hospitality	4,665	12,830	3,916	21,411
Legal fees	-	11,432	-	11,432
Postage	3,319	1,325	3,315	7,959
Permits and licenses	4,402	1,924	-	6,326
	11,515,037	953,256	212,804	12,681,097
Depreciation and amortization	1,741,523	-	-	1,741,523
	$ 13,256,560	$ 953,256	$ 212,804	$ 14,422,620

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2016

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	$ 6,407,443	$ 632,344	$ 98,606	$ 7,138,393
Contract services	1,352,359	306,146	10,944	1,669,449
Payroll taxes and employee benefits	1,217,406	64,666	15,133	1,297,205
Utilities	375,862	-	-	375,862
Investment and debt fees	283,641	41,461	-	325,102
Materials and supplies	197,139	98,447	6,662	302,248
Student contract discount	206,724	-	-	206,724
Advertising and public relations	134,002	-	67,281	201,283
Student activities	176,077	1,300	10,723	188,100
Miscellaneous	128,384	7,997	26,756	163,137
Insurance	132,068	-	-	132,068
Tuition refund program	101,117	-	-	101,117
Copier rent expense	87,541	-	-	87,541
Bad debt	57,762	-	-	57,762
Professional development	47,741	8,105	1,369	57,215
Equipment	12,388	39,653	-	52,041
Technology	45,294	673	-	45,967
Legal fees	10,354	23,277	-	33,631
Membership, subscriptions, books, and dues	26,953	2,272	2,891	32,116
Audit	-	29,400	-	29,400
Athletic	24,925	-	-	24,925
Entertainment and hospitality	17,348	1,037	3,129	21,514
Postage	3,601	2,212	2,542	8,355
Permits and licenses	1,990	1,312	-	3,302
	11,048,119	1,260,302	246,036	12,554,457
Depreciation and amortization	2,033,203	-	-	2,033,203
	$ 13,081,322	$ 1,260,302	$ 246,036	$ 14,587,660

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 1,213,500	$ (418,242)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,732,104	2,023,785
Amortization	9,419	9,418
Unrealized (gain) loss on investments	(529,748)	96,945
Contributions restricted for long-term purposes	(17,840)	(13,238)
Gain on sale of equipment	(37,761)	(5,363)
Allowance for bad debts	8,541	10,223
Changes in operating assets and liabilities:		
Inventory	(12,741)	(15,265)
Accounts receivable	(246,718)	(24,836)
Pledges receivable	37,811	(16,600)
Prepaid expenses	14,147	93,034
Accounts payable and accrued expenses	69,562	(149,599)
Deferred revenues	(1,436,558)	(382,106)
Change in estimated fair value of interest rate swap agreement	(101,148)	(87,669)
Net cash provided by operating activities	702,570	1,120,487
Cash flows from investing activities:		
Purchase of investments	(93,579)	(91,992)
Proceeds from sale of investments	141,851	143,530
Purchases of equipment	(325,470)	(222,179)
Proceeds from sale of equipment	37,761	5,363
Net cash used in investing activities	(239,437)	(165,278)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	18,060	881,130
Payments of bonds payable	(615,000)	(1,248,666)
Payments on note payable	(585,876)	-
Payments on capital lease	(146,610)	(144,045)
Net cash used in financing activities	(1,329,426)	(511,581)
Net (decrease) increase in cash and cash equivalents	(866,293)	443,628
Cash and cash equivalents at beginning of year	4,055,831	3,612,203
Cash and cash equivalents at end of year	$ 3,189,538	$ 4,055,831

See accompanying notes.

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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. As of June 30, 2016 cash and cash equivalents included a debt service reserve of $250,000 which was maintained in accordance with a bond agreement. During the year ended June 30, 2017, funds from this reserve were used to pay the outstanding note payable balance (see Note 7).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statements 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.

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, 2017 and 2016, an allowance for bad debts of $523,888 and $625,839 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, 2017 and 2016, the allowance totaled $6,898 and $298,357, respectively.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

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

Deferred Revenues

Deferred revenues represent advance tuition, fee payments, and deposits for the upcoming academic year. Such amounts are recognized as revenue in the year to which they apply.

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 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. See Note 9 for detail of the Academy's interest rate swap agreement, which is considered to be a derivative.

Restricted Endowment Funds

The Uniform Prudent Management of 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $166,019 and $201,283 for the years ended June 30, 2017 and 2016, 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 at date of receipt. 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.

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.

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 measured as the largest amount of benefit that is greater than fifty percent likely of being recognized upon ultimate settlement. The Academy has no tax penalties or interest reported in the accompanying financial statements.

Subsequent Events

The Academy has evaluated events and transactions that occurred through November 3, 2017, the date the financial statements were available to be issued. Except for the item described in Note 9, the Academy 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 financial statements.

NOTE 2 – INVESTMENTS AND 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.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

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.

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, 2017 and 2016. A description of the 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.

Mutual funds – the fair value of 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 interest rate swap (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.

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

The following table sets forth by level, within the fair value hierarchy, the Academy's assets and liabilities at fair value as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Investments:				
Commonfund – equity funds	$ -	$ 3,450,009	$ -	$ 3,450,009
Mutual funds – bond funds	1,411,679	-	-	1,411,679
Money market	44,434	-	-	44,434
Total investments at fair value	$ 1,456,113	$ 3,450,009	$ -	$ 4,906,122
Interest rate swap liability	$ -	$ (25,324)	$ -	$ (25,324)

The following table sets forth by level, within the fair value hierarchy, the Academy's assets and liabilities at fair value as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Investments:				
Commonfund – equity funds	$ -	$ 3,018,760	$ -	$ 3,018,760
Mutual funds – bond funds	1,361,481	-	-	1,361,481
Money market	44,405	-	-	44,405
Total investments at fair value	$ 1,405,886	$ 3,018,760	$ -	$ 4,424,646
Interest rate swap liability	$ -	$ (126,472)	$ -	$ (126,472)

The following schedule summarizes the investment return at June 30:

	2017	2016
Investment interest and dividends	$ 68,391	$ 80,382
Unrealized gain (loss)	529,748	(96,945)
Net investment gain (loss)	$ 598,139	$ (16,563)

NOTE 3 – PLEDGES RECEIVABLE

The Academy has received pledges for contributions for the construction of new buildings, scholarships, endowment, and the unrestricted annual fund. The discount rate used to determine the present value of pledges receivable was 2.17% at June 30, 2017 and 2.39% at June 30, 2016.

NOTE 3 – PLEDGES RECEIVABLE (Continued)

The following are the future maturities of pledges receivable at June 30, 2017:

Year ending June 30,	
2018	$ 41,593
2019	1,000
Gross pledges receivable	42,593
Less: discount to net present value	(877)
Less: allowance for uncollectible pledges	(6,898)
Pledges receivable, net	$ 34,818

Pledges receivable are scheduled to be received as follows:

	2017	2016
Receivable in less than one year, net	$ 34,818	$ 72,757
Receivable in one to five years, net	-	8,633
	$ 34,818	$ 81,390

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2017	2016
Buildings	$ 41,946,065	$ 41,936,675
Furniture and equipment	5,128,082	5,036,977
Land	2,986,766	2,986,766
Building improvements	576,898	574,558
Land improvements	482,222	471,776
Vehicles	124,917	155,777
Grounds equipment	84,399	82,296
Construction in progress	11,727	12,448
	51,341,076	51,257,273
Less accumulated depreciation	(19,380,154)	(17,889,717)
	$ 31,960,922	$ 33,367,556

NOTE 4 – PROPERTY AND EQUIPMENT (Continued)

At June 30, 2017 and 2016, construction in progress primarily consists of architect and engineering fees incurred related to the construction of a sports pavilion and improvement costs for the student center and the student athletic center.

For the years ended June 30, 2017 and 2016, the Academy had depreciation expense of $1,732,104 and $2,023,785 respectively.

NOTE 5 – OTHER ASSETS

Other assets consists of the following at June 30:

	2017	2016
Bond issuance costs	$ 133,695	$ 133,695
Accumulated amortization on bond costs	(84,724)	(77,092)
Underwriters' discount	37,500	37,500
Accumulated amortization on discount	(26,035)	(24,248)
Total	$ 60,436	$ 69,855

For the years ended June 30, 2017 and 2016, amortization expense totaled $9,419 and $9,418, respectively.

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 (2.38% at June 30, 2017). The maturity date of the agreement is December 1, 2023. Amounts outstanding at June 30, 2017 and 2016 are $3,190,000 and $3,590,000, respectively.

NOTE 6 – BONDS PAYABLE (Continued)

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 were disbursed to the Academy on a line of credit basis, as construction progressed. At June 30, 2017 and 2016, amounts outstanding under the agreement are $1,309,063 and $1,524,063, respectively. Interest is due monthly under the agreement at a variable rate based on LIBOR (2.52% at June 30, 2017). The principal is due upon maturity on March 30, 2018.

Maturities of bonds payable are as follows:

Year ending June 30,	Annual Principal Amount
2018	$ 1,724,063
2019	425,000
2020	440,000
2021	455,000
2022	470,000
Thereafter	985,000
	$ 4,499,063

The Academy is required to meet certain financial and nonfinancial covenants as specified in the bond documents. For the years ended June 30, 2017 and 2016, the Academy was in compliance with all covenants.

NOTE 7 – NOTE PAYABLE

Effective September 24, 2008, the IDB issued $7,000,000 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 $7,000,000 to fund construction projects. In September 2009, the loan agreement was amended to provide for a principal amount up to $5,500,000 and a change in the interest rate. The balance outstanding at June 30, 2016 was $585,876. During fiscal 2017, interest accrued on the outstanding principal balance at a variable rate based on LIBOR. All principal amounts and accrued interest outstanding under the agreement were paid in full upon maturity at November 1, 2016.

NOTE 7 – NOTE PAYABLE (Continued)

The Academy was required to meet certain financial and nonfinancial covenants as specified in the loan agreement. For the year ended June 30, 2016, the Academy was in compliance with all covenants.

NOTE 8 – LINE OF CREDIT

In June 2014, the Academy entered into a $500,000 line of credit agreement with a financial institution. The line matured April 28, 2017 and was extended through January 31, 2018 under the same terms. The line of credit has a variable interest rate based upon LIBOR plus 2.00% and requires the Academy to maintain a zero balance outstanding on the line for at least one thirty consecutive day period. There were no amounts outstanding on the line of credit at June 30, 2017 and 2016.

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. The interest rate swap agreement swapped a variable rate for a fixed rate of 3.49%. The notional amount on the swap was $4,740,000 with a termination date of October 1, 2015.

During October 2013, this swap agreement was terminated and replaced by a new interest rate 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 accounted for these interest rate swap agreements 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, 2017 and 2016 include $101,148 and $87,669, respectively, of change in the valuation of the interest rate swap agreements. The notional amount of the agreement is $3,190,000 and $3,590,000 at June 30, 2017 and 2016, respectively. The estimated fair values at June 30, 2017 and 2016 are $(25,324) and $(126,472), respectively.

NOTE 9 – INTEREST RATE SWAP AGREEMENT (Continued)

Subsequent to June 30, 2017, this swap agreement was terminated and replaced by a new interest rate 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 1.77%.	October 1, 2017	December 1, 2023	$ 3,190,000

NOTE 10 – UNRESTRICTED NET ASSETS

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

	2017	2016
Board designated:		
Scholarship endowment	$ 1,745,326	$ 1,417,703
Deferred maintenance	519,618	519,618
Tuition refund program	231,506	114,583
Fundraising consultant	215,000	-
Retirement of debt	215,000	-
Wage increases	200,000	-
Financial Aid	70,000	-
Total board designated	3,196,450	2,051,904
Undesignated	28,529,605	28,436,062
	$ 31,726,055	$ 30,487,966

NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS

The Academy has received contributions from donors with the stipulation that such contributions are to be used for specified purposes.

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

	2017	2016
Pledges receivable – time restricted	$ 34,818	$ 81,390
Scholarships	7,000	7,000
Miscellaneous	4,003	-
	$ 45,821	$ 88,390

NOTE 12 – TEMPORARILY RESTRICTED CONTRIBUTIONS AND RELATED EXPENSES

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

	2017		2016	
	Contributions	Expenses/ Releases	Contributions	Expenses/ Releases
Scholarships	$ 7,000	$ -	$ 7,000	$ -
Pledges receivable – time restricted	-	53,572	-	851,292
Miscellaneous	4,003	-	-	-
Total	$ 11,003	$ 53,572	$ 7,000	$ 851,292

NOTE 13 – ENDOWMENT

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

	2017	2016
Scholarship and other	$ 3,046,444	$ 3,028,464

The dividend and interest income earned on permanently restricted net assets is available to the Academy to provide scholarships and financial assistance. The Academy's endowment consists of board designated and donor restricted gifts held in cash and 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.

CURREY INGRAM ACADEMY
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 13 – ENDOWMENT (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ -	$ 3,046,444	$ 3,046,444
Board designated endowment funds	1,745,326	-	-	1,745,326
Total funds	$ 1,745,326	$ -	$ 3,046,444	$ 4,791,770

Changes in Endowment Net Assets for the Year Ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,417,703	$ -	$ 3,028,464	$ 4,446,167
Investment activity:				
Interest and dividends	68,391	-	-	68,391
Net appreciation	529,748	-	-	529,748
Investment fees	(13,014)	-	-	(13,014)
Total investment activity	585,125	-	-	585,125
Contributions	-	-	17,980	17,980
Appropriations	(257,502)	-	-	(257,502)
Endowment net assets, end of year	$ 1,745,326	$ -	$ 3,046,444	$ 4,791,770

Endowment Net Asset Composition by Type of Fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ -	$ 3,028,464	$ 3,028,464
Board designated endowment funds	1,417,703	-	-	1,417,703
Total funds	$ 1,417.703	$ -	$ 3,028,464	$ 4,446,167

NOTE 13 – ENDOWMENT (Continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,620,475	$ -	$ 2,988,409	$ 4,608,884
Investment activity:				
Interest and dividends	80,382	-	-	80,382
Net depreciation	(96,945)	-	-	(96,945)
Investment fees	(12,291)	-	-	(12,291)
Total investment activity	(28,854)	-	-	(28,854)
Contributions	-	-	40,055	40,055
Appropriations	(173,918)	-	-	(173,918)
Endowment net assets, end of year	$ 1,417,703	$ -	$ 3,028,464	$ 4,446,167

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.

NOTE 13 – ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Academy has a policy of appropriating annual distributions up to 4% of the three year historical average of the endowment fund for scholarships and financial assistance.

NOTE 14 – LETTERS OF CREDIT

At June 30, 2017 and 2016, 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 employer matches eligible employee voluntary contributions up to 5% of the employee's gross salary. The Academy also has a 457(f) deferred compensation plan for a key employee.

During the years ended June 30, 2017 and 2016, total employer contributions to the plans were $301,620 and $294,937, respectively.

NOTE 16 – LEASE COMMITMENTS

The Academy has leased copiers under lease arrangements classified as operating leases. Total rent expense for the years ended June 30, 2017 and 2016 was $75,213 and $87,541, respectively. The leases are payable in monthly payments and expire at various times through fiscal year 2018.

During June 2014, the Academy entered into a noncancelable computer lease classified as a capital lease. The computers under this capital lease were recorded as equipment purchases totaling $439,874, which was the present value of the required lease payments upon inception. The lease agreement period approximated the economic life of the assets and expired in September 2016. The lease agreement was not renewed upon expiration.

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 (the "Fund"). Qualified recipients of this scholarship were children of full-time employees of Vanderbilt University. During April 2016, the Fund

NOTE 17 – VANDERBILT SCHOLARSHIP GIFT AGREEMENT (Continued)

employees of Vanderbilt University and Vanderbilt University Medical Center. Contributions from Vanderbilt University Endowment Fund to the Academy during the years ended June 30, 2017 and 2016 totaled $288,429 and $303,300, respectively.

NOTE 18 – CONCENTRATIONS

The Academy's cash account balances at June 30, 2017 and 2016 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, 2017, 58% of the pledges receivable were due to the Academy from two donors. At June 30, 2016, 79% of the pledges receivable was due to the Academy from one donor. For the years ended June 30, 2017 and 2016, contributions from two donors represented approximately 74% and 77%, respectively, of total contributions received by the Academy. A significant reduction in the level of support from these donors could have an adverse effect on the operations of 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, 2017 and 2016, the Academy incurred legal expenses totaling $4,392 and $20,798, respectively, from a law firm affiliated with a member of the Board of Trustees.

NOTE 20 – SUPPLEMENTAL CASH FLOW INFORMATION

The following is supplemental cash flow information required by accounting principles generally accepted in the United States of America.

Supplemental Cash Flow Information

	2017	2016
Cash paid during the year for interest	$ 205,175	$ 245,001