

PROJECT REFLECT, INC.

**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2015**

**Operating Tennessee Public Charter School:
SMITHSON CRAIGHEAD ACADEMY
ELEMENTARY SCHOOL**

PROJECT REFLECT, INC.

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PROJECT REFLECT, INC.
INTRODUCTORY SECTION

BOARD OF TRUSTEES

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Eunice Bell	Trustee
Sister Mary Sarah Galbraith	Trustee
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Brianna McEntee	Director of PREP
Larry Clopton	Campus Supervisor
Janelle Glover	Principal, Smithson Craighead Academy Elementary School



Independent Auditor's Report

To the Board of Trustees
Project Reflect, Inc.
Smithson Craighead Academy
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Project Reflect, Inc., operating Tennessee Public Charter School Smithson Craighead Academy, (the "Organization"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



To the Board of Trustees
Project Reflect, Inc.
Smithson Craighead Academy

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Project Reflect, Inc., operating Tennessee Public Charter School Smithson Craighead Academy as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note B to the financial statements, the Organization's continued activities are contingent upon its ability to maintain its charter status with Metropolitan Nashville Public Schools as well as certain significant contracts and grants. Our opinion is not modified with respect to this matter.

As discussed in Note A to the financial statements, during fiscal year 2015, the Organization adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-18 and the schedule of the proportionate share of the net pension liability (asset) and schedule of employer contributions on pages 47 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Trustees
Project Reflect, Inc.
Smithson Craighead Academy

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The introductory section on page 1 and the combining nonmajor fund financial statements on pages 50 and 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, are presented for purposes of additional analysis as required by the State of Tennessee Comptroller of the Treasury's *Audit Manual for Local Governmental Units and Other Organizations* and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Crosslin & Associates, PLLC

Nashville, Tennessee
December 22, 2015

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

Our discussion and analysis of Project Reflect, Inc.'s ("Project Reflect") annual financial performance provides an overview of financial activities for the fiscal year ended June 30, 2015. Project Reflect operates Tennessee Public Charter School Smithson Craighead Academy ("SCA" and collectively the "Organization"). This section should be read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Project Reflect exceeded its liabilities and deferred inflows of resources by \$1,701,196.
- Net position decreased \$36,803 during the year.
- Total revenues of \$3,126,355 were comprised of Federal and State Pass-through Funds- 16%, District Funds- 75%, and Charitable Giving/Other- 9%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of a series of financial statements, notes to those statements and supplementary information. The statements are organized so that the reader can understand Project Reflect as a whole and then proceed to a detailed look at specific financial activities of Project Reflect.

REPORTING THE SCHOOL AS A WHOLE

The Statement of Net Position and Statement of Activities:

In general, users of these financial statements want to know if the Organization is better off or worse off as a result of the year's activities. The Statement of Net Position and Statement of Activities report information about the Organization as a whole and about activities in a manner that helps to answer that question. These statements include all assets and liabilities using the accrual basis of accounting. Under the accrual basis, all of the current year's revenue and expenses are taken into consideration regardless of when cash is received or paid. The statements start on page 19.

The Statement of Net Position reports the Organization's net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources). Private sector entities would report retained earnings. The Organization's net position balance at year-end represents available resources for future growth. The Statement of Activities reports the change in net position as a result of activity during the year. Private sector entities have a similar report titled statement of operations, which reports net income. It provides the user a tool to assist in determining the direction of the Organization's financial health during the year. Users will want to consider non-financial factors as well as the financial data in arriving at a conclusion regarding the overall health of the Organization.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

REPORTING THE SCHOOL'S FUNDS

Fund Financial Statements:

The Organization's fund financial statements, the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, begin on page 21. They provide detailed information about the Organization's most significant funds, not the Organization as a whole. Funds are established by the Organization to help manage money for particular purposes and compliance with various grant provisions.

The Organization's funds are categorized as "governmental funds." Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending in future periods. Fund financial statements are reported using an accounting method called "modified accrual" accounting, which measures cash and other financial assets that can readily be converted to cash. This basis of accounting is different from the accrual basis used in government-wide financial statements to report on the Organization as a whole. The relationship between governmental activities, as reported in the Statement of Net Position and the Statement of Activities, and governmental funds, as reported in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances is reconciled in the basic financial statements on pages 22 and 24.

GOVERNMENT WIDE FINANCIAL ANALYSIS

Net Position:

The Organization's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the fiscal year, resulting in a net position of \$1,701,196. Project Reflect's net position includes \$556,677 of cash. The cash is available to meet ongoing activities.

As of June 30, 2015, Project Reflect had invested \$2,311,457 in capital assets. This investment includes building and improvements for instructional purposes, instructional and support furniture, instructional computers for teachers and students, maintenance equipment and vehicles for transportation of students. Additional information on property and equipment is located in the notes to the financial statements.

The Organization has debt in the amount of \$824,604. This debt was used to consolidate other operating debt. During fiscal year 2015, the Organization sold excess property in 2015 and used all but \$200,000 of the proceeds to pay down principle on outstanding debt. See Note F to the financial statements for further information.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

A schedule of the Organization's net position as of June 30, 2015 and 2014, is as follows:

	<u>2015</u>	<u>2014</u>
Current assets	\$ 587,505	\$ 266,844
Capital assets	<u>2,311,457</u>	<u>4,762,559</u>
Total assets	<u>2,898,962</u>	<u>5,029,403</u>
 Deferred outflows of resources – pensions	 <u>191,712</u>	 <u>84,532</u>
Current liabilities	145,320	779,937
Long-term liabilities	<u>855,485</u>	<u>2,595,999</u>
Total liabilities	<u>1,000,805</u>	<u>3,375,936</u>
 Deferred inflows of resources – pensions	 <u>388,673</u>	 <u>-</u>
Net position:		
Net investment in capital assets	1,486,853	2,000,027
Restricted	11,440	-
Unrestricted	<u>202,903</u>	<u>(262,028)</u>
 Total net position, as restated	 <u>\$1,701,196</u>	 <u>\$ 1,737,999</u>

Deferred outflows and inflows of resources related to pensions at June 30, 2015. After the impact of the GASB No. 68 restatement, the Organization's total net position decreased \$36,803 during the 2015 fiscal year. The decrease in net position indicates that there were more outgoing expenses than incoming revenues during the year. Total revenues generated from government grants, governmental funds, foundation grants and donations were \$3,126,355 during the 2015 fiscal year. The overall decrease in net position was expected since the Brick Church property sold for a loss of approximately \$138,000. See Note D to the financial statements for further information on the sale.

At June 30, 2015, the Organization's unrestricted net position was \$202,903, an increase of \$464,931 from 2014.

A schedule of revenue and expenses for the years ended June 30, 2015 and 2014, is as follows. The schedule is for the Organization as a whole, not for the governmental funds.

	<u>2015</u>	<u>2014</u>
Revenues:		
District funding	\$ 2,343,132	\$ 2,360,258
Federal and state grants	502,886	298,161
Contributions	247,216	206,269
Other	<u>33,121</u>	<u>153,244</u>
Total revenues and transfers	<u>3,126,355</u>	<u>3,017,932</u>

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

	<u>2015</u>	<u>2014 (1)</u>
Expenses:		
Employee compensation	2,009,865	2,234,724
Occupancy	131,243	239,378
Transportation	66,477	57,116
Depreciation	234,231	306,088
Insurance	52,582	62,180
Office expense	24,894	25,553
Interest	94,755	136,483
Instructional	67,703	49,628
Professional services	106,201	83,263
Food services	226,474	58,394
Organizational development	8,589	14,943
Other expenses	<u>140,144</u>	<u>87,212</u>
Total expenses	<u>3,163,158</u>	<u>3,354,962</u>
Change in net position	<u>\$ (36,803)</u>	<u>\$ (337,030)</u>

(1) This information has not been restated to reflect the adoption of GASB No. 68 in fiscal year 2015.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The Organization's funds, as presented on the balance sheet on page 21 reported a combined fund balance of \$482,119. The majority of funds are in the General Fund, which is the chief operating fund. The Organization has one other major fund consisting of the Federal and State Grants Fund.

Due to different basis of accounting, there is a difference between the amounts reported under the funds and the amounts reported as government wide. For the June 30, 2015 year end, the differences consist of capital assets, debt, and pensions, which are not reported in the funds.

SCHOOL ACTIVITIES

Our mission is to provide children with a strong foundation in academics and positive behavior skills, enabling them to learn and grow toward becoming successful citizens.

We strive to establish and maintain a collaborative culture that propels each child toward success in school and in life.

Overview of major academic and operational changes:

1. Increase recruitment of students in kindergarten and grade one to result in two classes each grade; three classes in third and fourth. Strong effort to retain students from kindergarten through grade four to build on student progress year-to-year, provide the students with continuity of location and staffing, and promote a feeling of a school family for students, staff, and parents.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

2. Establish the regular school day, Monday through Friday, as 7:45 A.M. through 3:15 P.M.
3. In grades K-2, increase the emphasis on language development, math, and the introduction of technology, which is foundational for all future learning.
4. Increase data driven, individualized academic support. Children will be tested in all subject areas bi-weekly to track progress, identify gaps in learning, and reteach, as needed.
5. Increase technological support: children in grades K-4 will have 45 minutes on the computer each day. Children in grades 3-4 will spend 90 minutes a day with online software that supports classroom instruction and is streamlined to each student's manifested academic need.
6. Children functioning below basic and basic will receive an additional hour of tutoring each morning, Monday through Friday, and two hours in the afternoon, Monday through Thursday, for academic support in reading and math. This equals 13 additional hours of instruction per week. This additional support is offered through a supplemental educational program, PREP, sponsored by Project Reflect.
7. Dual-certified teachers will support the individual needs of our ELL and exceptional education students.
8. A partnership with Madison Public Library will support SCA's literacy requirement of 30 minutes of reading each night at home. All children will visit the library once a month during school hours to check out reading materials.
9. A partnership with Vanderbilt University will establish the Positive Behavior Intervention Support (PBIS) school-wide. This discipline plan encourages responsibility and accountability through positive reinforcement.
10. A part-time, certified, experienced school counselor has been added to SCA's school staff to support the implementation of PBIS.
11. A partnership with Vanderbilt University, department of Teaching and Learning, will provide fourth grade STEM (Science, Technology, Engineering, and Math) lessons on a weekly basis as an addition to the standard curriculum.
12. Collaborations with Mental Health Cooperative will offer social services for students and families, which will address both educational and mental health needs.
13. Foster grandparents in each classroom will support literacy and numeracy. This resource is provided through a community partnership with Fifty Forward.

STUDENT PROFILE

SCA serves students in grades K-4 who live in Davidson County. In 2014-15, our student population was 84% African American, 13% Latino, 2% Caucasian, and 1% Asian. The 16% non-African Americans represented at least a 13% increase over all previous years. SCA will seek even greater diversification through recruitment to reflect the populations of the Madison school location and Davidson County.

Each year, at least 92% of SCA students qualify for Title I benefits based on family income. Results of a confidential survey sample of our students indicate:

- Over 30% live in households with annual incomes of less than \$10,000

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

- 11% live in households with incomes between \$10,000 and \$20,000
- 25% live in households with incomes between \$20,000 and \$39,000, the median household income level in Davidson County. A percentage of these households have multiple generations residing there.

Many of these students live in highly stressful environments marked by frequent disruptions in living arrangements, dangerous neighborhoods, and inconsistent and often pernicious relationships.

These conditions interfere with academic success because students' basic needs are unmet, according to Maslow's Hierarchy of Needs. To meet these challenges, SCA provides a holistic and stabilizing environment for students through three basic emphases: a safe environment, addressing social-emotional needs, and promoting academic achievement. This tripod of services gives students the best chance for holistic development and maximum academic progress. We will continue to accept all students working to ensure that they are successful.

CURRICULUM AND INSTRUCTIONAL DESIGN

Instruction: High quality teaching strategies that engage and challenge all students in learning

Curriculum: Assurance that all students are exposed to a rigorous curriculum

Assessment: Data-driven high expectations of all students

Support: A culture and climate that is conducive to productive and supportive collaboration, healthy socialization of students, and a desire for ongoing learning.

Reading

SCA will prepare its students to meet or exceed the performance standards set by the Tennessee Department of Education using a curriculum that follows the Common Core Standards. The curriculum basal will be the Reading Wonders series, which is aligned with the Common Core Curriculum. SCA's curriculum and instructional design will include the following pedagogical practices of balanced literacy:

- Word study, grade appropriate, addressing mastery of phonemic awareness, including prefixes, suffixes, root words, and word families.
- Guided reading with the teacher leading small group instruction based on assessed skill levels.
- Independent reading: Each student reads a book on his or her level. The teacher oversees the program and dialogues with each student to analyze the reading material.
- Shared reading through the use of short texts (poems, rhymes, songs, and articles) that are carefully chosen by the teacher and presented in large text on overhead transparencies or student handouts. The text is broken down by the teacher to model specific reading and writing strategies.
- Reading out loud: the teacher chooses a text, usually at grade level or one grade higher, and reads the text out loud to the class. The teacher models reading fluency and the skills, strategies, and habits of good readers.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

- Independent writing: students maintain writer's notebooks containing their personal reflections. These reflections should show increasing mastery of critical analysis and synthesis.
- Interactive writing in all grade levels: The students will integrate sentences into written text. In grades K-1, the students will generate sentences orally, and with the assistance of the teacher, they will work towards translating them into written text. Year by year, students will increase the proofreading and editing skills of their own work and that of classmates.

For students that initially perform at below basic or basic skill levels, the PREP supplemental education program, mentioned on page 9, will provide additional instruction and practice in addressing deficits in reading and writing.

Teachers will use the diagnostic placement assessment from Reading Wonders to identify appropriate instructional placement for small group reading instruct. This assessment evaluates student's oral reading abilities and identifies the students reading level, style, and strategy use. The teachers will also use running records along with a sight word assessment as additional diagnostic tools to group students.

While teachers are working with their guided reading groups, other students will be in literacy centers working on components of balanced literacy. Additionally, paraprofessionals in each class will work with students in small group settings to reinforce reading skills.

Teachers at SCA will create an environment in which each student is expected to learn at their highest potential. Teachers will design lessons that reflect rigorous opportunities for learning by:

- Incorporating Blooms Taxonomy and questioning that reflects higher order thinking skills.
- Encouraging and allowing students to engage in interactive and academic talk.
- Differentiating strategies and tasks to support various student individualized learning levels.
- Responding to student misunderstanding.
- Using challenging formative and summative assessments.

Teachers at SCA will be engaged in Professional Development in the following areas to enhance their instruction in the classroom:

- Second and third session of balanced literacy
- Setting up literacy centers in the classroom
- Whole Brain Teaching
- Reading Wonders
- Aimsweb
- Anchor Charts
- Interactive Notebooks

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

Mathematics

SCA's mathematics curriculum will be based on Tennessee Common Core Standards using The Math Connects model with the following five keys to success:

1. Balanced, in-depth content that specifically targets the skills and topics that give students the most difficulty (i.e. problem solving) in each grade span.
2. Ongoing assessment that includes diagnostic, formative and summative assessments, data driven instruction, intervention options, performance tracking, remediation, and acceleration and enrichment tools throughout the program.
3. Intervention and Differentiated Instruction which includes:
 - a. Daily interventions: teachers have the option of using the re-teach materials included in the Go Math basal series, as well as, alternative strategies to assist in teaching concepts from a different learning style.
 - b. Strategic intervention: teachers can use various intervention tips and supplemental materials to address specific data identified needs of individual students.
 - c. Intensive intervention: students who are two or more years below grade level will use the Go Math Triumphs, which provides detailed instructions, vocabulary support and data driven decision making to assist struggling students.
4. Professional development will include differentiated opportunities for teachers to use various formats. Video, online, and on site professional development instructions are fully aligned and articulated from kindergarten to grade 4. Go Math is aligned with the Tennessee Common Core Standards which supports the vertical articulation of the curriculum across the grades.
5. The instructional design of Go Math includes the following steps:
 - Introduce
 - Teach
 - Practice
 - Performance (being able to perform the functions on their own)
 - Assess and re-teach whole class, groups, or individuals, as needed for mastery

Social Studies

Social Studies instruction will be based on the Tennessee Common Core and will embed content knowledge in active learning that promotes thinking skills and that is used with the reading and language program (Reading Wonders). The main goals of the social studies program overall are:

- Help students build a common base of essential knowledge
- Strengthen comprehension
- Enhance appreciation of the human experience and structures that promote the common good
- Foster civic and political awareness and responsibilities
- Foster critical thinking

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

Science

Scientific study is both what we know (content) and how we come to know (process). The best way for students to appreciate the study of science, learn important scientific concepts, and develop the ability to think critically is to actively construct ideas through their own inquiries, investigations, and analyses. The study of science will be incorporated within the literacy basal (Reading Wonders) along with hands-on STEM experiences in the scientific method. Additionally, part of the creative arts program and the computer classes will incorporate STEM material/experiences.

Plan for Low Achievers

At SCA, students who are performing below grade level (those who have not mastered the standards set forth by the State of Tennessee) receive multiple resources and interventions specific to their needs and complying with the Tennessee State Department of Education's Response to Intervention (RTI) model. The RTI model consists of four stages and the following three tiers which include intervention and instructional strategies:

- Tier 1 provides instruction for all students by the classroom teacher. (Note: 85% of students are expected to be successful at this stage.)
- Tier 2 provides intervention by an additional group of certified professionals in ways that are different from the regular classroom experience. This allows students to move in and out of classrooms and groups according to assessed needs.
- Tier 3 provides a minimum eight-week intensive intervention for selected students to determine if they need further intervention prior to determining a referral for psychological testing. The testing would determine if there is a need for exceptional education services. The exceptional education tier consists of students identified to receive exceptional education services and who have individualized educational plans. Those students are served by a certified resource teacher. Exceptional education students are served in keeping with IDEA and may receive small group instruction or one-on-one instruction with certificated professionals. Other interventions may include additional tutoring, small group sessions, and/or technology- based instruction.

As mentioned in the School Activities Section, the PREP pre- and after-school program provides additional tutoring for students performing at or below basic levels.

Plan for High Achievers

To challenge academically high achieving students, they will be identified in the first month or upon the first month of attendance in the school using any combination of the following criteria:

1. Two years or more scoring advanced on standardized tests,
2. Report card grades and /or placement test results including assessments from previous schools,
3. Teacher recommendations.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

Advanced students will be given additional grade level and/or above grade level assignments from their teachers (i.e., additional project-based learning assignments, supplemental readings, and independent study projects) to challenge them at their individual rate and level of learning. Teachers will differentiate the curriculum to include the special needs of high achievers and will incorporate these plans in their daily lesson plans. These students are identified through our universal screener, which is AimsWeb and will be served during our RTI block.

The PREP before- and after-school program, mentioned in the overview on page 9, will provide for both proficient and advanced students to have enrichment experiences - physical activities, hands-on STEM projects, art, and drama - that stretches the social and academic skills of high achievers. Once a student is identified as gifted, then they will be encouraged to participate in the Encore Program.

Plan for the English Language Learners

SCA identifies English learners through the Metropolitan Home Language Survey or by the MNPS district EL office. After the students have been identified through the Home Language Survey they are then assessed by the MNPS district EL office. Our goal is that English learners will progress academically at the same rate as other students in our school. Presently, we have dual-certified EL teachers to provide additional assistance to EL students in grades K-4. Once an English Learner is identified, a conference will be scheduled with parents to outline the instructional program, the teacher's role in its implementation, and the teachers', parents', and school's role in providing support. The EL students will be tested annually to determine their English language development levels and will be reclassified as English proficient based on testing. Once an EL student is reclassified, the Smithson Craighead staff will continue to monitor the student's performance in English through fourth grade.

The PREP before- and after-school program, mentioned in the overview on page 9, will provide an opportunity for additional assistance in learning English through both tutoring and interaction with peers.

Services for Exceptional Education Students

SCA fully complies with the Individuals with Disabilities Education Act (IDEA). We adhere to legal responsibilities to support IDEA students. Services are provided to qualified students through a certified resource teacher, a contracted speech and language teacher, along with Occupational Therapy or Physical Therapy. MNPS provides an Exceptional Education Coach to oversee compliance and instruction. We have the services of a school psychologist to do psychological testing. We collaborate with the Mental Health Cooperative to provide social services for students, as needed. Our part-time, certified school counselor provides counseling services.

Each student with exceptional needs receives an Individualized Education Plan (IEP) that identifies the disabilities and outlines the required services for the child. The parents/guardians, classroom teacher, resource teacher, principal, psychologist and, if required the speech therapist, will review the evaluation and determine the student's needs for exceptional education services. If the parent/guardian agrees with the plan of action, they give written permission for services to begin. All assessments – behavior, psychological, health and/or academic are performed according to state and federal law.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

Students are provided access to the core curriculum to the greatest extent possible. Based on the student's Individualized Education Plan (IEP), support is provided by the certified resource teacher, as well as the classroom teacher. Student progress towards defined goals are reviewed and revised annually by an IEP team to ensure compliance with state and federal law for student goals and implementation.

Overall, Smithson Craighead Academy Elementary School would like to achieve the following:

- All students will increase their reading comprehensive and vocabulary skills
- All students will improve in their math and higher order thinking skills
- All students will improve in their writing skills

Best practice strategies and differentiated instruction will continue to be utilized. Full implementation of textbook and online resources provided by Reading Wonders and Go Math will remain, as well as, active participation in the professional development for AIMSWeb and Mastery Connect. With these components and the aforementioned strategies, we are confident that we will be able to show the necessary student growth and gains through both mastery in the classroom and the state mandated assessment.

Measuring Student Progress and Outcomes

SCA believes assessment for instruction is critical to improving student outcomes. Therefore, we will use assessment of student progress as an important indicator in student achievement. Our goal is to engage students with rigor in critical thinking skills across the curriculum. This will enable our students to become proficient in the core content areas of reading/language arts, math, science, and social studies and to maintain scores that reflect mastery of the Tennessee Common Core Standards. Assessments measure student mastery and determine next steps. We will use the AimsWeb assessment as a diagnostic tool to identify the students' academic performance level. The windows for Aimsweb administration are September 1-18, January 11-29, and May 9-24. Mastery Connect, a formative assessment, will be administered to assess and track mastery of State and Common Core Standards. Mastery Connect will be administered on an as needed basis.

Data Meetings will be held weekly with each grade level. These meetings will be lead by the administrator and/or instructional coach to identify students who have not mastered the skills taught and to place these students in tiers for intervention.

Additional, complimentary measures of student progress and outcomes will include:

- Tennessee State Common Core Standards
- TN Ready standardized assessments
- State adopted textbook assessments
- Teacher developed formative and summative assessments
- Performance on daily homework
- Daily attendance

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

Data collection and analysis is most beneficial for student achievement when shared with students, parents, and stakeholders. This information will comply with the federal Family Educational Rights and Privacy Act (FERPA) guidelines and will be conducted and shared in the following ways:

- School-wide data wall located in the instructional coaches classroom.
- Classroom data walls to chart the students' weekly progress.
- Individual student data notebooks created and maintained by students in grades K-4 to track their weekly progress.
- Parent-school communication including student data notebooks, TN Ready preparation, updated assessments, daily agendas, universal screeners (AimsWeb), and orientation to the school website.
- Weekly meetings held with grade level teams to review and analyze data, discuss data-identified needs, instructional adjustments, and upcoming content and strategies.

Data on student performance will be analyzed and reviewed daily by the administration to ensure that the RTI levels address the needs of all students and to improve the complete educational program, ensuring educational success for all students.

SCA's present School Improvement Plan, which outlines our year to year approach to addressing the five-year plan, has received approval from the MNPS department of Federal Programs (Title I). We will continue to modify our five-year year plan to meet the needs of all of the students we serve. We will also adjust our technology plan, as needed, to support our students' preparation for the global world in which they live.

ADDITIONAL SUPPORTIVE SERVICES

SCA was one of eleven schools in Tennessee chosen by Vanderbilt University to participate in Project Support & Include: Building and Implementing a Comprehensive, Integrated, Three-Tiered (CI3T) Model of Prevention for the cohort class of 2014-2015. The six-session training series offers a team-based process for training and developing a comprehensive school-wide prevention model, addressing:

1. Academics (RTI2),
2. Behavior (Positive Interventions and Supports, PBIS), and
3. Social skills.

FAMILY AND COMMUNITY ENGAGEMENT

"When parents are involved in children's learning, at school and at home, schools work better and students learn more."

Parent and family engagement is essential to student success. To increase both the quantity and quality of engagement, SCA leverages both its Title I status and opportunities available through SCA's sponsor, Project Reflect.

- Parents/guardians will be encouraged to volunteer at least four times per year.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

- Parents/guardians will be encouraged to attend one parent-teacher conference each year. Report cards will be released at these conferences. If parents are unable to attend the conferences their child's report card will be mailed to them.
- Materials will be distributed, including daily agendas, student folders and a monthly school calendar to facilitate parent communication.
- SCA uses a text service to communicate urgent messages and reminders to all parents.
- SCA uses social media including Facebook and Twitter to engage families and the broader community with timely information, photographs, videos, and announcements.
- SCA hosts parent and community events featuring family nights and workshops on topics such as anti- bullying, character education, careers as well as fall and spring festivals and conflict resolution strategies.
- Family programming is provided through Project Reflect, including GED, literacy, ESL, finance classes, self- defense, nutrition, and other fun activities.

It is extremely important to have parents who are involved and informed on what is going with their child at school.

The goal at Smithson Craighead Academy Elementary School is to promote a school culture that is positive and encourages students, teachers, parents, administrators, and community stakeholders to work as a cohesive unit to ensure that students are able to maximize their fullest potential. The mission and vision of SCA is communicated at the Annual Parent Meeting which was held in August 2015. Student testing and parent orientations will take place at the academy during the summer months. Parents will be oriented on the goals of the organization and how we plan to effectively work together to achieve them. They will also be a part of developing the school wide discipline plan. There will be monthly Parent Advisory Council Meetings and community events such as Numeracy and Literacy Nights and the annual International Services of America Career Fair to bring everyone together to continue to promote increased academic achievement, a positive school culture, and cohesiveness among all of the entities invested in the productivity and success of the academy. Conflict resolution, bullying prevention, and character education will also be addressed.

Progress reports are sent home daily so that the parents are aware of their child's progress academically and in regards to behavior. During quarterly conferences, parents will be able to view weekly progress data via data folders which are maintained by each individual student. Upcoming events and activities are posted on the daily progress reports for the parents to view, and they also receive a monthly calendar to inform them of pertinent academic and student activity information. The parents also receive a copy of the Parent School Compact and are able to provide suggestions and feedback to this document as well as the School Improvement Plan during the Annual Title I Parent Meeting. Parents also receive a periodic newsletter with updates and important information, and we utilize a text system that allows us to text important reminders or updates to parents.

SCA has established and will continue to grow collaborations with various community organizations which include the following:

- Hendersonville Area Chapter of the Links, Inc., which sponsors our annual Promotion Exercise Ceremony at the Tennessee State University Downtown Avon Williams Campus;

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - Continued

- Metropolitan/Davidson County Foster Grandparent Program through Fifty Forward which provides 10 foster grandparents to volunteer and mentor in the classroom daily for 4 hours;
- Many organizations provide volunteers to mentor and work with the students throughout the school year, including Fisk University, Tennessee State University (Department of Education Undergraduate and Graduate School), Vanderbilt University (Peabody College of Education Undergraduate and Graduate School), Middle Tennessee State University (MTSU) Education Department, Marquette University, Father Ryan High School, John Paul II High School, Overbrook School, University School of Nashville, Currey Ingram Academy, St. Cecilia Academy,
- St. Joseph Middle School, and St. Matthew School, all of whom have volunteered their services to enhance the vision of Project Reflect.
- Hospital Corporation of America (HCA) provided volunteers and mentors for a special project with students;
- The Nashville School of Ballet has performed for students throughout the year;
- The Nashville Sounds sponsored a reward program for academic achievement;
- Second Harvest Food Bank provided substantial snacks for our students that could be used as a third meal of the day to create food security;
- Beginner's Leadership Achievement Award (BLAA) mentored our students and presented awards during the annual Promotion Exercise Ceremony;
- Belmont University provided a series of social work internships and a group study project; the Mental Health Cooperative who provided onsite counseling for students and case management for families.

These collaborations, programs, services, and relationships, many ongoing, were donated to our SCA family and were designed to meet the critical needs of our students. Services aim to support motivation, self-esteem, recognition, and encouragement; provide positive role models; expand horizons; provide cultural exposure; and increase academic opportunities.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide transparency and accountability to all stakeholders and interested parties in the financial management and sustainability of Project Reflect, Inc. For questions about this report or additional financial information, contact the school office at 615.228.9886.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 556,677
Receivables	30,828
Capital assets, net	<u>2,311,457</u>
 Total assets	 <u>2,898,962</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>191,712</u>
 LIABILITIES	
Accounts payable and accrued expenses	105,386
Long-term debt, payable within one year	39,934
Long-term debt, payable in more than one year	784,670
Net pension liability	<u>70,815</u>
 Total liabilities	 <u>1,000,805</u>
 DEFERRED INFLOWS OF RESOURCES	
Pensions	<u>388,673</u>
 NET POSITION	
Net investment in capital assets	1,486,853
Restricted	11,440
Unrestricted	<u>202,903</u>
 Total net position	 <u><u>\$ 1,701,196</u></u>

See accompanying notes to financial statements.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

GOVERNMENTAL ACTIVITIES:	Total	Functions		
		Student Instruction and Services	Administration	Fundraising
EXPENSES				
Instructional	\$ 84,594	\$ 84,594	\$ -	\$ -
Occupancy	131,243	112,743	12,944	5,556
Office	8,003	3,205	2,307	2,491
Other	140,144	120,441	14,101	5,602
Organizational development	8,589	959	-	7,630
Professional services and fees	106,201	91,763	14,198	240
Employee compensation	2,009,865	1,726,548	198,222	85,095
Food services	226,474	226,474	-	-
Insurance	52,582	45,170	5,186	2,226
Interest	94,755	81,398	9,345	4,012
Transportation	66,477	66,477	-	-
Depreciation	<u>234,231</u>	<u>201,213</u>	<u>23,101</u>	<u>9,917</u>
Total expenses	3,163,158	2,760,985	279,404	122,769
PROGRAM REVENUES				
Operating grants and contributions	458,886	458,886	-	-
Capital grants and contributions	<u>44,000</u>	<u>44,000</u>	<u>-</u>	<u>-</u>
Net program expenses	<u>2,660,272</u>	<u>\$ 2,258,099</u>	<u>\$ 279,404</u>	<u>\$ 122,769</u>
GENERAL REVENUES				
District funding	2,343,132			
Contributions	247,216			
Other income	<u>33,121</u>			
Total general revenues	<u>2,623,469</u>			
CHANGE IN NET POSITION	(36,803)			
NET POSITION, June 30, 2014, as restated	<u>1,737,999</u>			
NET POSITION, June 30, 2015	<u>\$ 1,701,196</u>			

See accompanying notes to financial statements.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Purpose School Fund	Federal and State Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 556,677	\$ -	\$ -	\$ 556,677
Receivables	-	30,828	-	30,828
Due from other funds	30,828	-	11,440	42,268
Total assets	<u>\$ 587,505</u>	<u>\$ 30,828</u>	<u>\$ 11,440</u>	<u>\$ 629,773</u>
LIABILITIES				
Accounts payable	\$ 21,140	\$ -	\$ -	\$ 21,140
Accrued expenditures	84,246	-	-	84,246
Due to other funds	11,440	30,828	-	42,268
Total liabilities	<u>116,826</u>	<u>30,828</u>	<u>-</u>	<u>147,654</u>
FUND BALANCES				
Restricted	-	-	11,440	11,440
Unassigned	470,679	-	-	470,679
Total fund balances	<u>470,679</u>	<u>-</u>	<u>11,440</u>	<u>482,119</u>
Total liabilities and fund balances	<u>\$ 587,505</u>	<u>\$ 30,828</u>	<u>\$ 11,440</u>	<u>\$ 629,773</u>

See accompanying notes to financial statements.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS - CONTINUED
JUNE 30, 2015

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION:

Total governmental fund balances above	\$ 482,119
Capital assets not reported above	2,311,457
Pension amounts not reported above:	
Net pension liability	(70,815)
Deferred inflows of resources for pensions	(388,673)
Deferred outflows of resources for pensions	191,712
Long-term debt not reported above	<u>(824,604)</u>
Net position of governmental activities in the statement of net position	<u>\$ 1,701,196</u>

See accompanying notes to financial statements.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General Purpose School Fund	Federal and State Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Contributions	\$ 195,122	\$ -	\$ 52,094	\$ 247,216
District funding	2,343,132	-	-	2,343,132
Federal and state grants	-	502,886	-	502,886
Other income	33,121	-	-	33,121
Total revenues	<u>2,571,375</u>	<u>502,886</u>	<u>52,094</u>	<u>3,126,355</u>
EXPENDITURES				
Current:				
Instructional	-	44,000	40,594	84,594
Occupancy	131,183	-	60	131,243
Office	8,003	-	-	8,003
Other	2,096	-	-	2,096
Organizational development	8,589	-	-	8,589
Professional services and fees	106,201	-	-	106,201
Employee compensation	1,808,785	280,889	-	2,089,674
Food services	48,477	177,997	-	226,474
Insurance	52,582	-	-	52,582
Transportation	66,477	-	-	66,477
Debt service:				
Principal	1,937,928	-	-	1,937,928
Interest	94,755	-	-	94,755
Total expenditures	<u>4,265,076</u>	<u>502,886</u>	<u>40,654</u>	<u>4,808,616</u>
Excess (deficiency) of revenues over (under) expenses	(1,693,701)	-	11,440	(1,682,261)
OTHER FINANCING SOURCES				
Net proceeds from sale of capital assets	<u>2,078,823</u>	-	-	<u>2,078,823</u>
NET CHANGE IN FUND BALANCES	385,122	-	11,440	396,562
FUND BALANCES, June 30, 2014	<u>85,557</u>	-	-	<u>85,557</u>
FUND BALANCES, June 30, 2015	<u>\$ 470,679</u>	<u>\$ -</u>	<u>\$ 11,440</u>	<u>\$ 482,119</u>

See accompanying notes to financial statements.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - CONTINUED
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET POSITION
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES:

Net change in fund balances as reported in the governmental funds statements	\$ 396,562
Amounts reported as expenditures in the governmental funds not included as expenses in the government-wide statements:	
Payments on long-term debt	1,937,928
Amounts reported as other financing sources in the governmental funds not included as revenues in the government-wide statements:	
Net proceeds from sale of capital assets	(2,078,823)
Expenses in the government-wide statements not included in the governmental funds:	
Depreciation expense	(234,231)
Loss on disposal of capital assets	(138,048)
Pension expense	<u>79,809</u>
Change in net position of governmental activities	<u><u>\$ (36,803)</u></u>

See accompanying notes to financial statements.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Project Reflect sponsors and operates Smithson Craighead Academy Elementary School (“SCA” and collectively the “Organization”). The Organization is a Public Charter School under 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 with the public school system for accomplishing necessary outcomes of education. SCA entered into a Charter School Agreement with the Metropolitan Nashville Board of Education to operate a charter school in Nashville, Tennessee. SCA began classes in August 2003 with kindergarten through fourth grade classes. The mission of SCA is to improve the academic achievement of elementary school students.

Reporting Entity

Prior to July 1, 2014, Project Reflect operated SCA as well as certain other operations. Accordingly, separate financial statements were prepared for the Project Reflect and SCA in accordance with State of Tennessee regulations. However, effective July 1, 2014 and for all of fiscal year 2015, the activities of the Project Reflect and SCA are the same as Project Reflect had no material operations outside of SCA. Accordingly, no separate fund financial statements are presented for the SCA as of and for the year ended June 30, 2015. The operations reflected in the accompanying financial statements relate to the operation of SCA.

Basic Financial Statements

In accordance with State of Tennessee regulations, Project Reflect, Inc. reports as a special-purpose governmental entity. The activities of Smithson Craighead Academy Elementary School are essentially the same as Project Reflect, therefore separate fund financial statements are not presented for the School, as any differences in activities are immaterial.

Government-wide financial statements

The government-wide financial statements focus on the sustainability of the Organization as an entity and the change in the Organization’s net position resulting from the current year’s activities. In the government-wide statement of net position, amounts are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as any long-term debt and obligations. The statement of net position presents the financial condition of the Organization at year-end.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

When applicable, the Organization's net position is reported in three categories - net investment in capital assets; net position - restricted; and net position - unrestricted. When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, and then unrestricted resources as they are needed.

The government-wide statement of activities reports both the gross and net cost of the Organization's functions. The functions are also supported by general government revenues (general revenues are primarily made up of district Basic Education Program ("BEP") funding and donations to the General Purpose School Fund). The statement of activities reduces gross expenses by related function revenues, including operating grants and contributions and capital grants and contributions. Program revenues must be directly associated with the function. The net costs by function are normally covered by general revenue.

Fund financial statements

The financial transactions of the Organization are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures.

The emphasis in fund financial statements is on the major funds. When applicable, nonmajor funds by category are summarized in a single column. Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, sets forth minimum criteria for the determination of major funds. The Organization reports the following major governmental funds:

The General Purpose School Fund is the primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

The Federal and State Grants Special Revenue Fund is used to account for the receipt and disbursement of federal and state grants where unused balances, if any, are returned to the grantor at the close of specified project periods.

The focus of the governmental funds is upon the determination of financial resources, their balance, sources and use, rather than upon net income. The Organization classifies governmental fund balances as nonspendable, restricted, committed, assigned and unassigned based on the level of constraints on the fund balances. When an expenditure is incurred in which both restricted and unrestricted funds are available for use, it is the Organization's policy to spend restricted funds first, then unrestricted funds. When an expenditure has been incurred for purposes in which multiple categories of unrestricted funds are available, it is the Organization's policy to spend funds in the following order: committed, then assigned, and lastly unassigned funds.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The classifications of fund balances are defined as follows:

Nonspendable - This classification consists of fund balances that cannot be spent because they are either not in spendable form, for example, noncash amounts that are not expected to be converted to cash, or the funds are legally or contractually required to be maintained intact.

Restricted - This classification consists of fund balances with external constraints on use imposed by creditors (such as through debt covenants), contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Committed - This classification consists of fund balances that can only be used for specific purposes established by formal action of the Board of Trustees, its highest level of decision making authority. Such commitments should include contractual obligations of fund assets. Fund balance commitments can only be removed by the same process of the same body employed to previously commit those amounts.

Assigned - This classification consists of all fund balances that are not in the General Purpose School Fund or classified as nonspendable, restricted or committed. In addition, General Purpose School Fund balances that are intended to be used for specific purposes and are also classified as assigned. The Organization gives the authority to assign amounts to specific purposes to the Organization's accountant and personnel under the supervision of the accountant tasked with financial recording responsibilities.

Unassigned - This classification consists of all fund balances in the General Purpose School Fund that are not reported as nonspendable, restricted, committed or assigned.

Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

The Organization is considered a special purpose governmental entity engaged in governmental type activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared in the same manner as general purpose governments.

The basic financial statements include both government-wide (reporting the Organization as a whole) and fund financial statements (reporting the Organization's major funds). The Organization's primary activities are all considered to be governmental activities and are classified as such in the government-wide and fund financial statements.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The government-wide financial statements have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Revenues under the modified accrual basis are recognized when measurable and available and expenditures are recognized when the related liability is incurred. "Available" means collectible within the current period or within 60 days after the end of the year.

Since the governmental funds financial statements are presented on a different basis than the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the government-wide financial statements.

Estimates and Uncertainties

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.

Cash and Cash Equivalents

The Organization considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents. As of June 30, 2015, cash and cash equivalents were deposited with a financial institution and those deposits may, from time to time, maintain deposit balances in excess of federally insured limits.

Receivables

Receivables represent amounts due from grants or funding which have been approved but not received. All receivables are reported at estimated collectible amounts.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets

Property and equipment are recorded at acquisition cost, if purchased, or the fair value on the date received, if donated. The cost of routine maintenance and repairs is expensed as incurred. Initial individual expenditures generally exceeding \$1,000, 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 statement of activities. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 39 years.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the respective governmental fund upon acquisition.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. When applicable, the Organization reports deferred outflow of resources relating to the pensions: Contributions made subsequent to the pension measurement date, difference between expected and actual experience, difference between projected and actual investment earnings, and changes in proportion of the net pension liability.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. When applicable, the Organization has two types of items that qualify for reporting in this category. The first, which arises only under a modified accrual basis of accounting, is unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from amounts that are deferred and recognized as an inflow of resources in the period that the amount become available. The Organization had no unavailable revenues at June 30, 2015. The Organization also reports the following deferred inflow of resources related to pensions: differences between expected and actual experience, differences between projected and actual investment earnings, and changes in the preparation of the net pension liability.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under the Internal Revenue Code, classified by the Internal Revenue Service as other than a private foundation and is similarly exempt from state income taxes. The Organization accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, management has determined that such tax positions do not result in an uncertainty requiring recognition.

Grants

The Organization receives awards and financial assistance through federal, state, local and private agencies. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Purpose School Fund or Federal and State Grants Fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Organization.

Fair Value of Financial Instruments

The carrying value of cash equivalents, receivables, accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The fair value of long-term debt approximates carrying value as interest approximates market rates.

Interfund Balances

Transactions which constitute reimbursement of expenditures initially made from a fund, which are properly applicable to another fund, are recorded as expenditures, as appropriate, in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Federal and State Grants Fund occasionally make disbursements in advance of receiving funds. Accordingly, interfund transfers are made from the General Purpose School Fund in the form of due to/from. The amounts due the General Purpose School Fund are repaid upon receipt of the grants or contributions. At June 30, 2015, details of the interfund balances include Federal and State Grants Fund due to General Purpose School Fund relating to operating grant expenditures in advance of receipt of grant funding of \$30,828.

The General Purpose School Fund holds certain cash funds relating to the Restricted Contribution Fund. Such funds totaled \$11,440 at June 30, 2015 and were due from the General Purpose School Fund to the Restricted Contribution Fund.

Recent Accounting Pronouncements and Restatement of Net Position

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, An Amendment of GASB Statement No. 27*, which is intended to improve the decision-usefulness of information and enhance the value for assessing accountability by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The new standard also intends to improve the financial reporting by state and local governments for pensions and by improving the transparency about the pension plan through new note disclosures and supplementary information. The provisions of Statement No. 68 are effective in fiscal year 2015.

The statement resulted in Project Reflect recognizing the net pension liability on the statement of net position for its pension plan. The statement requires retroactive application through restatement of beginning net position. This adjustment resulted in a decrease in the unrestricted net position on the statement of net position. Additionally, the new standard computes the annual actuarially determined contribution in a new manner. Other measurement changes include recognizing annual pension expense in-lieu-of pension cost.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. This Statement amends GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement were required to be applied simultaneously with the provisions of GASB 68.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The impact on the financial statements of the adoption of these accounting pronouncements is restatement of beginning net position, as follows:

	<u>June 30, 2014</u>
Unrestricted net position, beginning of year, as previously reported	\$ 2,085,584
GASB 68 adjustment to record net pension liability and related deferred outflows of resources	<u>(347,585)</u>
Unrestricted net position, beginning of year, as restated	<u>\$ 1,737,999</u>

B. CONTINUING ACTIVITIES

The Organization is dependent on certain significant contracts and grants for its continued operations. These contracts and grants are from state, local and other sources and are subject to the Organization's ability to fulfill the contract and grant requirements. Additionally, the Organization's receipt of such contracts and grants may also be contingent upon its ability to maintain certain financial condition, cash flows, level of operations, payment of liabilities, and test scores and academic standards. If a grantor agency finds that the Organization is not meeting these requirements, the agency may not provide continuing funding, which would have a material adverse impact on the Organization's ability to continue its operations.

Specifically, with respect to the Metropolitan Nashville Public Schools ("MNPS"), the Organization must demonstrate SCA's ability to maintain certain state standards, including standardized test scores, as well as maintain certain levels of financial condition and organizational structure. If such test scores and other requirements are not maintained, MNPS may revoke SCA's charter to operate as a public charter school. MNPS has communicated to the Organization regarding compliance with such standards. MNPS has communicated that a review of compliance and charter status will be performed at the end of the 2016-2017 school year. Additionally, review of compliance and charter status could take place at any time, if warranted. The outcome of such review, as well as other contingencies relating to the Organization's ability to continue to meet all requirements is not presently determinable, and accordingly, no impact of such contingencies is reflected within the financial statements.

PROJECT REFLECT, INC.
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

C. DEPOSITS WITH FINANCIAL INSTITUTIONS

The Organization does not have formal deposit policies that address its exposure to custodial credit risk. At June 30, 2015, the bank and carrying balances of cash and cash equivalents were \$560,702 and \$556,677, respectively, with the difference due primarily due to outstanding checks. The Organization, from time to time, maintains deposits in excess of FDIC coverage. The Organization's financial institution is a member of the Tennessee Bank Collateral Pool, which helps the Organization to mitigate custodial risk.

D. CAPITAL ASSETS

Capital assets activity for governmental activities for the year was as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 605,000	\$ -	\$ (305,000)	\$ 300,000
	<u>605,000</u>	<u>-</u>	<u>(305,000)</u>	<u>300,000</u>
Capital assets being depreciated:				
Building and improvements	4,586,419	-	(2,356,068)	2,230,351
Equipment	739,569	-	(282,811)	456,758
Furniture and fixtures	137,598	-	(53,794)	83,804
Vehicles	<u>96,810</u>	<u>-</u>	<u>(29,900)</u>	<u>66,910</u>
Total capital assets being depreciated	<u>5,560,396</u>	<u>-</u>	<u>(2,722,573)</u>	<u>2,837,823</u>
Less accumulated depreciation for:				
Building and improvements	735,520	143,884	(498,369)	381,035
Equipment	534,773	69,717	(241,928)	362,562
Furniture and fixtures	91,665	8,936	(53,794)	46,807
Vehicles	<u>40,879</u>	<u>11,694</u>	<u>(16,611)</u>	<u>35,962</u>
Total accumulated depreciation	<u>1,402,837</u>	<u>234,231</u>	<u>(810,702)</u>	<u>826,366</u>
Total capital assets being depreciated, net	<u>4,157,559</u>			<u>2,011,457</u>
Governmental activities capital assets, net	<u>\$ 4,762,559</u>			<u>\$ 2,311,457</u>

At the conclusion of the 2013-2014 school year, Smithson Craighead Academy Elementary School moved from its location on Brick Church Pike in Nashville, Tennessee, to its location on Neelys Bend Road in Madison, Tennessee. The Brick Church campus was subsequently leased to another, unaffiliated charter school in July 2014, for a one-year term for \$1. In January 2015, the charter school purchased the Nashville campus for \$2.2 million. The proceeds of the sale were used towards debt of the Organization (See Note F), with \$200,000 being retained in cash.

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D. CAPITAL ASSETS - Continued

In certain circumstances, grantor agencies may retain an interest in equipment purchased with grant funds. Management has worked with grantor agencies with respect to the certain equipment and obtained approval to retain and use for other operations, including the Elementary School. Accordingly, no provision was made in the financial statements for the return of equipment to grantor agencies.

E. LINE OF CREDIT

The Organization had a line of credit, totaling \$550,000 for which the Organization's assets served as collateral. The outstanding balance of the line of credit was paid with the sale of the Brick Church campus as described in Note D, and the line of credit was closed. The balance at the time of repayment was \$510,000.

F. LONG-TERM DEBT

In July 2012, the Organization obtained a note payable for \$492,514. The funds were used for capital improvements to facilities as well as to consolidate other debts, and was collateralized by property. The note bore interest at a rate of 4.79% per annum with principal and interest payments due in monthly installments of \$3,568. The note payable was paid in full in January 2015 with the proceeds from the sale of the Brick Church location (see Note D).

In August 2012, the Organization entered into a promissory note agreement with a bank in the amount of \$1,950,000. The note is collateralized by the Organization's facilities. The note accrues interest at a fixed rate of 4.79%. During fiscal year 2015, \$919,828 of the proceeds from the sale of the Brick Church campus was applied towards the note (see Note D). The outstanding balance at June 30, 2015 totaled \$824,604. Principal and interest are due in monthly installments of \$6,536 through August 2017. The remaining principal and accrued interest on the note is due in full in August 2017.

PROJECT REFLECT, INC.
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NOTES TO FINANCIAL STATEMENTS
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F. LONG-TERM DEBT - Continued

The following is a summary of changes in the Organization's long-term debt for governmental activities for the fiscal year ended June 30, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2015</u>
Note payable - bank	\$ 456,892	\$ -	\$ 456,892	\$ -
Note payable - bank	<u>1,795,641</u>	<u>-</u>	<u>971,037</u>	<u>824,604</u>
Total	<u>\$2,252,533</u>	<u>\$ -</u>	<u>\$1,427,929</u>	<u>\$824,604</u>

A summary of annual principal and interest requirements follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>
2016	\$38,498	\$ 39,934
2017	36,543	41,889
2018	<u>2,954</u>	<u>742,781</u>
	<u>\$77,995</u>	<u>\$824,604</u>

G. COMMITMENTS, CONTINGENCIES AND RISK MANAGEMENT

The Organization is exposed to various risk of loss relating to torts, theft of, damage to, and destruction of assets; errors or commissions; illness or injuries to employees; and natural disasters. The Organization carries insurance for certain risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Organization has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes any required reimbursements would not be material to the financial statements.

The Organization may become subject to various claims and legal actions, which arise in the ordinary course of business. In the opinion of management, in consultation with legal counsel, the ultimate resolution of such matters will not have a material adverse effect on financial position or results of operations, as of the date of these financial statements.

PROJECT REFLECT, INC.
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H. CONCENTRATIONS

The Organization received approximately 75% of its funding for operations from MNPS based on the State of Tennessee's Basic Education Program (BEP). BEP funding is designated to schools based on student attendance. Gross BEP funding for the year ended June 30, 2015, was \$2,343,132.

Outside fundraising for capital needs is on-going to supplement funding received from State BEP capital since the charter school agreement with MNPS does not include an allocation for capital expenditures.

I. PENSION PLANS

The Organization participates in the following three defined benefit pension plans (collectively the "Pension Plans"):

Certificated Employees

Tennessee Consolidated Retirement System ("TCRS"):

Teachers Legacy Pension Plan

Teachers Retirement Plan (collectively the "TCRS Plans")

Non-Certificated Employees

Metropolitan Government of Nashville and Davidson County, Tennessee
(the "Metropolitan Government")

Metro Pension Plan of the Metropolitan Employees Benefit Trust
(the "Metro Plan")

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS and Metropolitan Government. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Pension Plans. Investments are reported at fair value.

(I.) TCRS Plans

(A) General Information - TCRS Plans

PROJECT REFLECT, INC.
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YEAR ENDED JUNE 30, 2015

I. PENSION PLANS - Continued

Description of the TCRS Plans

Teachers with membership in the TCRS before July 1, 2014 of the Organization are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning on 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 pension plan.

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly.

Teachers Legacy Pension Plan

Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

PROJECT REFLECT, INC.
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I. PENSION PLANS - Continued

Teachers Retirement Plan

Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits.

A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, 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. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted.

Teachers Legacy Pension Plan

Employer contributions by Project Reflect for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were \$46,775 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

PROJECT REFLECT, INC.
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I. PENSION PLANS - Continued

Teachers Retirement Plan

Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. Employer contributions for the year ended June 30, 2015 to the Teacher Retirement Plan were \$11,567, which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

(B) Pension Liabilities (Assets) – TCRS Plans

Pension Liability (Asset)

Teachers Legacy Pension Plan

Project Reflect reported an asset of \$(3,941) for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Project Reflect's proportion of the net pension liability was based on Project Reflect's employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, Project Reflect's proportion was 0.0243 percent. The proportion measured as of June 30, 2013 was 0.0121 percent.

Teachers Retirement Plan

Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

Actuarial assumptions

Teachers Legacy Pension Plan

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent

PROJECT REFLECT, INC.
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I. PENSION PLANS - Continued

Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of living adjustment	2.5 percent

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
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I. PENSION PLANS - Continued

Discount rate

Teachers Legacy Pension Plan

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(II.) Metro Plan

(A) General Information - Metro Plan

Plan Description

The Metro Plan is established under the authority of the Metropolitan Charter, Article XIII. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also required that the pension plan be actuarially sound. Administrative costs of the plan are financed through plan assets. The plan is managed by the Metropolitan Employee Benefit Board, an independent board, created by the Metropolitan Charter. The Board is composed of ten members as follows: Finance Director, Human Resources Director, three members appointed by the Mayor, and five members selected by the employees and retirees of the Metropolitan Government. Additional information about the Metro Plan can be found in the publically available comprehensive annual financial report of the Metropolitan Government. That report may be obtained at www.nashville.gov.

Benefits Provided

As of July 1, 1995, Division B of the Metro Plan was established for all non-certificated employees of the Metropolitan Nashville Public Schools, including charter schools, and all other Metro Government employees. Employees with an effective hire date of July 1, 1995 or later are only eligible to participate in Division B of the Metro Plan.

PROJECT REFLECT, INC.
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I. PENSION PLANS - Continued

Normal retirement for the Organization's employees participating in the Metro Plan occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the completed years of credited service equals 85, but not before age 60; and (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime monthly benefit is calculated as 1/12 of the sum of 1.75% of average earnings based upon the previous 60 consecutive months of credit service, which produce the highest earnings. Benefits fully vest on completing 5 years of service employees employed on or between October 1, 2001 and December 31, 2012 who best before leaving employment. Benefits fully vest on completing 10 years of service for employees and non-vested employees hired or rehired on or after January 1, 2013. An early retirement option, with reduced benefits, is available fore retired employees if the termination occurs prior to the eligibility under normal retirement but after age 50 and after the completion of 10 years of credited employee service.

All assets of the Metropolitan Employees' Benefit Trust Fund may legally be used to pay benefit to any plan members of beneficiaries.

Contributions

The funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. All funding is provided under an actuarially recommended employee contribution rate of 17.987% for the non-certificate employees of the Metropolitan Nashville Public Schools, including charter schools, and all other Metropolitan Government Employees.

(B) Pension Liabilities - Metro Plan

Pension Liability

The Organization reported a liability of \$74,756 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The Organization's proportion of the net pension liability was based on the Organization's employer contributions to the pension plan during the year ended June 30, 2015 relative to all contributions for 2015. At the June 30, 2015 measurement date, the Organization's proportionate share was 0.1085 percent.

PROJECT REFLECT, INC.
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NOTES TO FINANCIAL STATEMENTS
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I. PENSION PLANS - Continued

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2014. Actuarial assumptions are summarized below:

Inflation	2.6 percent
Salary increases	4.0 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of living adjustment	1.5 percent

Mortality rates were based on the 110% RP-2000 Healthy Annuitant Mortality Table for Males and Females, as determined by the period actuarial experience study. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period 2007 to 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class from historical returns and consensus expectations of future returns. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Metro Plan's target asset allocation are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.60%	14.50%
International equity	10.10%	23.00%
Equity hedge	5.80%	10.00%
Fixed income	1.80%	15.00%
Fixed income alternatives	5.60%	15.00%
Real estate	6.10%	12.50%
Private equity	7.60%	12.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. Based on the Metro Plan assumptions and funding policy, the fiduciary net position for the plan was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

PROJECT REFLECT, INC.
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I. PENSION PLANS - Continued

(III.) Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Pension Plans

Pension Liabilities (Assets)

The Organization reports the following net pension liability (asset) as of June 30, 2015:

TCRS Plans	\$(3,941)
Metro Plan	<u>74,756</u>
Net pension liability	<u>\$ 70,815</u>

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate

The following presents the Organization's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Organization's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension liability (asset):			
TCRS Plans	\$665,982	\$(3,941)	\$(558,579)
Metro Plan	<u>414,764</u>	<u>74,756</u>	<u>234,404</u>
Total	<u>\$1,080,746</u>	<u>\$70,815</u>	<u>\$(324,175)</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS and Metropolitan Government financial reports.

PROJECT REFLECT, INC.
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YEAR ENDED JUNE 30, 2015

I. PENSION PLANS - Continued

Pension expense

For the year ended June 30, 2015, the Organization recognized pension expense of \$80,559.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
TCRS Plans	\$9,568	\$ -
Metro Plan	-	63,957
Net difference between projected and actual earnings on pension plan investments		
TCRS Plans	-	324,716
Metro Plan	58,687	-
Changes in proportion of net pension liability (asset) for TCRS plan	65,115	-
Contributions subsequent to the measurement date of June 30, 2014	58,342	Not applicable
Total	<u>\$ 191,712</u>	<u>\$ 388,673</u>

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I. PENSION PLANS - Continued

Employer contributions of \$58,342, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (63,197)
2017	(63,197)
2018	(63,197)
2019	(63,197)
2020	3,311
Thereafter	(5,826)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2015, there were no significant amounts outstanding for contributions to the Pension Plans.

REQUIRED SUPPLEMENTARY INFORMATION

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
(UNAUDITED)

Plan	Teachers Legacy Plan of TCRS	Metro Plan
Measurement date	June 30, 2014	June 30, 2015
Proportion of the net pension liability (asset)	0.0243%	0.1085%
Proportionate share of the of the net pension liability (asset)	\$ (3,941)	\$ 74,756
Covered-employee payroll	\$ 958,694	\$ 567,221
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.41%	13.18%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	97.57%

The amounts presented in this schedule were determined as of the measurement date.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Information is not applicable in this schedule for the Teachers Retirement Plan of TCRS as the measurement date was June 30, 2014 and the Teachers Retirement plan did not commence until July 1, 2014.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FISCAL YEAR ENDING JUNE 30,
(UNAUDITED)

Teachers Legacy Pension Plan of TCRS

	<u>2015</u>	<u>2014</u>
Actuarial determined contributions (ADC)	\$ 46,775	\$ 84,532
Contributions in relation to the actuarially determined contribution	<u>46,775</u>	<u>84,532</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 517,423	\$ 958,694
Contributions as a percentage of covered-employee payroll	9.04%	8.88%

Teachers Retirement Plan of TCRS

	<u>2015</u>	<u>2014</u>
Actuarial determined contributions (ADC)	\$ 11,567	Not applicable
Contributions in relation to the actuarially determined contribution	<u>11,567</u>	
Contribution deficiency (excess)	<u>\$ -</u>	
Covered-employee payroll	\$ 289,175	
Contributions as a percentage of covered-employee payroll	4.00%	

Metro Plan

	<u>2015</u>	<u>2014</u>
Actuarial determined contributions (ADC)	\$ 102,026	\$ 146,022
Contributions in relation to the actuarially determined contribution	<u>102,026</u>	<u>146,022</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 567,221	\$ 853,082
Contributions as a percentage of covered-employee payroll	17.987%	17.117%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

OTHER INFORMATION

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2015

Program Name	CFDA Number	Contract/ Grant Number	Expenditures
<u>Federal Awards</u>			
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Tennessee Department of Education:			
Child Nutrition Cluster			
National School Lunch Program	10.555	N/A	\$ 115,480
National School Breakfast Program	10.553	N/A	<u>58,962</u>
Total Child Nutrition Cluster			174,442
Fresh Fruit and Vegetable Program	10.582	N/A	<u>3,555</u>
Total U.S. Department of Agriculture			<u>177,997</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through Tennessee Department of Education and Metropolitan Nashville Public Schools:			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	N/A	96,705
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	N/A	52,869
Passed through Tennessee Department of Education:			
Twenty-First Century Community Centers Learning Program	84.287C	33109-02513	<u>131,315</u>
Learning Program (21st CCLC)			
Total U.S. Department of Education			<u>280,889</u>
Total federal awards			<u>\$ 458,886</u>
<u>State Financial Assistance</u>			
TENNESSEE DEPARTMENT OF EDUCATION			
Basic Education Program	N/A	N/A	\$ 44,000
Passed Through Metropolitan Nashville Public Schools:			
Basic Education Program	N/A	N/A	<u>2,343,132</u>
Total state financial assistance			<u>\$ 2,387,132</u>
Total federal and state awards			<u>\$ 2,846,018</u>

Basis of presentation:

Note 1: The accompanying schedule of Federal Awards and State Financial Assistance summarizes the expenditures of Smithson Craighead Academy under programs of the federal and state governments for the year ended June 30, 2015. The schedule is presented using the accrual basis of accounting.

See independent auditor's report.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Restricted Contribution Fund	Total Nonmajor Governmental Funds
ASSETS		
Due from other funds	\$ 11,440	\$ 11,440
Total assets	<u>\$ 11,440</u>	<u>\$ 11,440</u>
FUND BALANCES		
Restricted	\$ 11,440	\$ 11,440
Total fund balances	<u>\$ 11,440</u>	<u>\$ 11,440</u>

See independent auditor's report.

PROJECT REFLECT, INC.
 SMITHSON CRAIGHEAD ACADEMY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Restricted Contribution Fund	Total Nonmajor Governmental Funds
REVENUES		
Contributions	\$ 52,094	\$ 52,094
Total revenues	<u>52,094</u>	<u>52,094</u>
EXPENDITURES	<u>40,654</u>	<u>40,654</u>
NET CHANGE IN FUND BALANCES	11,440	11,440
FUND BALANCES, June 30, 2014	<u>-</u>	<u>-</u>
FUND BALANCES, June 30, 2015	<u><u>\$ 11,440</u></u>	<u><u>\$ 11,440</u></u>

See independent auditor's report.

Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Board of Trustees
Project Reflect, Inc.
Smithson Craighead Academy
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Project Reflect, Inc. operating Tennessee Public Charter School Smithson Craighead Academy (the "Organization"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the the Organization's basic financial statements and have issued our report thereon dated December 22, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as identified in the accompanying schedule of findings and responses, we identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses, as item 2015-001, to be a material weakness.



To the Board of Trustees
Project Reflect, Inc.
Smithson Craighead Academy

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses, as items 2015-002, 2015-003, 2015-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Organization's Response to Findings

The Organization's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Organization's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crosslin & Associates, PLLC

Nashville, Tennessee
December 22, 2015

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2015

MATERIAL WEAKNESS

2015-001 – Organizational Structure

Condition, Criteria, Cause and Effect

During fiscal year 2015, the Organization experienced significant turnover in its senior leadership positions as well as its Board of Trustees. Specifically, the Executive Director position experienced turnover, the Director of Development left the Organization, and there was significant changes in Board membership which occurred on a continuous basis through the year and subsequent. The Organization also changed its bylaws covering Board membership and committee structure.

Such significant turnover in organizational leadership has the potential to cause lack of continuity and institutional knowledge, continued development of programs as well as funding to support these programs could also become an issue.

Recommendation and Benefit

We recommend that the Organization address the turnover in senior leadership and the Board through formal recruitment and retention procedures. The Organization should consider the assistance of Nashville Center for NonProfit Management or a similar organization to assist with training and retention. Specific attention should be paid to why the turnover is occurring, and measures should be timely adopted to address the causes. Attention to senior leadership and Board retention will help the Organization to ensure continuity of institutional knowledge and program activities.

Management's Response

See Corrective Action Plan on pages 57 - 58

SIGNIFICANT DEFICIENCIES

2015-002 – Cash Receipts

Condition, Criteria, Cause and Effect

During our testing of accounts receivable, we noted that cash receipts are being recorded in the general ledger once a month based on the bank statement.

Recommendation and Benefit

We recommend the Organization implement a process where cash receipts are timely recorded from the remittances and other support received with deposits. This process should occur on a weekly basis at a minimum. The deposits should then be reconciled to the bank during the reconciliation process at month end. This will help to ensure that receipts are recorded timely and that the bank reconciliation process is used as an internal control to review proper recording of receipts.

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2015

Management's Response

See Corrective Action Plan on pages 57 - 58

2015-003 – Payroll Accruals

Condition, Criteria, Cause and Effect

Salaries and related payroll expenses are recorded when payroll is processed each period. During our audit we noted that, for the payroll related to June 2015, payroll accruals were not recorded. This understated the liability and related salary expenses for the fiscal year.

Recommendation and Benefit

We recommend the Organization review payroll each month to determine the period to which it relates, and record an accrual as appropriate. Capturing salaries and related expenses in the proper period will help to ensure that the payroll costs for the period are appropriately reflected within the financial statements.

Management's Response

See Corrective Action Plan on pages 57 - 58

2015-004 – Disbursements

Condition, Criteria, Cause and Effect

During our testing of cash disbursements, we noted 8 of 25 selections did not have evidence of management approval for payment.

Recommendation and Benefit

We recommend that all disbursements be supported with valid invoices other documentation which has been reviewed and approved by authorized management personnel. Management personnel should evidence their approval through signature. No disbursement should be made without approval. This process will help to ensure that all disbursements are valid business purposes and that such disbursements are supported.

Management's Response

See Corrective Action Plan on pages 57 - 58

PROJECT REFLECT, INC.
SMITHSON CRAIGHEAD ACADEMY
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

There were no prior year audit findings.

The Response to the Audit Findings FY14-15
Submitted by: Allison Driver, Executive Director

2015-001 Organizational Structure - The Organization is working to address the turnover in senior leadership and the Board by working to develop a plan which will allow the Executive Director the opportunity to seek board members who are committed to offering their time, talents, and resources on a continual basis. The commitment of the board members who are voted onto the Board is vital to the success of the organization. Roles and responsibilities must be clearly defined throughout the organization. When the Board and the Executive Director work as a cohesive unit to affect positive change, then the climate and culture of the organization is one that individuals are willing to be a part of and in turn, positive results are reflected. The Executive Director is currently a member of the Center for Non-Profit Management and in September, attended a workshop for new Executive Directors. This workshop was extremely beneficial and provided various strategies on the importance of defining the role of Executive Director and ways in which to recruit and maintain board members. The core of an organization is its leadership and the current Executive Director knows the importance of fostering relationships, attracting individuals who would like to invest in the organization in some way, the implementation of sound financial procedures, and the assurance that our educational and institutional programming continues to work to fulfill the stated mission of the organization, which is transforming urban America through education and policy reform.

2015-002 Cash Receipts - A new bookkeeper has been hired on by the Executive Director. This change was made so that there would be a bookkeeper available to come to the school on a weekly basis and she is readily available to address any financial related issues that may arise.

The bookkeeper has now been entering cash receipts weekly as they come in. The bank reconciliations are now

The Response to the Audit Findings FY14-15 (Continued)
Submitted by: Allison Driver, Executive Director

conducted by the new bookkeeper. Data entry is done at the time of submitting for reimbursement so that the entries are in QuickBooks on time. The Executive Director and Bookkeeper both have access to online banking and that allows both individuals to see the deposits and withdrawals as they come in and out prior to reconciling as well.

2015-003 Payroll Accruals - The new bookkeeper has been informed of the issues that occurred previously with the payroll accruals and she handles the accrual accordingly so that all liabilities are recorded appropriately.

2015-004 Disbursements - Disbursements will not be issued unless there is an approved Purchase Order with the signature of the Executive Director and attached receipts.