

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

As of and for the Years Ended June 30, 2019 and 2018

And Report of Independent Auditor

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
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Report of Independent Auditor

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

We have audited the accompanying consolidated financial statements of LEAD Public Schools, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LEAD Public Schools, Inc. and Affiliates as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 18-23 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the consolidated financial statements, LEAD Public Schools, Inc. and Affiliates adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.



Nashville, Tennessee
December 9, 2019

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,377,123	\$ 3,449,107
Accounts receivable	1,537,316	2,129,156
Prepaid expenses and other	460,062	293,216
Total Current Assets	7,374,501	5,871,479
Property and equipment, net	7,578,171	8,069,656
Construction in progress	330,000	-
Total Assets	\$ 15,282,672	\$ 13,941,135
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 362,035	\$ 199,980
Accrued expenses	1,674,869	1,053,818
Other current liabilities	127,304	-
Notes payable, current portion	150,693	244,986
Total Current Liabilities	2,314,901	1,498,784
Notes payable, noncurrent portion	5,707,885	5,946,675
Total Liabilities	8,022,786	7,445,459
Net Assets:		
Without donor restriction	6,859,886	6,495,676
With donor restriction	400,000	-
Total Net Assets	7,259,886	6,495,676
Total Liabilities and Net Assets	\$ 15,282,672	\$ 13,941,135

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
Public Support and Revenue:			
District funding	\$ 27,216,687	\$ -	\$ 27,216,687
Federal grants	2,990,447	-	2,990,447
Contributions and other	1,062,921	400,000	1,462,921
Net assets released from restrictions	-	-	-
Total Public Support and Revenue	31,270,055	400,000	31,670,055
Expenses:			
Student instruction and services	27,901,797	-	27,901,797
Administration	2,811,576	-	2,811,576
Fundraising	192,472	-	192,472
Total Expenses	30,905,845	-	30,905,845
Change in net assets	364,210	400,000	764,210
Net assets, beginning of year	6,495,676	-	6,495,676
Net assets, end of year	<u>\$ 6,859,886</u>	<u>\$ 400,000</u>	<u>\$ 7,259,886</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Without Donor Restriction	With Donor Restriction	Total
Public Support and Revenue:			
District funding	\$ 25,147,189	\$ -	\$ 25,147,189
Federal grants	2,524,860	-	2,524,860
Contributions and other	838,721	-	838,721
Net assets released from restrictions	-	-	-
Total Public Support and Revenue	28,510,770	-	28,510,770
Expenses:			
Student instruction and services	26,352,873	-	26,352,873
Administration	2,342,462	-	2,342,462
Fundraising	212,145	-	212,145
Total Expenses	28,907,480	-	28,907,480
Other Income:			
Rental income	4,091	-	4,091
Total Other Income	4,091	-	4,091
Change in net assets	(392,619)	-	(392,619)
Net assets, beginning of year	6,888,295	-	6,888,295
Net assets, end of year	\$ 6,495,676	\$ -	\$ 6,495,676

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Student Instruction and Services	Supporting Services		Total Expenses
		Administration	Fundraising	
Salaries, wages, and benefits	\$ 18,179,598	\$ 1,291,171	\$ 117,232	\$ 19,588,001
Transportation	2,698,364	12,441	51	2,710,856
Occupancy	2,574,475	79,667	-	2,654,142
Professional and service fees	1,044,770	578,277	18,040	1,641,087
Depreciation	1,005,652	120,507	-	1,126,159
Instructional	789,408	156,974	2,228	948,610
Office expense	695,301	24,341	560	720,202
Organizational development	173,073	148,708	8,114	329,895
Authorizer fees	-	320,247	-	320,247
Athletics	281,650	-	-	281,650
Interest	255,193	-	-	255,193
Other expenses	158,897	71,228	991	231,116
Outreach	45,416	8,015	-	53,431
Development expense	-	-	45,256	45,256
Total Expenses	<u>\$ 27,901,797</u>	<u>\$ 2,811,576</u>	<u>\$ 192,472</u>	<u>\$ 30,905,845</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Student Instruction and Services	Supporting Services		Total Expenses
		Administration	Fundraising	
Salaries, wages, and benefits	\$ 16,603,502	\$ 1,009,037	\$ 148,347	\$ 17,760,886
Transportation	3,094,324	39,527	2,490	3,136,341
Occupancy	2,497,633	65,210	182	2,563,025
Professional and service fees	986,426	898,424	5,575	1,890,425
Depreciation	945,605	116,486	-	1,062,091
Instructional	842,674	46,606	219	889,499
Office expense	413,810	38,435	2,169	454,414
Interest	253,304	-	-	253,304
Other expenses	176,194	73,512	1,283	250,989
Organizational development	118,155	39,882	49,626	207,663
Authorizer fees	190,102	-	-	190,102
Athletics	168,421	-	-	168,421
Outreach	41,819	4,100	-	45,919
Staff development	20,904	11,243	2,254	34,401
Total Expenses	<u>\$ 26,352,873</u>	<u>\$ 2,342,462</u>	<u>\$ 212,145</u>	<u>\$ 28,907,480</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 764,210	\$ (392,619)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,126,159	1,062,091
Changes in operating assets and liabilities:		
Accounts receivable	591,840	(1,469,624)
Prepaid expenses and other	(166,846)	(44,962)
Accounts payable	162,055	(123,247)
Accrued expenses	621,051	(65,224)
Other liabilities	127,304	-
Net cash provided by (used in) operating activities	<u>3,225,773</u>	<u>(1,033,585)</u>
Cash flows from investing activities:		
Purchase of investments	-	(8,644)
Proceeds from sale of investments	-	12,229
Purchase of property and equipment	(964,674)	(1,071,154)
Net cash used in investing activities	<u>(964,674)</u>	<u>(1,067,569)</u>
Cash flows from financing activities:		
Proceeds from notes payable	38,480	2,460,000
Payments on notes payable	(371,563)	(127,250)
Net cash (used in) provided by financing activities	<u>(333,083)</u>	<u>2,332,750</u>
Net increase in cash and cash equivalents	1,928,016	231,596
Cash and cash equivalents, beginning of year	3,449,107	3,217,511
Cash and cash equivalents, end of year	<u>\$ 5,377,123</u>	<u>\$ 3,449,107</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 255,193</u>	<u>\$ 253,304</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1—Nature of operations and summary of significant accounting policies

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

The Academy, Cameron, Brick Church, Southeast, and Neely’s Bend were organized in accordance with Section 6(1)(a) of the Tennessee Public Charter School Act of 2002 (the “Act”). Pursuant to the Act, public charter schools are part of the state’s public education program offering an alternative means within the public school system for accomplishing necessary outcomes of education. The Academy entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on July 23, 2006 to operate a charter school in Nashville, Tennessee. The Academy began classes in July 2007 with fifth and sixth grade classes. The Academy has since added a grade each year until it reached twelfth grade. Cameron entered into a Charter School Agreement with the on October 1, 2010, to operate a charter school in Nashville, Tennessee. Cameron began classes in August 2011 with fifth grade and has since added a grade each year through the eighth grade. Brick Church entered into a Charter School Agreement with the Tennessee Achievement School District (“ASD”) on June 1, 2012 to operate a charter school in Nashville, Tennessee. Brick Church began classes in August 2012 with fifth grade and has since added a grade each year through the eighth grade. Southeast entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on October 25, 2011, to operate a charter school in Nashville, Tennessee. Southeast began classes in August 2013 with fifth grade and plans to add a grade each subsequent year through the twelfth grade. Neely’s Bend entered into a Charter School Agreement with the Tennessee Achievement School District on May 21, 2015, to operate a charter school in Madison, Tennessee. Neely’s Bend began classes in August 2015 with fifth grade and has since added a grade each year through the eighth grade.

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

Basis of Presentation – The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The consolidated financial statements present the financial position and results of operations of LPS, the Academy, Cameron, Brick Church, Southeast, Neely’s Bend, and LEAD Real Estate (collectively the “Organization”).

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1—Nature of operations and summary of significant accounting policies (continued)

The Organization presents its consolidated financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) guidance for not-for-profit organizations. Under this guidance, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction – Net assets that are not subject to donor-imposed stipulations. All contributions are considered available for general use unless specifically restricted by the donor.

Net Assets With Donor Restriction – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as increases to net assets without donor restriction. Additionally, some net assets are subject to a donor-imposed stipulation that they be held in perpetuity by the Organization. There were no net assets that were required to be held in perpetuity at June 30, 2019 and 2018.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements, and the reported amounts of revenues and expenses and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

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

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

Property and Equipment – Property and equipment are recorded at acquisition cost less accumulated depreciation, if purchased, or the fair value on the date received, if donated. The cost of routine maintenance and repairs is expensed as incurred. Expenditures which materially extend the economic lives, change capacities, or improve the efficiency of the related assets are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is included in the consolidated statement of activities. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years, or over the term of the lease for leasehold improvements, if less.

Donated Materials, Services, and Assets – Donated materials and services, if any, are reflected as contributions in the accompanying consolidated financial statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, and are recorded at their fair values in the period received.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1—Nature of operations and summary accounting policies (continued)

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as net assets without donor restriction 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 net assets with donor restriction. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restriction to net assets without donor restriction at that time.

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

Functional Allocation of Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. While most costs have been directly assigned to a functional category, certain joint costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated consist primarily of salaries and wages which are allocated based on time and effort.

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

The Organization follows FASB ASC guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying consolidated financial statements.

New Accounting Pronouncement – In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied retrospectively to all periods presented.

Accounting Policies for Future Pronouncements – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Organization for the year ending June 30, 2020. The Organization is currently evaluating the effect of the implementation of this new standard.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1—Nature of operations and summary accounting policies (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the year ending June 30, 2022. The Organization is currently evaluating the effect of the implementation of this new standard.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. This guidance adds or clarifies guidance on the classification of certain cash receipts and payments in the statements of cash flows. This guidance is effective for the year ending June 30, 2020. The Organization is currently evaluating the effect of the implementation of this new standard.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. The standard will be effective for the fiscal year ending June 30, 2020. The Organization is currently evaluating the effect of the implementation of this new standard.

Subsequent Events – The Organization evaluated subsequent events through December 9, 2019, when these consolidated financial statements were available to be issued.

Account Reclassifications – Certain balances have been reclassified in the prior year balances to be consistent with current year presentation.

Note 2—Liquidity and availability of resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. The Organization maintains a line of credit with maximum borrowings of \$1,000,000 (see Note 6) with a financial institution that is drawn upon during the year to manage cash flow, if needed. Financial assets available for general expenditure, that is, without donor restriction or other restrictions limiting their use within one year of the statement of financial position comprise the following at June 30:

	2019	2018
Financial assets at June 30:		
Cash and cash equivalents	\$ 5,377,123	\$ 3,449,107
Accounts receivable	1,537,316	2,129,156
Total financial assets	6,914,439	5,578,263
Less amounts not available to be used for general expenditures within one year	(400,000)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,514,439	\$ 5,578,263

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 3—Property and equipment

Property and equipment consists of the following at June 30:

	2019	2018
Land	\$ 542,960	\$ 542,960
Buildings and improvements	7,319,420	7,275,492
Computer equipment	1,915,783	1,637,607
Furniture and fixtures	398,150	393,307
Office equipment	140,283	128,092
Textbooks	166,177	64,417
Leasehold improvements	1,049,127	855,351
School buses	426,284	426,284
	<u>11,958,184</u>	<u>11,323,510</u>
Less accumulated depreciation	<u>(4,380,013)</u>	<u>(3,253,854)</u>
	<u><u>\$ 7,578,171</u></u>	<u><u>\$ 8,069,656</u></u>

Depreciation expense totaled \$1,126,159 and \$1,062,091 for the years ended June 30, 2019 and 2018, respectively.

Construction in progress totaling \$330,000 at June 30 2019 consisted of buildout costs incurred for a new physical education facility at the Organization's Metroplex property.

Note 4—Operating leases

During 2014, Cameron entered into a lease arrangement with MNPS for certain educational facilities starting July 1, 2014 and expires June 30, 2021. The lease requires monthly rent payments of \$31,417 subject to annual increases of 2%. Effective July 1, 2015, this lease was amended permitting the Academy's ninth grade to use a portion of Cameron's leased space. The amendment required monthly rental payments of \$25,957 from Cameron and \$10,347 from the Academy subject to annual increases of 2%. The amendment also gave the Organization the right to terminate the lease subject to 60 days written notice. Effective July 1, 2017, the lease was amended permitting the Academy's tenth through twelfth grades to use a portion of Cameron's leased space. The amendment requires monthly rental payments of \$21,982 from Cameron and \$23,371 from the Academy subject to annual increases of 2%. Effective July 1, 2018, the lease was amended reducing the monthly rental payment to \$21,468 subject to annual increases of 2%. Under the terms of the lease, rent expense totaled \$257,616 and \$544,233 for the years ended June 30, 2019 and 2018, respectively.

As of June 30, 2019, future minimum operating lease payments required are as follows:

<u>Years Ending June 30,</u>	
2020	\$ 262,768
2021	<u>268,023</u>
	<u><u>\$ 530,791</u></u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 5—Notes payable

During November 2013, the Organization entered into a loan agreement with CSGF Tennessee, LLC. Under terms of the loan, the Organization received \$100,000 to be used for general support and management of the Organization. The note bears interest at 1.00%. Amounts outstanding under the agreement totaled \$100,000 at June 30, 2018. The loan was paid in full during the year ended June 30, 2019.

During July 2015, the Organization entered into a second loan agreement with CSGF Tennessee, LLC. Under terms of the loan, the Organization received \$100,000 to be used for general support and management of the Organization. The note bears interest at 1.00%. Amounts outstanding under the agreement totaled \$100,000 at June 30, 2018. The loan was paid in full during the year ended June 30, 2019.

In February 2014, the Organization entered into a note payable with a financial institution for the purchase of certain real estate. During September 2015, this note payable was restructured to a term loan with total borrowings of \$3,900,000 requiring monthly payments of \$24,753 including interest calculated at 4.00%. During July 2017, this term loan was amended to allow additional borrowings of \$2,460,000 and requiring new monthly payments of \$33,363 including interest calculated at 4.25%. Total outstanding amounts plus accrued and unpaid interest are due on July 27, 2022. The agreement is secured by a deed of trust and a negative pledge of the Organization's assets. Amounts outstanding under this note totaled \$5,858,578 and \$5,991,661 at June 30, 2019 and 2018, respectively. Additionally, the agreement contains restrictive covenants that are tested annually on June 30. At June 30, 2019, the Organization was in compliance with the other covenants.

Future principal payments on the notes are as follows at June 30, 2019:

Years Ending June 30,

2020	\$ 150,693
2021	158,002
2022	164,947
2023	5,384,936
	<u>\$ 5,858,578</u>

Note 6—Line of credit

The Organization maintains a line of credit agreement with a financial institution to provide maximum borrowings of \$1,000,000. The line of credit requires monthly interest payments calculated at the bank's prime rate not to fall below 4.5% and matures in April 2020. There were no outstanding amounts under this line of credit as of June 30, 2019 or 2018.

Note 7—Federal grants

The Organization receives federal pass-through funding from various grantor agencies to help meet objectives and accomplish its mission as a charter school. Total federal awards received during the years ended June 30 2019 and 2018 totaled \$2,990,447 and \$2,524,860, respectively.

Note 8—Concentrations

For the years ended June 30, 2019 and 2018, the Organization received \$26,966,899 (85%) and \$24,365,912 (82%), respectively, of its funding for operations from MNPS based on the State of Tennessee's Basic Education Program ("BEP"). BEP funding is designated to schools based on student enrollment.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 9—Retirement plans

Teacher Legacy Pension Plan of TCRS

Plan Description – The Tennessee Consolidated Retirement System (“TCRS”) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>. Teachers employed by the Organization with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (“LEAs”) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits Provided – Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (“COLA”) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (“CPI”) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than ½%. A 1% COLA is granted if the CPI change is between ½% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions – Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Organization for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$278,518 which is 9.33% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 9—Retirement plans (continued)

Teacher Retirement Plan of TCRS

Plan Description – The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>. Teachers employed by the Organization with memberships in TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits Provided – Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic COLAs after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the CPI during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than ½%. A 1% COLA is granted if the CPI change is between ½% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions – Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except for in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Organization for the year ended June 30, 2019, to the Teacher Retirement Plan were \$184,090 which is 4% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 9—Retirement plans (continued)

Other Plan

The Organization's noncertified employees are covered under a 403(b) plan. Under terms of the plan, employee contributions are matched 200% up to a maximum match of 6% of eligible compensation by the Organization.

Employer contributions for all retirement plans totaled \$986,769 and \$917,888 for the years ended June 30, 2019 and 2018, respectively.

SUPPLEMENTAL INFORMATION

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

JUNE 30, 2019

	<u>LEAD Public Schools, Inc.</u>	<u>LEAD Academy, Nonprofit, LLC</u>	<u>Cameron College Prep, Nonprofit, LLC</u>	<u>Southeast College Prep, Nonprofit, LLC</u>	<u>Brick Church College Prep, Nonprofit, LLC</u>	<u>Neely's Bend College Prep, Nonprofit, LLC</u>	<u>LEAD Real Estate Holdings, Nonprofit, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS									
Current Assets:									
Cash and cash equivalents	\$ 5,315,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,833	\$ -	\$ 5,377,123
Accounts receivable	1,537,316	-	-	-	-	-	-	-	1,537,316
Prepaid expenses and other	460,062	-	-	-	-	-	-	-	460,062
Total Current Assets	7,312,668	-	-	-	-	-	61,833	-	7,374,501
Investment in Academy	(2,292,471)	-	-	-	-	-	-	2,292,471	-
Investment in Cameron	6,151,804	-	-	-	-	-	-	(6,151,804)	-
Investment in Southeast	2,411,557	-	-	-	-	-	-	(2,411,557)	-
Investment in Brick Church	(918,998)	-	-	-	-	-	-	918,998	-
Investment in Neely's Bend	2,710,627	-	-	-	-	-	-	(2,710,627)	-
Investment in LEAD Real Estate	(1,991,769)	-	-	-	-	-	-	1,991,769	-
Property and equipment, net	1,512,331	-	-	-	-	-	6,065,840	-	7,578,171
Construction in progress	-	-	-	-	-	-	330,000	-	330,000
Total Assets	<u>\$ 14,895,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,457,673</u>	<u>\$ (6,070,750)</u>	<u>\$ 15,282,672</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2019

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
LIABILITIES AND NET ASSETS									
Current Liabilities:									
Accounts payable	\$ 362,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,035
Intercompany payable (receivable)	5,514,657	2,292,471	(6,151,804)	(2,411,557)	918,998	(2,710,627)	2,547,862	-	-
Accrued expenses	1,631,867	-	-	-	-	-	43,002	-	1,674,869
Other current liabilities	127,304	-	-	-	-	-	-	-	127,304
Note payable, current portion	-	-	-	-	-	-	150,693	-	150,693
Total Current Liabilities	7,635,863	2,292,471	(6,151,804)	(2,411,557)	918,998	(2,710,627)	2,741,557	-	2,314,901
Notes payable, noncurrent portion	-	-	-	-	-	-	5,707,885	-	5,707,885
Total Liabilities	7,635,863	2,292,471	(6,151,804)	(2,411,557)	918,998	(2,710,627)	8,449,442	-	8,022,786
Net Assets (Deficit):									
Without donor restrictions	7,259,886	(2,342,471)	6,101,804	2,311,557	(1,018,998)	2,610,627	(1,991,769)	(6,070,750)	6,859,886
With donor restrictions	-	50,000	50,000	100,000	100,000	100,000	-	-	400,000
Total Net Assets	7,259,886	(2,292,471)	6,151,804	2,411,557	(918,998)	2,710,627	(1,991,769)	(6,070,750)	7,259,886
Total Liabilities and Net Assets	<u>\$ 14,895,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,457,673</u>	<u>\$ (6,070,750)</u>	<u>\$ 15,282,672</u>

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

JUNE 30, 2018

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
ASSETS									
Current Assets:									
Cash and cash equivalents	\$ 3,387,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,863	\$ -	\$ 3,449,107
Accounts receivable	2,129,156	-	-	-	-	-	-	-	2,129,156
Prepaid expenses and other	293,216	-	-	-	-	-	-	-	293,216
Total Current Assets	5,809,616	-	-	-	-	-	61,863	-	5,871,479
Investment in Academy	(2,147,216)	-	-	-	-	-	-	2,147,216	-
Investment in Cameron	4,758,827	-	-	-	-	-	-	(4,758,827)	-
Investment in Southeast	1,600,612	-	-	-	-	-	-	(1,600,612)	-
Investment in Brick Church	(315,687)	-	-	-	-	-	-	315,687	-
Investment in Neely's Bend	1,850,458	-	-	-	-	-	-	(1,850,458)	-
Investment in LEAD Real Estate	(1,421,933)	-	-	-	-	-	-	1,421,933	-
Property and equipment, net	1,482,772	-	-	-	-	-	6,586,884	-	8,069,656
Total Assets	<u>\$ 11,617,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,648,747</u>	<u>\$ (4,325,061)</u>	<u>\$ 13,941,135</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2018

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
LIABILITIES AND NET ASSETS									
Current Liabilities:									
Accounts payable	\$ 199,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,980
Intercompany payable (receivable)	3,730,714	2,147,216	(4,758,827)	(1,600,612)	315,687	(1,850,458)	2,016,280	-	-
Accrued expenses	991,079	-	-	-	-	-	62,739	-	1,053,818
Note payable, current portion	100,000	-	-	-	-	-	144,986	-	244,986
Total Current Liabilities	5,021,773	2,147,216	(4,758,827)	(1,600,612)	315,687	(1,850,458)	2,224,005	-	1,498,784
Notes payable, noncurrent portion	100,000	-	-	-	-	-	5,846,675	-	5,946,675
Total Liabilities	5,121,773	2,147,216	(4,758,827)	(1,600,612)	315,687	(1,850,458)	8,070,680	-	7,445,459
Net Assets (Deficit):									
Without donor restrictions	6,495,676	(2,147,216)	4,758,827	1,600,612	(315,687)	1,850,458	(1,421,933)	(4,325,061)	6,495,676
With donor restrictions	-	-	-	-	-	-	-	-	-
Total Net Assets	6,495,676	(2,147,216)	4,758,827	1,600,612	(315,687)	1,850,458	(1,421,933)	(4,325,061)	6,495,676
Total Liabilities and Net Assets	<u>\$ 11,617,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,648,747</u>	<u>\$ (4,325,061)</u>	<u>\$ 13,941,135</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
Public Support and Revenue:									
District funding	\$ -	\$4,463,585	\$6,669,086	\$7,282,545	\$3,355,821	\$5,445,650	\$ -	\$ -	\$ 27,216,687
Federal grants	-	206,810	585,725	643,226	450,162	1,104,524	-	-	2,990,447
Contributions and other	891,159	90,889	88,896	123,909	143,532	124,536	-	-	1,462,921
Total Public Support and Revenue	891,159	4,761,284	7,343,707	8,049,680	3,949,515	6,674,710	-	-	31,670,055
Expenses:									
Student instruction and services	1,836,968	4,387,352	5,279,698	6,498,707	4,191,265	5,204,917	1,189,920	(687,030)	27,901,797
Administration	2,176,783	519,187	671,032	740,028	361,561	609,624	66,946	(2,333,585)	2,811,576
Fundraising	192,472	-	-	-	-	-	-	-	192,472
Total Expenses	4,206,223	4,906,539	5,950,730	7,238,735	4,552,826	5,814,541	1,256,866	(3,020,615)	30,905,845
Other Income (Expenses):									
Rental income	-	-	-	-	-	-	687,030	(687,030)	-
Management fees	2,333,585	-	-	-	-	-	-	(2,333,585)	-
Loss in Academy	(145,255)	-	-	-	-	-	-	145,255	-
Earnings in Cameron	1,392,977	-	-	-	-	-	-	(1,392,977)	-
Earnings in Southeast	810,945	-	-	-	-	-	-	(810,945)	-
Loss in Brick Church	(603,311)	-	-	-	-	-	-	603,311	-
Earnings in Neely's Bend	860,169	-	-	-	-	-	-	(860,169)	-
Loss in LEAD Real Estate	(569,836)	-	-	-	-	-	-	569,836	-
Total Other Income (Expenses)	4,079,274	-	-	-	-	-	687,030	(4,766,304)	-
Change in net assets	764,210	(145,255)	1,392,977	810,945	(603,311)	860,169	(569,836)	(1,745,689)	764,210
Net assets, beginning of year	6,495,676	(2,147,216)	4,758,827	1,600,612	(315,687)	1,850,458	(1,421,933)	(4,325,061)	6,495,676
Net assets, end of year	\$ 7,259,886	\$ (2,292,471)	\$ 6,151,804	\$ 2,411,557	\$ (918,998)	\$ 2,710,627	\$ (1,991,769)	\$ (6,070,750)	\$ 7,259,886

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
Public Support and Revenue:									
District funding	\$ -	\$ 4,195,651	\$ 6,571,055	\$ 6,356,798	\$ 3,415,624	\$ 4,608,061	\$ -	\$ -	\$ 25,147,189
Federal grants	-	159,312	372,162	634,361	250,762	1,108,263	-	-	2,524,860
Contributions and other	605,480	77,010	30,181	89,534	19,942	16,574	-	-	838,721
Total Public Support and Revenue	605,480	4,431,973	6,973,398	7,080,693	3,686,328	5,732,898	-	-	28,510,770
Expenses:									
Student instruction and services	1,864,181	4,121,008	5,778,110	5,893,669	3,955,018	4,268,186	1,181,926	(709,225)	26,352,873
Administration	2,251,337	362,423	569,067	554,457	279,959	401,861	91,125	(2,167,767)	2,342,462
Fundraising	212,145	-	-	-	-	-	-	-	212,145
Total Expenses	4,327,663	4,483,431	6,347,177	6,448,126	4,234,977	4,670,047	1,273,051	(2,876,992)	28,907,480
Other Income (Expenses):									
Rental income	-	-	-	-	-	-	713,316	(709,225)	4,091
Management fees	2,167,767	-	-	-	-	-	-	(2,167,767)	-
Loss in Academy	(51,458)	-	-	-	-	-	-	51,458	-
Earnings in Cameron	626,221	-	-	-	-	-	-	(626,221)	-
Earnings in Southeast	632,567	-	-	-	-	-	-	(632,567)	-
Loss in Brick Church	(548,649)	-	-	-	-	-	-	548,649	-
Earnings in Neely's Bend	1,062,851	-	-	-	-	-	-	(1,062,851)	-
Loss in LEAD Real Estate	(559,735)	-	-	-	-	-	-	559,735	-
Total Other Income (Expenses)	3,329,564	-	-	-	-	-	713,316	(4,038,789)	4,091
Change in net assets	(392,619)	(51,458)	626,221	632,567	(548,649)	1,062,851	(559,735)	(1,161,797)	(392,619)
Net assets, beginning of year	6,888,295	(2,095,758)	4,132,606	968,045	232,962	787,607	(862,198)	(3,163,264)	6,888,295
Net assets, end of year	<u>\$ 6,495,676</u>	<u>\$ (2,147,216)</u>	<u>\$ 4,758,827</u>	<u>\$ 1,600,612</u>	<u>\$ (315,687)</u>	<u>\$ 1,850,458</u>	<u>\$ (1,421,933)</u>	<u>\$ (4,325,061)</u>	<u>\$ 6,495,676</u>