CURREY INGRAM ACADEMY

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2020 and 2019

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

CURREY INGRAM ACADEMY
TABLE OF CONTENTS

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Trustees
Currey Ingram Academy
Brentwood, Tennessee

We have audited the accompanying financial statements of Currey Ingram Academy (the "Academy") (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Currey Ingram Academy as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As discussed in Notes 1 and 2 to the financial statements, Currey Ingram Academy adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The ASU has been applied using the modified retrospective approach. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As more fully described in Note 24 to the financial statements, the Academy has been impacted by the outbreak of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Our conclusion is not modified with respect to this matter.

Cherry Bekaert LLP

Nashville, Tennessee
December 2, 2020

CURREY INGRAM ACADEMY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 8,897,638	$ 6,522,528
Investments	9,468,890	8,275,542
Inventory	49,219	47,605
Accounts receivable, net of allowance of $586,916 and $504,041, respectively	966,417	694,542
Current pledges receivable, net of allowance of $416,763 and $250,816 respectively	1,908,892	1,421,516
Prepaid expenses	79,550	85,819
Total Current Assets	21,370,606	17,047,552
Pledges receivable, net of discount and allowance of $497,984 and $929,493 respectively	6,000,505	7,323,422
Property and equipment, net of accumulated depreciation of $24,493,773 and $22,651,838, respectively	41,197,422	29,695,306
Other assets, net	15,075	41,598
Total Assets	$ 68,583,608	$ 54,107,878
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 1,663,457	$ 494,971
Deferred revenues	1,583,198	1,505,535
Deferred grant revenue	1,566,000	-
Current installments of bonds payable	455,000	440,000
Interest rate swap	5,356	147
Total Current Liabilities	5,273,011	2,440,653
Deferred revenues, net of current	6,244,029	-
Bonds payable, net of current installments	7,138,143	1,910,000
Total Liabilities	18,655,183	4,350,653
Net Assets:		
Without Donor Restriction:		
Unrestricted	29,939,924	30,315,144
Board designated	3,223,694	3,340,756
Total Net Assets Without Donor Restriction	33,163,618	33,655,900
With Donor Restriction:		
Purpose restriction	9,067,643	8,689,204
Time restriction	265,948	295,984
Held in perpetuity	7,431,216	7,116,137
Total Net Assets With Donor Restriction	16,764,807	16,101,325
Total Net Assets	49,928,425	49,757,225
Total Liabilities and Net Assets	$ 68,583,608	$ 54,107,878

CURREY INGRAM ACADEMY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
Public Support:			
Contributions	$ 801,025	$ 1,481,300	$ 2,282,325
Revenue:			
Tuition, net of financial aid of $1,828,718	9,806,831	-	9,806,831
Child development center	446,716	-	446,716
Diagnostic center	348,691	-	348,691
Investment interest and dividends	311,680	-	311,680
Tuition refund income	211,158	-	211,158
Student fees	162,773	-	162,773
Application and enrollment fees	116,925	-	116,925
Facility rental	99,131	-	99,131
Aftercare income	88,134	-	88,134
Other	82,635	-	82,635
Student activities income	73,585	-	73,585
In-kind income	25,829	-	25,829
Gain on sale of assets	11,647	-	11,647
Finance charge income	3,607	-	3,607
Net assets released from restrictions	817,818	(817,818)	-
Total Revenue	12,607,160	(817,818)	11,789,342
Unrealized gain on investments	221,542	-	221,542
Total Public Support, Revenue and Investment Gain	13,629,727	663,482	14,293,209
Expenses:			
Program services	12,635,715	-	12,635,715
Supporting Services:			
Management and general	1,113,774	-	1,113,774
Fundraising	372,520	-	372,520
Total Supporting Services	1,486,294	-	1,486,294
Total Expenses	14,122,009	-	14,122,009
Change in net assets	(492,282)	663,482	171,200
Net assets, beginning of year	33,655,900	16,101,325	49,757,225
Net assets, end of year	$ 33,163,618	$ 16,764,807	$ 49,928,425

CURREY INGRAM ACADEMY
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
Public Support:			
Contributions	$ 2,957,911	$ 9,006,935	$ 11,964,846
Revenue:			
Tuition, net of financial aid of $1,999,563	10,396,252	-	10,396,252
Child development center	568,253	-	568,253
Diagnostic center	457,310	-	457,310
Investment interest and dividends	355,311	-	355,311
Tuition refund income	225,033	-	225,033
Student fees	214,644	-	214,644
Application and enrollment fees	120,025	-	120,025
Aftercare income	110,778	-	110,778
Student activities income	66,937	-	66,937
Facility rental	42,874	-	42,874
Other	23,832	-	23,832
Finance charge income	22,771	-	22,771
Gain on sale of assets	21,819	-	21,819
In-kind income	3,867	-	3,867
Net assets released from restrictions	904,019	(904,019)	-
Total Revenue	13,533,725	(904,019)	12,629,706
Unrealized gain on investments	42,285	-	42,285
Total Public Support, Revenue and Investment Gain	16,533,921	8,102,916	24,636,837
Expenses:			
Program services	13,077,175	-	13,077,175
Supporting Services:			
Management and general	964,144	-	964,144
Fundraising	381,568	-	381,568
Total Supporting Services	1,345,712	-	1,345,712
Total Expenses	14,422,887	-	14,422,887
Change in net assets	2,111,034	8,102,916	10,213,950
Net assets, beginning of year	31,544,866	7,998,409	39,543,275
Net assets, end of year	$ 33,655,900	$ 16,101,325	$ 49,757,225

CURREY INGRAM ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries	$ 6,401,487	$ 607,250	$ 222,077	$ 7,230,814
Contract services	1,776,944	186,819	51,334	2,015,097
Payroll taxes and employee benefits	1,126,041	91,382	32,358	1,249,781
Utilities	337,892	-	-	337,892
Advertising and public relations	154,064	-	10,188	164,252
Materials and supplies	118,228	30,234	3,535	151,997
Insurance	149,803	-	-	149,803
Miscellaneous	94,356	33,469	6,775	134,600
Student contract discount	129,788	-	-	129,788
Tuition refund program	93,360	-	-	93,360
Investment and debt fees	90,063	941	-	91,004
Student activities	73,464	-	1,165	74,629
Professional development	64,478	800	2,095	67,373
Legal fees	-	65,115	-	65,115
Equipment	18,827	38,879	7,161	64,867
Membership, subscriptions, books, and dues	49,962	1,045	50	51,057
Entertainment and hospitality	8,430	8,511	33,874	50,815
Technology	28,330	16,051	-	44,381
Copier rent expense	31,645	-	-	31,645
Audit	-	30,900	-	30,900
Athletic	20,919	-	-	20,919
Consulting	6,689	-	-	6,689
Postage	3,194	852	1,908	5,954
Permits and licenses	1,760	1,526	-	3,286
	10,779,724	1,113,774	372,520	12,266,018
Depreciation and amortization	1,855,991	-	-	1,855,991
	$ 12,635,715	$ 1,113,774	$ 372,520	$ 14,122,009

CURREY INGRAM ACADEMY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	$ 6,648,102	$ 561,536	$ 74,054	$ 7,283,692
Contract services	1,590,624	160,866	256,535	2,008,025
Payroll taxes and employee benefits	1,184,588	66,292	14,397	1,265,277
Utilities	351,214	-	-	351,214
Bad debt	325,906	-	-	325,906
Materials and supplies	169,607	30,692	4,076	204,375
Advertising and public relations	162,294	-	8,776	171,070
Investment and debt fees	159,963	-	-	159,963
Miscellaneous	128,488	18,599	5,858	152,945
Insurance	131,806	-	-	131,806
Student contract discount	129,981	-	-	129,981
Student activities	107,344	-	248	107,592
Equipment	23,392	46,110	6,197	75,699
Tuition refund program	67,172	-	-	67,172
Professional development	55,111	4,406	126	59,643
Technology	46,880	8,818	-	55,698
Membership, subscriptions, books, and dues	36,543	1,219	970	38,732
Audit	-	35,700	-	35,700
Copier rent expense	33,539	-	-	33,539
Legal fees	-	25,393	-	25,393
Entertainment and hospitality	13,636	2,133	6,357	22,126
Athletic	20,751	-	-	20,751
Postage	2,737	1,222	3,974	7,933
Permits and licenses	3,896	1,158	-	5,054
	11,393,574	964,144	381,568	12,739,286
Depreciation and amortization	1,683,601	-	-	1,683,601
	$ 13,077,175	$ 964,144	$ 381,568	$ 14,422,887

CURREY INGRAM ACADEMY
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 171,200	$ 10,213,950
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,829,466	1,674,182
Amortization	26,525	9,419
Unrealized gain on investments	(221,542)	(42,285)
Contributions restricted for long-term purposes	(517,141)	(8,477,665)
Loss on sale of equipment	-	2,548
Allowance for bad debts	159,574	250,836
Changes in operating assets and liabilities:		
Inventory	(1,613)	19,381
Accounts receivable	(271,875)	(173,748)
Pledges receivable	(103,989)	(486,134)
Prepaid expenses	6,269	31,303
Accounts payable and accrued expenses	1,168,486	297,714
Deferred revenues	6,321,692	134,713
Deferred grant revenue	1,566,000	-
Change in estimated fair value of interest rate swap agreement	5,209	14,284
Net cash provided by operating activities	10,138,261	3,468,498
Cash flows from investing activities:		
Purchase of investments	(1,225,216)	(2,769,212)
Proceeds from sale of investments	253,410	86,971
Purchases of property and equipment	(13,331,585)	(810,401)
Net cash used in investing activities	(14,303,391)	(3,492,642)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	1,297,097	3,693,946
Payments of bonds payable	(440,000)	(1,734,063)
Proceeds from bonds payable	5,683,143	-
Net cash provided by financing activities	6,540,240	1,959,883
Net increase in cash and cash equivalents	2,375,110	1,935,739
Cash and cash equivalents, beginning of year	6,522,528	4,586,789
Cash and cash equivalents, end of year	$ 8,897,638	$ 6,522,528

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

Currey Ingram Academy (the "Academy") is a not-for-profit kindergarten through 12th grade school for students with learning differences. The Academy's major sources of funding are tuition payments and contributions from donors.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Financial statement presentation is in accordance with standards of accounting and financial reporting prescribed for not-for-profit organizations. Accordingly, net assets of the Academy and changes therein are classified and reported as follows:

> *Net Assets Without Donor Restriction* – Net assets that are not subject to donor-imposed restriction and may be expended for any purpose in performing the primary objectives of the Academy. These net assets may be used at the discretion of the Academy's management and the Board of Directors.
>
> *Net Assets With Donor Restriction* – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Academy or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

Investments – The Academy accounts for investments under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") guidance for accounting for investments by not-for-profit organizations. Under this guidance, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. See Note 4 for additional information on fair value measurements.

Accounts Receivable – See Note 2.

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 net assets with donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

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, 2020 and 2019, the allowance totaled $425,476 and $585,050, respectively.

Note 1—Nature of operations and 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

Deferred Revenues – Deferred revenues represent prepaid rent, advance tuition, fee payments, and deposits for the upcoming academic year. Such amounts are recognized as revenue in the year to which they apply (See Note 8).

Deferred Grant Revenue – See Note 9.

Derivative Instruments and Hedging Activities – The Academy follows FASB ASC guidance for accounting for derivatives. The guidance establishes accounting and reporting standards requiring that every derivative instrument be recorded in the statements of financial position as either an asset or as a liability measured at its estimated fair value. The guidance also requires that changes in the derivative's fair value be recognized currently in the statements of activities. See Note 12 for detail of the Academy's interest rate swap agreement, which is considered to be a derivative.

Restricted Endowment Funds – The *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA") was enacted in Tennessee effective July 1, 2007. FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. The guidance requires that the amount of net assets held in perpetuity cannot be reduced by losses on investments of the funds or by an organization's expenditures from the fund unless the donor required the gift to be held in specific investments.

FASB ASC guidance also requires disclosure of a description of the governing board's interpretation of the law that underlies an organization's net asset classification of donor-restricted endowment funds, a description of the organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the organization's endowment investment policies, and additional disclosures. See Note 16 for additional information regarding endowment funds held in perpetuity.

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

Advertising Costs – Advertising costs are expensed as incurred. Advertising expense totaled $164,252 and $171,070 for the years ended June 30, 2020 and 2019, respectively.

Donated Materials, Services, and Assets – Donated materials, property and equipment are recorded as support at their estimated fair value at date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Academy reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Academy reclassifies net assets with donor restriction to net assets without donor restriction at that time.

Note 1—Nature of operations and summary of significant accounting policies (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 fundraising and special projects. However, these services do not meet the requirements above and have not been recorded.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

Adoption of New Accounting Standards – In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The standard provides guidance on determining whether a transaction should be accounted for as contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. The Academy evaluated the new standard and determined the accounting standard did not require a change to the Academy's practice for recording contributions.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Academy adopted the provisions of ASU 2014-09 and the related ASUs as of July 1, 2019 using a modified retrospective approach, which resulted in no cumulative effect adjustment. There was no change in the timing and amount of revenue recognition as a result of the adoption of these ASUs (See Note 2).

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

Accounting Policies for Future Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2023. The Academy is currently evaluating the effect of the implementation of this new standard.

In January 2016, FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities.* This guidance revises accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. This guidance is effective for the year ending June 30, 2021. The Academy is currently evaluating the effect of the implementation of this new standard.

Subsequent Events – The Academy has evaluated events and transactions that occurred through December 2, 2020, the date the financial statements were available to be issued.

Note 2—Revenue recognition and impact of the adoption of the new revenue standard

On July 1, 2019, the Academy adopted ASC 606 using the modified retrospective approach. The Academy determined that there was no cumulative effect adjustment to net assets upon adoption of the new revenue standard as of July 1, 2019. Under ASC 606, revenue is recognized when the Academy transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities presented as deferred revenues on the accompanying statements of financial position totaled $7,827,227 and $1,505,535 as of June 30, 2020 and 2019, respectively. Deferred revenue represents prepaid rent income, advanced tuition, fee payments, and deposits. Prepaid rent income will be recognized at the net present value over the life of the lease agreement. Advance tuition, fee payments and deposits are recognized in the year in which they apply.

Accounts Receivable – Accounts receivable were $966,417 and $694,542 as of June 30, 2020 and 2019, respectively. 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, 2020 and 2019, an allowance for bad debts of $586,916 and $504,041, respectively, has been estimated and recorded.

Performance Obligations and Revenue Recognition – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Academy's revenue within the scope of ASC 606 consists of revenue from tuition, student and enrollment fees, student activities income, child development and diagnostic center income, aftercare income, and facility rental income. The contract obligation for each of these revenue streams is generally satisfied at the time these services are provided or when a good is transferred to the customer.

Disaggregation of Revenue – See the statements of activities for the years ended June 30, 2020 and 2019 for the presentation of the Academy's revenue streams.

Note 3—Liquidity and availability of resources

The Academy regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Academy considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. The Academy maintains a line of credit with maximum borrowings of $500,000 (see Note 11) with a financial institution that is drawn upon during the year to manage cash flow, if needed. Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use within one year of the statement of financial position comprise the following at June 30, 2020 and 2019:

Financial assets at June 30:	2020	2019
Cash and cash equivalents	$ 8,897,638	$ 6,522,528
Accounts receivable, net of allowance	966,417	694,542
Pledge receivables, net of allowance	7,909,397	8,744,938
Investments	9,468,890	8,275,542
Total financial assets	27,242,342	24,237,550
Less amounts not available to be used for general expenditures within one year:		
Net assets restricted for time	265,948	295,984
Net assets restricted for specific programs	9,067,643	8,689,204
Board designated endowment	3,223,694	3,340,756
Net assets held in perpetuity	7,431,216	7,116,137
Total amounts not available to be used for general expenditures within one year	19,988,501	19,442,081
Financial assets available to meet cash needs for general expenditures within one year	$ 7,253,841	$ 4,795,469

Note 4—Investments and fair value measurement

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

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

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; and
- 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.

Note 4—Investments and fair value measurement (continued)

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodology used at June 30, 2020 and 2019. A description of the valuation methodology used for assets and liabilities measured at fair value is described below.

Mutual Funds – The fair value of equity and bond funds held by third parties (Level 1) were determined by obtaining quoted market prices in active markets.

The fair value of the interest rate swap (Level 2) was determined based on valuation models that provide a market to market estimate.

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

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

The following table sets forth by level, within the fair value hierarchy, the Academy's assets and liabilities at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds - equity funds	$ 5,333,074	$ -	$ -	$ 5,333,074
Mutual funds - bond funds	3,841,505	-	-	3,841,505
Money market	294,311	-	-	294,311
Total investments at fair value	$ 9,468,890	$ -	$ -	$ 9,468,890
Interest rate swap liability	$ -	$ (5,356)	$ -	$ (5,356)

The following table sets forth by level, within the fair value hierarchy, the Academy's assets and liabilities at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds - equity funds	$ 5,491,480	$ -	$ -	$ 5,491,480
Mutual funds - bond funds	2,643,015	-	-	2,643,015
Money market	141,047	-	-	141,047
Total investments at fair value	$ 8,275,542	$ -	$ -	$ 8,275,542
Interest rate swap liability	$ -	$ (147)	$ -	$ (147)

Note 4—Investments and fair value measurement (continued)

The following schedule summarizes the investment return at June 30:

	2020	2019
Investment interest and dividends	$ 311,680	$ 355,311
Unrealized gain	221,542	42,285
Net investment gain	$ 533,222	$ 397,596

Note 5—Pledges receivable

The Academy has received pledges for contributions for the construction of new buildings, scholarships, endowment, and the unrestricted annual fund. The discount rate used to determine the present value of pledges receivable was 1.41% and 2.52% at June 30, 2020 and 2019, respectively.

The following are the future maturities of pledges receivable at June 30, 2020:

Years Ending June 30,	
2021	$ 2,325,594
2022	1,432,288
2023	1,471,341
2024	1,175,658
2025	1,002,500
Thereafter	1,000,000
Gross pledges receivable	8,407,381
Less allowance for uncollectible pledges	(425,476)
Less discount to net present value	(72,508)
Pledges receivable, net	$ 7,909,397

Pledges receivable are scheduled to be received as follows:

	2020	2019
Receivable in less than one year, net	$ 1,908,892	$ 1,421,516
Receivable in one to five years, net	6,000,505	6,446,027
Receivable in more than five years, net	-	877,395
	$ 7,909,397	$ 8,744,938

Note 6—Property and equipment

Property and equipment consists of the following at June 30:

	2020	2019
Buildings	$ 41,946,065	$ 41,946,065
Furniture and equipment	5,416,697	5,319,962
Land	2,986,766	2,986,766
Construction in progress	9,695,993	716,230
Building improvements	826,287	672,925
Land improvements	4,582,224	480,502
Vehicles	141,795	141,795
Grounds equipment	82,899	82,899
	65,678,726	52,347,144
Less accumulated depreciation	(24,481,304)	(22,651,838)
	$ 41,197,422	$ 29,695,306

At June 30, 2020 and 2019, construction in progress primarily consisted of construction, architect, and engineering fees incurred related to boarding facilities and the soccer complex.

For the years ended June 30, 2020 and 2019, the Academy had depreciation expense of $1,829,466 and $1,674,182, respectively.

Note 7—Other assets

Other assets consists of the following at June 30:

	2020	2019
Bond issuance costs	$ 78,695	$ 133,695
Accumulated amortization on bond costs	(69,724)	(99,988)
Underwriters' discount	37,500	37,500
Accumulated amortization on discount	(31,396)	(29,609)
	$ 15,075	$ 41,598

For the years ended June 30, 2020 and 2019, amortization expense totaled $26,525 and $9,419, respectively.

Note 8—Deferred revenues

Deferred Revenues – Deferred revenues include advance tuition, fee payments, and deposits for the upcoming academic year. Such amounts are recognized as revenue in the year to which they apply. Such deferred revenues totaled approximately $1,265,000 and $1,247,000 at June 30, 2020 and 2019, respectively.

Note 8—Deferred revenues (continued)

Furthermore, deferred revenues also include prepaid rent related to the soccer complex. The Academy entered into an agreement with Nashville Soccer Club (“NSC”) to construct a soccer complex and related facilities on the campus of the Academy. Under the terms of the agreement, NSC is funding the estimated $7,800,000 construction costs as invoices become due and the Academy is recording the funding received as deferred rent revenue. NSC is renting the soccer complex from the Academy over a twenty-eight year lease agreement. The net present value of the lease payments due, which approximates the construction cost, will be recognized as rental revenue by the Academy over the life of the lease. Construction in progress and deferred rent revenue amounts totaled approximately $6,562,000 and $259,000 at June 30, 2020 and 2019, respectively. Effective, January 1, 2020, NSC began renting the soccer fields and the Academy recognized $46,200 in rental revenue during the year ended June 30, 2020, accordingly.

Future rental income is estimated to be recognized as follows:

Years Ending June 30,		
2021	$	318,588
2022		400,542
2023		408,553
2024		416,724
2025		425,058
Thereafter		12,167,546
Gross rent revenue		14,137,011
Less discount to net present value		(6,356,511)
Deferred rent income, net	$	7,780,500

Note 9—Deferred Grant Revenue

The Academy received a Paycheck Protection Program loan ("PPP Loan") in the amount of $1,566,000. The PPP Loan is granted by the Small Business Administration under the Coronavirus Aid Relief, and Economic Security Act ("CARES Act"). PPP loans are considered conditional contributions under ASC 958-605*, Not-for Profit Entities - Revenue Recognition*. The loan must be repaid if the Academy does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Academy has deferred recognition of grant revenue for the year ended June 30, 2020, because the conditions for forgiveness have not yet been substantially met; however, the Academy believes it will substantially meet the conditions required for forgiveness in the following year.

Note 10—Bonds payable

On March 15, 2003, the Academy issued $7,500,000 of Debenture Adjustable Rate Demand Development Revenue Bonds through a financial institution. The bonds required interest at a fixed rate in accordance with the swap agreement (described in Note 12) 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.

Note 10—Bonds payable (continued)

Effective October 20, 2009, the bonds payable were refinanced through an agreement with the Industrial Development Board of Williamson County, Tennessee ("IDB"). Under this agreement, the IDB issued $6,105,000 in Educational Facilities Revenue Refunding Bonds, and loaned the proceeds of this bond issuance to the Academy through a loan agreement with a financial institution. Principal payments are due annually with monthly interest payments at a variable rate based on LIBOR (2.18% at June 30, 2020). The maturity date of the agreement is December 1, 2023. Amounts outstanding at June 30, 2020 and 2019 were $1,910,000 and $2,350,000, respectively.

On September 5, 2019, the Academy entered into an additional financing agreement. Under the terms of this agreement, the IDB issued Educational Facilities Revenue Bonds providing a borrowing capacity of $7,000,000, with loans available to the Academy through a loan agreement with a financial institution. Principal payments will be due as pledges receivable are collected with an annual maximum outstanding principal balance ranging from $6,250,000 at December 31, 2020 to $2,800,000 at December 31, 2025. Interest payments are due monthly at a variable rate based on the higher of the Federal Funds Rate plus 0.50% and the Prime Rate (1.55% at June 30, 2020). The maturity date of this agreement is December 31, 2026. Amounts outstanding at June 30, 2020 were $5,683,144.

Maturities of bonds payable were as follows as of June 30, 2020:

Years Ending June 30,	Annual Principal Amount
2021	$ 455,000
2022	803,144
2023	1,085,000
2024	1,250,000
2025	500,000
Thereafter	3,500,000
	$ 7,593,144

The Academy is required to meet certain financial covenants as specified in the bond documents. For the years ended June 30, 2020 and 2019, the Academy was in compliance with such covenants.

Note 11—Line of credit

In June 2014, the Academy entered into a $500,000 line of credit agreement with a financial institution. The line of credit matured on April 28, 2017 and has been extended through February 18, 2021 under the same terms. The line of credit has a variable interest rate based upon LIBOR plus 2.00% and requires the Academy to maintain a zero balance outstanding on the line of credit for at least one 30-day consecutive period. There were no amounts outstanding on the line of credit at June 30, 2020 and 2019.

Note 12—Interest rate swap agreement

During October 2017, the Academy entered into an interest rate swap transaction in connection with the bonds payable to hedge against future changes in interest rates. Details of that agreement were as follows:

Description	Effective Date	Termination Date	Notional Amount
Interest rate swap agreement swapping a variable rate for a fixed rate of 1.77%	October 1, 2017	December 1, 2023	$ 3,190,000

The Academy accounted for these interest rate swap agreements in accordance with FASB ASC guidance on accounting for derivative instruments, which requires that the fair value of the liability be presented in the accompanying statements of financial position. The statements of activities for the years ended June 30, 2020 and 2019 include $5,209 and $(14,284), respectively, of change in the valuation of the interest rate swap agreements.

The notional amount of the agreement is $1,910,000 and $2,350,000 at June 30, 2020 and 2019, respectively. The estimated fair values at June 30, 2020 and 2019 are $(5,356) and $(147), respectively.

Note 13—Net assets without donor restriction

The Board of Trustees has placed voluntary designations on certain unrestricted net assets. A summary of net assets without donor restriction is as follows at June 30:

	2020	2019
Board Designated:		
Scholarship endowment	$ 2,400,076	$ 2,352,820
Deferred maintenance	519,618	519,618
Tuition refund program	254,000	468,318
Financial aid	50,000	-
Total Board Designated	3,223,694	3,340,756
Undesignated	29,939,924	30,315,144
	$ 33,163,618	$ 33,655,900

Note 14—Net assets with donor restriction

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

Note 14—Net assets with donor restriction (continued)

Net assets with donor restriction are available as follows at June 30:

	2020	2019
Scholarships and other held in perpetuity	$ 7,431,216	$ 7,116,137
Capital improvements	6,661,725	5,845,575
Debt	2,233,170	2,665,713
Pledges receivable - time restricted	265,948	295,984
Tacos and trivia	100,973	113,167
Scholarships	55,464	52,336
Miscellaneous	12,315	8,417
Marketing	3,996	3,996
	$ 16,764,807	$ 16,101,325

Note 15—Donor-restricted contributions and related expenses

Net assets with donor restrictions contributions and related expenses consist of the following for the years ended June 30:

	2020		2019	
	Contributions	Expenses/ Releases	Contributions	Expenses/ Releases
Scholarships and other held in perpetuity	$ 315,079	$ -	$ 657,996	$ -
Capital improvements	816,149	-	5,095,457	-
Debt	-	432,543	2,665,713	-
Pledges receivable - time restricted	-	30,036	-	477,266
Tacos and trivia	-	12,194	113,167	-
Scholarships	346,174	343,045	470,085	425,749
Miscellaneous	3,898	-	4,517	-
Marketing	-	-	-	1,004
	$ 1,481,300	$ 817,818	$ 9,006,935	$ 904,019

Note 16—Endowment

Net assets held in perpetuity consist of the following endowment funds at June 30:

	2020	2019
Scholarship and other	$ 7,431,216	$ 7,116,137

Note 16—Endowment (continued)

The dividend and interest income earned on net assets held in perpetuity is available to the Academy to provide scholarships and financial assistance. The composition of the Academy's total endowment, as presented below, consists of board designated and donor-restricted gifts held in cash and investment accounts. As required by U.S. GAAP, 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 donor-restricted net assets (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the donor-restricted 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 net assets held in perpetuity is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Academy in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Trustees has appropriated for expenditure all endowment earnings.

Endowment Net Asset Composition by Type of Fund as of June 30, 2020:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 7,431,216	$ 7,431,216
Board designated endowment funds	2,400,076	-	2,400,076
Total funds	$ 2,400,076	$ 7,431,216	$ 9,831,292

Changes in Endowment Net Assets for the year ended June 30, 2020:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 2,352,820	$ 7,116,137	$ 9,468,957
Investment Activity:			
Interest and dividends	311,680	-	311,680
Net appreciation	221,542	-	221,542
Investment fees	(32,685)	-	(32,685)
Total Investment Activity	500,537	-	500,537
Contributions	-	315,079	315,079
Expenditures	(453,281)	-	(453,281)
Endowment net assets, end of year	$ 2,400,076	$ 7,431,216	$ 9,831,292

Note 16—Endowment (continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2019:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 7,116,137	$ 7,116,137
Board designated endowment funds	2,352,820	-	2,352,820
Total funds	$ 2,352,820	$ 7,116,137	$ 9,468,957

Changes in Endowment Net Assets for the year ended June 30, 2019:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 2,018,454	$ 6,458,141	$ 8,476,595
Investment Activity:			
Interest and dividends	355,311	-	355,311
Net appreciation	42,285	-	42,285
Investment fees	(27,086)	-	(27,086)
Total Investment Activity	370,510	-	370,510
Contributions	-	657,996	657,996
Expenditures	(36,144)	-	(36,144)
Endowment net assets, end of year	$ 2,352,820	$ 7,116,137	$ 9,468,957

Endowment Investment Policy and Risk Parameters – The Academy has adopted investment and spending policies for endowment assets to support the Academy and its mission over the long term, through the preservation of cash and reserves, while producing market-level income. Endowment assets include those assets of donor-restricted funds that the Academy must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the general policy is to diversify investments among both equity and fixed income securities so as to enhance total return while avoiding undue risk concentration in any investment class. The endowment assets are to be allocated among certain pre-specified asset classes, including domestic equity, domestic fixed income, international equity, international fixed income, real estate, venture capital, and private equity. Investments of a single issuer may not exceed 5% of the total market value of the endowment, with the exception of U.S. government holdings.

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

Note 16—Endowment (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Academy has a policy of appropriating annual distributions up to 4% of the three-year historical average of the endowment fund for scholarships and financial assistance.

Note 17—Letters of credit

At June 30, 2020 and 2019, 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 18—Deferred compensation plans

The Academy has a 403(b) tax deferred annuity plan covering substantially all employees. The employer matches eligible employee voluntary contributions up to 5% of the employee’s gross salary. The Academy also has a 457(f) deferred compensation plan for a key employee.

During the years ended June 30, 2020 and 2019, total employer contributions to the plans were $239,902 and $258,980, respectively.

Note 19—Lease commitments

The Academy has leased copiers under lease arrangements classified as operating leases. Total rent expense for the years ended June 30, 2020 and 2019 was $31,645 and $33,539, respectively. The leases are payable in monthly payments and expire at various times through fiscal year 2022.

Note 20—Vanderbilt scholarship gift agreement

In 2004, one benefactor donated funds to the Vanderbilt University Endowment Fund under an agreement which states that any income, up to 4.5%, generated from this gift is to be given to the Currey Ingram Academy Scholarship Fund (the “Fund”). Qualified recipients of this scholarship were children of full-time employees of Vanderbilt University and Vanderbilt University Medical Center. Contributions from the Fund to the Academy during the years ended June 30, 2020 and 2019 totaled $264,279 and $287,025, respectively.

Note 21—Concentrations

The Academy’s cash account balances at June 30, 2020 and 2019 exceeded Federal Deposit Insurance Corporation insurance limits. The Academy has not experienced any losses in such accounts and management believes the Academy is not exposed to any significant credit risk related to cash.

At June 30, 2020, 77% of the pledges receivable was due to the Academy from one donor. At June 30, 2019, 71% of the pledges receivable was due to the Academy from one donor. For the year ended June 30, 2020, contributions from three donors represented approximately 51% of total contributions received by the Academy. For the year ended June 30, 2019, contributions from two donors represented approximately 92% of total contributions received by the Academy. A significant reduction in the level of support from these donors could have an adverse effect on the operations of the Academy.

Note 22—Related party transactions

The Academy occasionally purchases goods or services at commercially reasonable rates from companies or organizations that are affiliated with or owned, directly or indirectly, by members of the Board of Trustees. All such purchases are reviewed and approved in accordance with the Academy's purchasing policy. For the years ended June 30, 2020 and 2019, the Academy incurred legal expenses totaling $54,341 and $17,860, respectively, from a law firm affiliated with a member of the Board of Trustees.

Note 23—Supplemental cash flow information

The following is supplemental cash flow information required by U.S. GAAP.

	2020	2019
Cash paid during the year for interest	$ 84,227	$ 163,520

Note 24—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak could have a material adverse impact on economic and market conditions and trigger a period of global economic shutdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Academy, its performance, and its financial results.