

**PROJECT REFLECT, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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**PROJECT REFLECT, INC.
INTRODUCTORY SECTION**

BOARD OF DIRECTORS

James Cobb	Chairperson
S. Keith Hargrove	Vice-Chairperson
Father John Raphael	Treasurer
Ramona Johnson	Secretary
Robert Taylor	Director
William Hytche	Director
Richard Neal	Director
Patrick Johnson	Director

LEADERSHIP TEAM

Ahmed White	Executive Director
Lekita Stevenson	Senior Operations Administrator



Edmondson, Betzler & Dame
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Project Reflect, Inc., operating Tennessee Public Charter School Smithson Craighead Academy, (the "Organization"), as of and for the year ended June 30, 2021, 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.

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

INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Project Reflect, Inc., operating Tennessee Public Charter School Smithson Craighead Academy as of June 30, 2021, 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.

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 - 10 and the schedule of the proportionate share of the net pension liability (asset) and schedule of employer contributions on pages 46 - 49 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 the 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 acceptable 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.

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 is 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 schedules of expenditures of federal awards and state financial assistance and changes in long-term debt by individual issue are the responsibility of management and were derived from and related 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 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 schedules of expenditures of federal awards and state financial assistance and changes in long-term debt by individual issue are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Information (continued)

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 27, 2021, 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 solely 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 the effectiveness of the Organization's 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.

A handwritten signature in black ink, appearing to read "Brentwood, Tennessee", written in a cursive, flowing style.

Brentwood, Tennessee
December 27, 2021

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

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, 2020. 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 resource of Project Reflect exceeded its liabilities and deferred inflows of resources by \$1,054,297.
- Net position increased \$54,423 during the year.
- Total revenues of \$2,793,949 were comprised of Federal and State Pass-through Funds- 15%, District Funds- 78%, and Charitable Giving/Other- 7%.

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 revenues and expenses are taken into consideration regardless of when cash is received or paid. The statements start on page 11.

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 13. 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 as reconciled in the basic financial statements on pages 14 and 16.

GOVERNMENT WIDE FINANCIAL ANALYSIS

Net Position:

The Organization's assets and deferred outflows of resources exceed liabilities and deferred inflows of resources at the close of the fiscal year, resulting in a net position of \$1,054,297. Project Reflect's net position includes \$435,590 of cash. The cash is available to meet ongoing activities.

As of June 30, 2020, Project Reflect had invested \$1,676,282 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 \$1,096,235. This debt was used to consolidate other operating debt.

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

GOVERNMENT WIDE FINANCIAL ANALYSIS (CONTINUED)

A schedule of the Organization's net position as of June 30, 2021 and 2020 is as follows:

	2021	2020
Current assets	\$ 849,456	\$ 588,725
Restricted assets	24,045	12,541
Capital assets	1,814,444	1,676,282
Noncurrent assets	<u>570,541</u>	<u>165,314</u>
Total assets	<u>3,258,486</u>	<u>2,442,862</u>
Deferred outflows of resources - pensions	<u>211,279</u>	<u>220,008</u>
Current liabilities	103,499	268,861
Long-term liabilities	<u>711,553</u>	<u>1,109,560</u>
Total liabilities	<u>815,052</u>	<u>1,378,421</u>
Deferred inflows of resources - pensions	<u>660,629</u>	<u>230,152</u>
Net position:		
Net investment in capital assets	1,077,530	915,924
Restricted	120,709	12,541
Unrestricted	<u>795,845</u>	<u>125,832</u>
Total net position	<u>\$ 1,994,084</u>	<u>\$ 1,054,297</u>

At June 30, 2021, the Organization's unrestricted net position was \$795,845, an increase of \$670,013 from 2020.

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

GOVERNMENT WIDE FINANCIAL ANALYSIS (CONTINUED)

A schedule of revenues and expenses for the years ended June 30, 2021 and 2020, is as follows. The schedule is for the Organization as a whole, not for the governmental funds.

	2021	2020
Revenues:		
District funding	\$2,714,988	\$2,167,096
Federal and state grants	1,114,320	419,587
Contributions	142,945	97,955
Program income	28,316	46,767
Contract fees	82,305	45,867
Other	16,171	16,677
Total revenues and transfers	<u>4,099,045</u>	<u>2,793,949</u>
Expenses:		
Employee compensation	2,109,230	1,853,701
Occupancy	199,433	145,277
Depreciation	160,122	138,447
Food services	154,312	217,985
Transportation	153,408	177,628
Professional services	138,206	104,414
Instructional	96,424	82,242
Office expense	50,850	29,877
Insurance	44,597	46,732
Interest	41,886	43,270
Other expenses	6,661	8,079
Organizational development	4,129	720
Total expenses	<u>3,159,258</u>	<u>2,848,372</u>
Change in net position	<u>\$ 939,787</u>	<u>\$ (54,423)</u>

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The Organization's funds, as presented on the balance sheet on page 13 reported a combined fund balance of \$795,363. The majority of funds are in the General Fund, which is the chief operating fund. The Organization has two other major funds consisting of the Federal and State Grants Fund and Restricted Contribution 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, 2021 year end, the differences consist of capital assets, debt, and pensions, which are not reported in the funds.