CURREY INGRAM ACADEMY

FINANCIAL STATEMENTS

June 30, 2010 and 2009

CURREY INGRAM ACADEMY

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Currey Ingram Academy (the "Academy") as of June 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Currey Ingram Academy as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Frasier, Dean & Howard, PLLC

November 16, 2010

CURREY INGRAM ACADEMY
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

Assets

	2010	2009
Current assets:		
Cash and cash equivalents	$ 1,978,379	$ 3,434,308
Investments	3,599,319	3,054,690
Accounts receivable, net of allowance of $443,490 and $358,500, respectively	229,913	219,596
Current installments of pledges receivable, net of allowance of $66,321 and $726,852, respectively	1,192,493	2,115,143
Prepaid expenses	167,885	110,975
Total current assets	7,167,989	8,934,712
Pledges receivable, net of discount	466,582	1,613,750
Property and equipment, net of accumulated depreciation of $7,887,294 and $6,526,622, respectively	31,477,184	28,726,671
Other assets	152,063	100,471
Total assets	$ 39,263,818	$ 39,375,604

Liabilities and Net Assets

	2010	2009
Current liabilities:		
Current installments of bonds payable	$ 335,000	$ 320,000
Accounts payable	324,062	894,891
Deferred revenues	1,830,636	1,467,345
Estimated fair value of interest rate swap agreement	504,799	341,960
Accrued expenses and other	871,507	892,351
Total current liabilities	3,866,004	3,916,547
Note payable	3,255,876	2,678,326
Bonds payable, net of current installments	5,450,000	5,730,000
Total liabilities	12,571,880	12,324,873
Net assets:		
Unrestricted	22,963,140	20,860,390
Temporarily restricted	946,713	3,421,778
Permanently restricted	2,782,085	2,768,563
Total net assets	26,691,938	27,050,731
Total liabilities and net assets	$ 39,263,818	$ 39,375,604

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:				
Contributions	$ 1,012,510	$ 1,608,165	$ 13,522	$ 2,634,197
Revenue:				
Tuition	8,526,552	-	-	8,526,552
Dewar's tuition refund	180,895	-	-	180,895
Student activities income	160,213	-	-	160,213
Child development center	151,149	-	-	151,149
Diagnostic center	121,304	-	-	121,304
Investment interest and dividends	111,687	-	-	111,687
Other	108,667	-	-	108,667
Aftercare income	101,182	-	-	101,182
Student fees	85,794	-	-	85,794
Application and enrollment fees	81,525	-	-	81,525
Finance charge income	42,804	-	-	42,804
In-kind income	20,948	-	-	20,948
Net assets released from restrictions	4,083,230	(4,083,230)	-	-
Total revenue	13,775,950	(4,083,230)	-	9,692,720
Unrealized gain on investments	286,823	-	-	286,823
Total support, revenue and investment gains	15,075,283	(2,475,065)	13,522	12,613,740
Expenses:				
Program services	9,011,653	-	-	9,011,653
Supporting services:				
Management and general	3,343,272	-	-	3,343,272
Fundraising	617,608	-	-	617,608
Total supporting services	3,960,880	-	-	3,960,880
Total expenses	12,972,533	-	-	12,972,533
Change in net assets	2,102,750	(2,475,065)	13,522	(358,793)
Net assets at beginning of year	20,860,390	3,421,778	2,768,563	27,050,731
Net assets at end of year	$22,963,140	$ 946,713	$ 2,782,085	$26,691,938

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:				
Contributions	$ 788,707	$ 6,962,912	$ 168,580	$ 7,920,199
Revenue:				
Tuition	9,071,036	-	-	9,071,036
Dewar's tuition refund	202,471	-	-	202,471
Diagnostic center	172,218	-	-	172,218
Investment interest and dividends	170,486	-	-	170,486
Student activities income	155,198	-	-	155,198
Child development center	120,025	-	-	120,025
Aftercare income	118,662	-	-	118,662
Student fees	99,093	-	-	99,093
Application and enrollment fees	96,423	-	-	96,423
Other	83,102	-	-	83,102
In-kind income	50,557	-	-	50,557
Finance charge income	47,622	-	-	47,622
Net assets released from restrictions	7,247,242	(7,213,219)	(34,023)	-
Total revenue	17,634,135	(7,213,219)	(34,023)	10,386,893
Unrealized loss on investments	(671,902)	-	-	(671,902)
Total support, revenue and investment losses	17,750,940	(250,307)	134,557	17,635,190
Expenses:				
Program services	9,049,567	-	-	9,049,567
Supporting services:				
Management and general	3,214,862	-	-	3,214,862
Fundraising	611,452	-	-	611,452
Total supporting expenses	3,826,314	-	-	3,826,314
Total Expenses	12,875,881	-	-	12,875,881
Change in net assets	4,875,059	(250,307)	134,557	4,759,309
Net assets at beginning of year	15,985,331	3,672,085	2,634,006	22,291,422
Net assets at end of year	$20,860,390	$ 3,421,778	$ 2,768,563	$27,050,731

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2010

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries, payroll taxes and other related expenses	$ 5,286,411	$ 1,325,943	$ 433,043	$ 7,045,397
Scholarship	1,025,650	-	-	1,025,650
Contract services	-	941,457	-	941,457
Interest	-	372,019	-	372,019
Utilities	276,611	2,823	2,823	282,257
Kitchen supplies and food	244,964	-	-	244,964
Other bond fees	-	183,843	-	183,843
Dewar's tuition and other insurance	180,911	-	-	180,911
Technology	119,111	37,483	10,752	167,346
Insurance	-	124,061	-	124,061
Student activities	123,138	-	-	123,138
Materials and supplies	64,466	54,621	2,765	121,852
Bad debts	100,871	-	-	100,871
Copier and printing	38,735	13,809	39,124	91,668
Advertising	302	1,185	65,397	66,884
Events	12,283	28,798	13,992	55,073
Consulting	35,691	10,178	7,036	52,905
Board and school hospitality	14,287	24,653	12,177	51,117
Professional development	32,640	7,727	3,111	43,478
Vehicle	100	31,629	57	31,786
Textbooks	30,327	-	-	30,327
Bank charges	541	27,663	-	28,204
Dues and subscriptions	7,690	17,181	2,752	27,623
In-kind expense	-	20,948	-	20,948
Athletics	19,574	-	-	19,574
Postage	5,219	7,049	6,675	18,943
Testing	18,352	-	-	18,352
Miscellaneous	737	17,597	-	18,334
Accounting and auditing	-	17,450	-	17,450
Repairs and maintenance	1,193	13,155	-	14,348
Letters of credit fees	-	12,622	-	12,622
Collection fees	12,575	-	-	12,575
Trash removal	-	12,090	-	12,090
Membership fees	3,362	7,511	1,203	12,076
Travel and entertainment	3,467	1,923	993	6,383
Discretionary fund	2,016	1,344	2,016	5,376
Small equipment	2,927	2,127	-	5,054
Counseling	4,897	-	-	4,897
Equipment rental	-	4,682	-	4,682
Legal	-	3,602	-	3,602
Search expense	55	2,122	-	2,177
Permits and licenses	745	285	-	1,030
Total expenses before depreciation and amortization	7,669,848	3,329,580	603,916	11,603,344
Depreciation and amortization	1,341,805	13,692	13,692	1,369,189
	$ 9,011,653	$ 3,343,272	$ 617,608	$ 12,972,533

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2009

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries, payroll taxes and other related expenses	$ 5,398,652	$ 1,551,128	$ 422,985	$ 7,372,765
Scholarship	1,069,255	-	-	1,069,255
Contract services	-	428,788	-	428,788
Interest	-	355,294	-	355,294
Technology	237,647	74,785	21,453	333,885
Utilities	251,112	2,562	2,562	256,236
Bad debts	227,642	-	-	227,642
Kitchen supplies and food	216,042	-	-	216,042
Other bond fees	-	206,270	-	206,270
Dewar's tuition and other insurance	203,274	-	-	203,274
Student activities	154,687	-	-	154,687
Materials and supplies	77,978	66,070	3,345	147,393
Insurance	-	114,505	-	114,505
Copier and printing	40,652	14,493	41,060	96,205
Events	19,001	44,546	21,643	85,190
Rent	70,250	717	717	71,684
Consulting	45,062	12,850	8,884	66,796
Advertising	255	998	55,069	56,322
Bank charges	978	50,067	-	51,045
In-kind expense	-	50,557	-	50,557
Textbooks	41,997	-	-	41,997
Professional development	30,510	7,222	2,908	40,640
Vehicle	111	35,280	63	35,454
Letters of credit fees	-	32,307	-	32,307
Legal	-	28,385	-	28,385
Dues, subscriptions and library	7,616	17,014	2,725	27,355
Athletics	26,648	-	-	26,648
Board and school hospitality	7,184	12,396	6,123	25,703
Travel and entertainment	12,847	7,124	3,681	23,652
Postage	5,210	7,036	6,663	18,909
Accounting and auditing	-	16,450	-	16,450
Testing	16,141	-	-	16,141
Repairs and maintenance	1,161	12,812	-	13,973
Trash removal	-	13,901	-	13,901
Miscellaneous	520	12,409	-	12,929
Equipment rental	-	12,312	-	12,312
Small equipment	6,407	4,656	-	11,063
Collection fees	7,891	-	-	7,891
Membership fees	1,984	4,432	710	7,126
Search expense	177	6,824	-	7,001
Counseling	6,061	-	-	6,061
Discretionary fund	2,073	1,382	2,073	5,528
Permits and licenses	1,312	502	-	1,814
Total expenses before depreciation and amortization	8,188,337	3,206,074	602,664	11,997,075
Depreciation and amortization	861,230	8,788	8,788	878,806
	$ 9,049,567	$ 3,214,862	$ 611,452	$ 12,875,881

See accompanying notes.

CURREY INGRAM ACADEMY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets:	$ (358,793)	$ 4,759,309
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,360,672	872,997
Amortization	8,517	5,810
Unrealized (gain) loss on investments	(286,823)	671,902
Allowance for bad debts	100,871	206,128
Contributions restricted for long-term purposes	(954,176)	(4,582,738)
Changes in operating assets and liabilities:		
Accounts receivable	(95,307)	(162,108)
Pledges receivable	(168,901)	(1,812,012)
Prepaid expenses	(56,910)	6,283
Other assets	(60,109)	(1,530)
Accounts payable	(570,829)	189,756
Deferred revenues	363,291	(567,429)
Change in fair value of interest rate swap agreement	162,839	192,515
Accrued expenses	(20,844)	130,232
Net cash used in operating activities	(576,502)	(90,885)
Cash flows from investing activities:		
Purchase of investments	(482,336)	(989,807)
Proceeds from sale of investments	224,530	802,224
Purchase of property and equipment	(4,111,185)	(9,206,960)
Net cash used in investing activities	(4,368,991)	(9,394,543)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	3,177,014	4,582,738
Payments of bonds payable	(265,000)	(310,000)
Borrowings on note payable	577,550	2,678,326
Net cash provided by financing activities	3,489,564	6,951,064
Net decrease in cash and cash equivalents	(1,455,929)	(2,534,364)
Cash and cash equivalents at beginning of year	3,434,308	5,968,672
Cash and cash equivalents at end of year	$ 1,978,379	$ 3,434,308
Supplemental disclosure of cash flow information:		
Interest paid	$ 372,019	$ 355,294

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Currey Ingram Academy ("the Academy") is a nonprofit kindergarten through twelfth grade college preparatory school for students with average to above average intelligence who have learning differences. The Academy's major sources of funding are tuition payments and contributions from donors.

Accounting Standards Codification

The Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") became the sole authoritative source of generally accepted accounting principles in the United States of America for periods ending after September 15, 2009. The FASB ASC incorporates all authoritative literature previously issued by a standard setter. Adoption of the FASB ASC had no effect on the Academy's financial statements.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Academy and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions which are restricted for specific programs are reflected as unrestricted revenue if these funds are received and spent during the same fiscal year.

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

Cash and Cash Equivalents

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are reviewed periodically as to their collectability. Uncollectible accounts are written off in the period in which they are determined to be uncollectible. At June 30, 2010 and 2009 an allowance of $443,490 and $358,500 for bad debts has been estimated and recorded, respectively.

Income Taxes

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

On January 1, 2009, the Academy adopted FASB ASC guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This interpretation prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. This guidance must be applied to all existing tax positions upon initial adoption. The Academy has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2007 through June 30, 2010. Adoption of this pronouncement had no impact on the Academy's accompanying financial statements.

Allocated Expenses

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Accordingly, actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

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

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

Pledges Receivable

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

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

The Academy uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2010 and 2009, the allowance totaled $66,321 and $726,852, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled $66,884 and $56,322 for the years ended June 30, 2010 and 2009, respectively.

Donated Materials, Services and Assets

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials, Services and Assets (Continued)

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Additionally, a number of unpaid volunteers have made significant contributions of their time to assist in fund-raising and special projects. However, these services do not meet the requirements above and have not been recorded.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Academy reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Academy reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Derivative Instruments and Hedging Activities

The Academy has adopted FASB ASC guidance for accounting for derivatives. The guidance establishes accounting and reporting standards requiring that every derivative instrument be recorded in the statements of financial position as either an asset or as a liability measured at its estimated fair value. The guidance also requires that changes in the derivative's fair value be recognized currently in the statements of activities. On September 20, 2007, the Academy entered an interest rate swap agreement, effective October 1, 2007 which was considered to be a derivative. The swap agreement matures October 1, 2015.

Investments

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Endowment Funds

The Uniform Prudent Management Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. The guidance requires that the amount of permanently restricted net assets cannot be reduced by losses on investments of the funds or by an organization's expenditures from the fund unless the donor required the gift to be held in specific investments. It also requires disclosure of a description of the governing board's interpretation of the law that underlies the organization's net asset classification of donor-restricted endowment funds, a description of the organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the organization's endowment investment policies, and additional disclosures not previously required.

Subsequent Events

The Academy evaluated subsequent events through November 16, 2010, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying financial statements.

NOTE 2 – FAIR VALUE MEASUREMENT OF INVESTMENTS

The Academy has adopted the provisions of the Fair Value Measurement Topic of the FASB ASC. This guidance establishes a framework for measuring fair value for financial assets and financial liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

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

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

NOTE 2 – FAIR VALUE MEASUREMENT OF INVESTMENTS (Continued)

- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of mutual funds and trusts held by third parties were determined by obtaining quoted market prices in active markets.

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

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

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

The following table sets forth by level, within the fair value hierarchy, the Academy's assets at fair value as of June 30, 2010:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds – equity funds	$ 1,684,940	$ -	$ -	$ 1,684,940
Mutual funds – bond funds	1,199,914	-	-	1,199,914
Trusts held by third parties	714,465	-	-	714,465
Total investments at fair value	$ 3,599,319	$ -	$ -	$ 3,599,319

NOTE 2 – FAIR VALUE MEASUREMENT OF INVESTMENTS (Continued)

	Level 1	Level 2	Level 3	Total
Interest rate swap liability	$ -	$ (504.799)	$ -	$ (504.799)

The following table sets forth by level, within the fair value hierarchy, the Academy's assets at fair value as of June 30, 2009:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds – equity funds	$ 1,406,627	$ -	$ -	$ 1,406,627
Mutual funds – bond funds	1,025,557	-	-	1,025,557
Trusts held by third parties	622,506	-	-	622,506
Total investments at fair value	$ 3,054,690	$ -	$ -	$ 3,054,690
Interest rate swap liability	$ -	$ (341,960)	$ -	$ (341,960)

The following schedule summarizes the unrestricted investment return at June 30:

	2010	2009
Interest and dividends	$ 111,687	$ 170,486
Unrealized gains (losses)	286,823	(671,902)
Net investment gain (loss)	$ 398,510	$ (501,416)

NOTE 3 – PLEDGES RECEIVABLE

The Academy has received pledges for contributions for the construction of new buildings on campus, the scholarship endowment and the unrestricted annual fund. The discount rates used to determine the present value of pledge contributions receivable ranged from .74% to 4.9% at June 30, 2010 and from 3.47% to 5.38% at June 30, 2009.

The following are the future maturities of pledges receivable at June 30, 2010:

Year ending June 30,	
2011	$ 1,258,814
2012	333,650
2013	177,400

NOTE 3 – PLEDGES RECEIVABLE (Continued)

Year ending June 30,	
2014	2,400
2015	800
Gross pledge contribution receivable	1,773,064
Less: discount to net present value	(47,668)
Present value of pledge contribution receivable	1,725,396
Less: allowance for uncollectible pledges	(66,321)
Pledge contributions receivable, net	$ 1,659,075

Pledge contributions receivable are scheduled to be received as follows:

	2010	2009
Receivable in less than one year	$ 1,192,493	$ 2,115,143
Receivable in one to five years	466,582	1,613,750
	$ 1,659,075	$ 3,728,893

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2010	2009
Buildings	$ 32,176,205	$ 27,975,760
Land	2,986,766	2,986,766
Furniture and equipment	3,478,075	3,238,973
Vehicles	173,526	173,526
Building improvements	220,110	109,565
Grounds equipment	67,313	63,427
Land improvements	39,917	39,917
Construction in progress	222,566	665,359
	39,364,478	35,253,293
Less accumulated depreciation	(7,887,294)	(6,526,622)
	$ 31,477,184	$ 28,726,671

NOTE 4 – PROPERTY AND EQUIPMENT (Continued)

During fiscal year 2010 and 2009, respectively, the Academy incurred costs amounting to $222,566, and $665,359 which have been capitalized as construction in progress. At June 30, 2010, these costs consist primarily of expense incurred with the construction of the tennis courts and renovation of the farmhouse. At June 30, 2009, these costs consist of architect and engineering fees, construction materials and builder fees incurred related to the expansion of the gymnasium, which was completed during fiscal year 2010.

For the years ending June 30, 2010 and 2009, the Academy had depreciation expense of $1,360,672 and $872,997, respectively.

NOTE 5 – OTHER ASSETS

At June 30, 2010 and 2009, other assets consisted of the following:

	2010	2009
Bond issuance costs	$ 133,695	$ 78,695
Accumulated amortization on bond costs	(31,300)	(24,592)
Underwriters' discount	37,500	37,500
Accumulated amortization on discount	(13,528)	(11,719)
Inventory	25,696	20,587
Total	$ 152,063	$ 100,471

NOTE 6 – BONDS PAYABLE

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

Effective October 20, 2009, the bonds payable were refinanced through an agreement with the Industrial Development Board ("IDB"). Under this agreement, the IDB issued $6,105,000 in Educational Facilities Revenue Refunding Bonds, and loaned the proceeds of this bond issuance to the Academy through a loan agreement with a financial institution. Interest is due monthly under the new agreement at a variable rate based on LIBOR (1.91% at June 30, 2010). The maturity date of the agreement is April 1, 2023.

NOTE 6 – BONDS PAYABLE (Continued)

Maturities of bonds payable are as follows:

Year ending June 30,	Annual Principal Amount
2010	$ 335,000
2011	350,000
2012	360,000
2013	370,000
2014	385,000
Thereafter	3,985,000
	$ 5,785,000

The Academy is required to meet certain financial and nonfinancial covenants as specified in the bond documents. For the year ended June 30, 2010, the Academy met all financial covenants.

NOTE 7 – LOAN AGREEMENT

Effective September 24, 2008, the Industrial Development Board of Williamson County, Tennessee IDB issued $7 million of revenue bonds to a financial institution to fund the Academy's Upper School construction project and the future expansion of gym facilities. Effective November 20, 2008, the financial institution entered into a loan agreement with the Academy, allowing borrowings up to $7 million to fund construction projects. In September 2009, the loan agreement was amended to provide for a principal amount up to $5.5 million and a change in the interest rate. Interest on the outstanding principal balance is calculated at a rate of 3.86% at June 30, 2009, and at a variable rate based on LIBOR (1.91%) at June 30, 2010. All principal amounts outstanding under the agreement are due as of the maturity date of November 1, 2016.

At June 30, 2010 and 2009, amounts outstanding under this agreement totaled $3,255,876 and $2,678,326, respectively. The Academy is required to meet certain financial and nonfinancial covenants as specified in the loan agreement. For the years ended June 30, 2010 and 2009, the Academy was in compliance with all financial covenants.

NOTE 8 – LINE OF CREDIT

At June 30, 2010 and 2009, the Academy maintained an unsecured $250,000 line of credit with a financial institution. The line of credit bears interest at a variable rate determined by the institution's prime rate. No amounts were outstanding under this agreement at June 30, 2010 and 2009.

NOTE 9 – INTEREST RATE SWAP AGREEMENT

During 2008, the Academy entered into an interest rate swap transaction in connection with the bonds payable issued in 2003 to hedge against future changes in interest rates. Details of the interest rate swap agreement as of June 30, 2010 are as follows:

Description	Termination Date	Notional Amount	Estimated Fair Value at June 30, 2010
Interest rate swap agreement swapping a variable rate for a fixed rate of 3.67%.	October 1, 2015	$ 5,730,000	$ (504,799)

The Academy accounted for this interest rate swap agreement in accordance with FASB ASC guidance on accounting for derivative instruments, which requires that the fair value of the liability be presented in the accompanying statements of financial position. The statement of activities for the years ended June 30, 2010 and 2009 includes expense of $162,839 and $192,515 to reflect the change in the valuation of the interest rate swap agreement.

NOTE 10 – UNRESTRICTED NET ASSETS

The Board of Trustees has placed voluntary designations on certain unrestricted net assets. A summary of unrestricted net assets at June 30, 2010 and 2009 is as follows:

	2010	2009
Board designated:		
Deferred maintenance	$ 103,618	$ 103,618
Undesignated	22,859,522	20,756,772
	$ 22,963,140	$ 20,860,390

NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS

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

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

	2010	2009
Capital purchases	$ 100,000	$ 3,298,548
Scholarship	54,000	123,230
Pledges receivable – time restricted	792,713	-
	$ 946,713	$ 3,421,778

NOTE 12 – PERMANENTLY RESTRICTED NET ASSETS

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

	2010	2009
Scholarship and other	$ 2,782,085	$ 2,768,563

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

Interpretation of Relevant Law

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

2010 Endowment Net Asset Composition by Type of Fund as of June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ -	$ 2,782,085	$ 2,782,085

Changes in Endowment Net Assets for the fiscal year ended June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 2,768,563	$ 2,768,563

NOTE 12 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

Contributions, net	-	-	13,522	13,522
Endowment net assets, end of year	$ -	$ -	$ 2,782,085	$ 2,782,085

2009 Endowment Net Asset Composition by Type of Fund as of June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ -	$ -	$ 2,768,563	$ 2,768,563

Changes in Endowment Net Assets for the fiscal year ended June 30, 2009:

Endowment net assets, beginning of year	$ -	$ -	$ 2,634,006	$ 2,634,006
Contributions, net	-	-	134,557	134,557
Endowment net assets, end of year	$ -	$ -	$ 2,768,563	$ 2,768,563

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Academy to retain as a fund of perpetual duration. No endowment funds had fair values below the levels that the donor or UPMIFA required at June 30, 2010 and 2009.

Endowment Investment Policy and Risk Parameters

The Academy has adopted investment and spending policies for endowment assets to support the Academy and its mission over the long term, through the preservation of cash and reserves, while producing market-level income. Endowment assets include those assets of donor-restricted funds that the Academy must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the general policy is to diversify investments among both equity and fixed income securities so as to enhance total return while avoiding undue risk concentration in

NOTE 12 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

any investment class. The endowment assets are to be allocated among certain pre-specified asset classes, including domestic equity, domestic fixed income, international equity, international fixed income, real estate, venture capital, and private equity. Investments of a single issuer may not exceed 5% of the total market value of the endowment, with the exception of U.S. government holdings.

Strategies Employed for Achieving Investment Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

NOTE 13 – LETTERS OF CREDIT

At June 30, 2010 and 2009, the Academy maintained two letters of credit issued by a local financial institution totaling $165,000. These letters of credit will be available in the event of noncompliance with certain performance bonds as required by Williamson County, Tennessee and the State of Tennessee.

NOTE 14 – DEFERRED COMPENSATION PLANS

The Academy has a 403(b) tax deferred annuity plan covering substantially all employees. The Academy contributes 1.5% of the gross salary for all eligible employees that have completed 12 months of service, as well as a matching contribution of 100% of each eligible employee's voluntary contributions, up to 5% of the employee's gross salary, upon completion of one month of service.

During the years ended June 30, 2010 and 2009, total employer contributions to the plan were $227,551 and $134,099, respectively.

The Academy also has a 457(f) deferred compensation plan for a key employee. Related accrued compensation expense as of June 30, 2010 and 2009 was $731,229 and $637,753, respectively. During the years ended June 30, 2010 and 2009, total employer expense related to the plan was $0 and $30,000, respectively.

NOTE 15 – LEASE COMMITMENTS

The Academy has leased several copiers, computers and other equipment under lease arrangements classified as operating leases. Total rent expense for the years ended June 30, 2010 and 2009 was $154,361 and $338,018, respectively. The leases are payable in monthly payments and expire at various times through fiscal year 2015. Future minimum lease payments are as follows:

Year ending June 30,	
2011	$ 110,810
2012	60,515
2013	50,214
2014	43,470
2015	2,350
Thereafter	-
Total	$ 267,359

The Academy also leases computers under a noncancelable lease that is classified as a capital lease. The lease agreement contains a bargain purchase option at the end of the lease term, and expires in 2011. During 2009, the computers under this capital lease were recorded as equipment purchases totaling $316,750, which was the present value of the required lease payments upon inception.

At June 30, 2010, future minimum lease payments under the capital lease total $111,361, due and payable during 2011. The present value of the future minimum lease payments is $105,480 (net of discount to present value of $5,881).

NOTE 16 – VANDERBILT SCHOLARSHIP GIFT AGREEMENT

In 2004, one benefactor donated funds to the Vanderbilt University Endowment Fund under an agreement which states that any income, up to 4.5%, generated from this gift is to be given to the Currey Ingram Academy Scholarship Fund. Qualified recipients of this scholarship are children of full-time employees of Vanderbilt University. Contributions from Vanderbilt in the years ended June 30, 2010 and 2009 totaled $200,638 and $320,445, respectively.

NOTE 17 – CONCENTRATIONS

The Academy's cash account balances at June 30, 2010 and 2009 exceeded Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Academy has not experienced any losses in such accounts and management believes the Academy is not exposed to any significant credit risk related to cash.

NOTE 17 – CONCENTRATIONS (Continued)

At June 30, 2010, 73% of the pledges receivable were due to the Academy by four donors. At June 30, 2009, 54% of the pledges receivable were due to the Academy by two donors. For the year ended June 30, 2010, contributions from one donor represented approximately 61% of total contributions received by the Academy. For the year ended June 30, 2009, contributions from four donors represented approximately 77% of total contributions received by the Academy.

NOTE 18 – RELATED PARTY TRANSACTIONS

The Academy occasionally purchases goods or services at commercially reasonable rates from companies or organizations that are affiliated with or owned, directly or indirectly, by members of the Board of Trustees. All such purchases are reviewed and approved in accordance with the Academy's purchasing policy.