CURREY INGRAM ACADEMY

FINANCIAL STATEMENTS

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

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, 2019 and 2018, 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, 2019 and 2018, 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 Pronouncement

As discussed in Note 1 to the financial statements, Currey Ingram Academy adopted Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities.* The ASU has been applied retrospectively to all period presented. Our opinion is not modified with respect to this matter.

Cherry Bekaert LLP

Nashville, Tennessee
December 13, 2019

CURREY INGRAM ACADEMY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 6,522,528	$ 4,586,789
Investments	8,275,542	5,551,016
Inventory	47,605	66,986
Accounts receivable, net of allowance of $504,041 and $538,381, respectively	694,542	520,794
Current pledges receivable, net of allowance of $250,816 and $135,534, respectively	1,421,516	2,964,034
Prepaid expenses	85,819	117,122
Interest rate swap	-	14,137
Total Current Assets	17,047,552	13,820,878
Pledges receivable, net of discount and allowance of $929,493 and $311,113 respectively	7,323,422	761,887
Property and equipment, net of accumulated depreciation of $22,651,838 and $20,983,601, respectively	29,695,306	30,561,635
Other assets, net	41,598	51,017
Total Assets	$ 54,107,878	$ 45,195,417
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 494,971	$ 197,257
Deferred revenues	1,505,535	1,370,822
Current installments of bonds payable	440,000	675,000
Interest rate swap	147	-
Total Current Liabilities	2,440,653	2,243,079
Bonds payable, net of current installments	1,910,000	3,409,063
Total Liabilities	4,350,653	5,652,142
Net Assets:		
Without Donor Restriction:		
Unrestricted	30,315,144	28,570,600
Board designated	3,340,756	2,974,266
Total Net Assets Without Donor Restriction	33,655,900	31,544,866
With Donor Restriction:		
Purpose restriction	8,689,204	767,018
Time restriction	295,984	773,250
Held in perpetuity	7,116,137	6,458,141
Total Net Assets With Donor Restriction	16,101,325	7,998,409
Total Net Assets	49,757,225	39,543,275
Total Liabilities and Net Assets	$ 54,107,878	$ 45,195,417

The accompanying notes to the financial statements are an integral part of these statements.

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 ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Without Donor Restriction	With Donor Restriction	Total
Public Support:			
Contributions	$ 1,188,898	$ 4,913,247	$ 6,102,145
Revenue:			
Tuition, net of financial aid of $1,907,463	10,986,110	-	10,986,110
Child development center	547,907	-	547,907
Diagnostic center	389,962	-	389,962
Tuition refund income	243,155	-	243,155
Student fees	205,196	-	205,196
Application and enrollment fees	133,650	-	133,650
Student activities income	132,166	-	132,166
Aftercare income	120,435	-	120,435
Other	57,446	-	57,446
Facility rental	52,508	-	52,508
Investment interest and dividends	40,932	-	40,932
In-kind income	39,017	-	39,017
Finance charge income	33,208	-	33,208
Gain on sale of assets	1,765	-	1,765
Net assets released from restrictions	7,103	(7,103)	-
Total Revenue	12,990,560	(7,103)	12,983,457
Unrealized gain on investments	350,814	-	350,814
Total Public Support, Revenue and Investment Gain	14,530,272	4,906,144	19,436,416
Expenses:			
Program services	13,468,268	-	13,468,268
Supporting Services:			
Management and general	918,891	-	918,891
Fundraising	324,302	-	324,302
Total Supporting Services	1,243,193	-	1,243,193
Total Expenses	14,711,461	-	14,711,461
Change in net assets	(181,189)	4,906,144	4,724,955
Net assets, beginning of year	31,726,055	3,092,265	34,818,320
Net assets, end of year	$ 31,544,866	$ 7,998,409	$ 39,543,275

CURREY INGRAM ACADEMY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: 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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	$ 7,100,234	$ 430,932	$ 104,596	$ 7,635,762
Contract services	1,534,186	235,370	157,589	1,927,145
Payroll taxes and employee benefits	1,284,359	68,892	18,444	1,371,695
Bad debt	151,547	-	-	151,547
Utilities	375,362	-	-	375,362
Materials and supplies	185,943	23,877	6,396	216,216
Student contract discount	176,662	-	-	176,662
Investment and debt fees	169,610	550	-	170,160
Miscellaneous	120,042	37,282	6,389	163,713
Tuition refund program	157,580	-	-	157,580
Advertising and public relations	122,019	-	11,149	133,168
Student activities	91,428	-	11,092	102,520
Insurance	101,861	-	-	101,861
Professional development	62,090	2,485	1,708	66,283
Equipment	23,847	41,818	-	65,665
Technology	38,280	21,761	-	60,041
Copier rent expense	49,281	-	-	49,281
Membership, subscriptions, books, and dues	44,230	2,318	1,043	47,591
Audit	-	28,200	-	28,200
Athletic	21,426	-	-	21,426
Entertainment and hospitality	9,720	8,682	2,819	21,221
Legal fees	-	11,485	-	11,485
Permits and licenses	3,360	4,223	-	7,583
Postage	2,785	1,016	3,077	6,878
	11,825,852	918,891	324,302	13,069,045
Depreciation and amortization	1,642,416	-	-	1,642,416
	$ 13,468,268	$ 918,891	$ 324,302	$ 14,711,461

CURREY INGRAM ACADEMY

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 10,213,950	$ 4,724,955
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation	1,674,182	1,632,997
Amortization	9,419	9,419
Unrealized gain on investments	(42,285)	(350,814)
Contributions restricted for long-term purposes	(8,477,665)	(4,497,048)
Loss (gain) on sale of equipment	2,548	(1,765)
Allowance for bad debts	250,836	327,341
Changes in operating assets and liabilities:		
Inventory	19,381	(3,694)
Accounts receivable	(173,748)	(38,444)
Pledges receivable	(486,134)	(50,000)
Prepaid expenses	31,303	(30,794)
Accounts payable and accrued expenses	297,714	(59,822)
Deferred revenues	134,713	186,802
Change in estimated fair value of interest rate swap agreement	14,284	(39,461)
Net cash provided by operating activities	3,468,498	1,809,672
Cash flows from investing activities:		
Purchase of investments	(2,769,212)	(5,526,825)
Proceeds from sale of investments	86,971	5,232,745
Purchases of equipment	(810,401)	(232,595)
Proceeds from sale of equipment	-	650
Net cash used in investing activities	(3,492,642)	(526,025)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	3,693,946	528,604
Payments of bonds payable	(1,734,063)	(1,724,063)
Proceeds from bonds payable	-	1,309,063
Net cash provided by financing activities	1,959,883	113,604
Net increase in cash and cash equivalents	1,935,739	1,397,251
Cash and cash equivalents, beginning of year	4,586,789	3,189,538
Cash and cash equivalents, end of year	$ 6,522,528	$ 4,586,789

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

Currey Ingram Academy (the "Academy") is a not-for-profit kindergarten through twelfth 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 Accounting Standards Codification ("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 statements of financial position. Unrealized gains and losses are included in the change in net assets. See Note 3 for additional information on fair value measurements.

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, 2019 and 2018, an allowance for bad debts of $504,041 and $538,381, respectively, has been estimated and recorded.

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.

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

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, 2019 and 2018, the allowance totaled $585,050 and $334,214, respectively.

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 advance tuition, fee payments, and deposits for the upcoming academic year. Such amounts are recognized as revenue in the year to which they apply.

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 9 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. The 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 13 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 $171,070 and $133,168 for the years ended June 30, 2019 and 2018, 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—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.

Donations of 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.

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.

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

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

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

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

In January 2016, the 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.

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

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The standard provides guidance on determining whether a transaction should be accounted for as contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. The standard will be effective for the fiscal year ending June 30, 2020. The 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 13, 2019, the date the financial statements were available to be issued.

Note 2—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 8) 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, 2019 and 2018:

Financial assets at June 30:	2019	2018
Cash and cash equivalents	$ 6,522,528	$ 4,586,789
Accounts receivable, net of allowance	694,542	520,794
Pledge receivables, net of allowance	8,744,938	3,725,921
Investments	8,275,542	5,551,016
Total financial assets	24,237,550	14,384,520
Less amounts not available to be used for general expenditures within one year:		
Net assets restricted for time	295,984	773,250
Net assets restricted for specific programs	8,689,204	767,016
Board designated endowment	3,340,756	2,974,268
Net assets held in perpetuity	7,116,137	6,458,141
Total amounts not available to be used for general expenditures within one year	19,442,081	10,972,675
Financial assets available to meet cash needs for general expenditures within one year	$ 4,795,469	$ 3,411,845

Note 3—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 3—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, 2019 and 2018. 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, 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 asset	$ -	$ (147)	$ -	$ (147)

Note 3—Investments and fair value measurement (continued)

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, 2018:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds - equity funds	$ 3,352,964	$ -	$ -	$ 3,352,964
Mutual funds - bond funds	1,746,839	-	-	1,746,839
Money market	451,213	-	-	451,213
Total investments at fair value	$ 5,551,016	$ -	$ -	$ 5,551,016
Interest rate swap liability	$ -	$ 14,137	$ -	$ 14,137

The following schedule summarizes the investment return at June 30:

	2019	2018
Investment interest and dividends	$ 355,311	$ 40,932
Unrealized gain	42,285	350,814
Net investment gain	$ 397,596	$ 391,746

Note 4—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 2.52% at June 30, 2019 and 3.12% at June 30, 2018.

The following are the future maturities of pledges receivable at June 30, 2019:

Years Ending June 30,	
2020	$ 1,672,332
2021	1,966,688
2022	1,565,728
2023	1,517,341
2024	1,200,658
Thereafter	2,002,500
Gross pledges receivable	9,925,247
Less allowance for uncollectible pledges	(585,050)
Less discount to net present value	(595,259)
Pledges receivable, net	$ 8,744,938

Note 4—Pledges receivable (continued)

Pledges receivable are scheduled to be received as follows:

	2019	2018
Receivable in less than one year, net	$ 1,421,516	$ 2,964,034
Receivable in one to five years, net	6,446,027	761,887
Receivable in more than five years, net	877,395	-
	$ 8,744,938	$ 3,725,921

Note 5—Property and equipment

Property and equipment consists of the following at June 30:

	2019	2018
Buildings	$ 41,946,065	$ 41,946,065
Furniture and equipment	5,319,962	5,222,865
Land	2,986,766	2,986,766
Construction in progress	716,230	44,476
Building improvements	672,925	648,253
Land improvements	480,502	488,995
Vehicles	141,795	124,917
Grounds equipment	82,899	82,899
	52,347,144	51,545,236
Less accumulated depreciation	(22,651,838)	(20,983,601)
	$ 29,695,306	$ 30,561,635

At June 30, 2019, construction in progress primarily consisted of construction, architect, and engineering fees incurred related to boarding facilities and the soccer complex. At June 30, 2018, construction in progress primarily consisted of architect and engineering fees incurred related to boarding facilities.

For the years ended June 30, 2019 and 2018, the Academy had depreciation expense of $1,674,182 and $1,632,997, respectively.

Note 6—Other assets

Other assets consists of the following at June 30:

	2019	2018
Bond issuance costs	$ 133,695	$ 133,695
Accumulated amortization on bond costs	(99,988)	(92,356)
Underwriters' discount	37,500	37,500
Accumulated amortization on discount	(29,609)	(27,822)
	$ 41,598	$ 51,017

For both the years ended June 30, 2019 and 2018, amortization expense totaled $9,419.

Note 7—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 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 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 (4.02% at June 30, 2019). The maturity date of the agreement is December 1, 2023. Amounts outstanding at June 30, 2019 and 2018 were $2,350,000 and $2,775,000, respectively.

On May 3, 2013, the IDB issued an additional $4,100,000 in Educational Facilities Revenue Bonds and loaned the proceeds of the bond issuance to the Academy through a loan agreement with a financial institution. Advances were disbursed to the Academy on a line of credit basis, as construction progressed. At June 30, 2018, $1,309,063 was outstanding under this agreement. The Academy paid all amounts outstanding under this agreement during the year ended June 30, 2019.

Maturities of bonds payable were as follows as of June 30, 2019:

Years Ending June 30,	Annual Principal Amount
2020	$ 440,000
2021	455,000
2022	470,000
2023	485,000
2024	500,000
	$ 2,350,000

Subsequent to June 30, 2019 but prior to the issuance of these financial statements, the Academy entered into a new 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 .50% and the Prime Rate. The maturity date of this agreement is December 31, 2026.

The Academy is required to meet certain financial and nonfinancial covenants as specified in the bond documents. For the years ended June 30, 2019 and 2018, the Academy was in compliance with all covenants.

Note 8—Line of credit

In June 2014, the Academy entered into a $500,000 line of credit agreement with a financial institution. The line matured April 28, 2017 and was extended through February 18, 2020 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 for at least one thirty consecutive day period. There were no amounts outstanding on the line of credit at June 30, 2019 and 2018.

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. The interest rate swap agreement swapped a variable rate for a fixed rate of 3.49%. The notional amount on the swap was $4,740,000 with a termination date of October 1, 2015.

During October 2013, this swap agreement was terminated and replaced by a new interest rate swap agreement. Details of the new agreement were as follows:

Description	Effective Date	Termination Date	Notional Amount
Interest rate swap agreement swapping a variable rate for a fixed rate of 3.14%	October 9, 2013	November 1, 2023	$ 4,740,000

During October 2017, this swap agreement was terminated and replaced by a new interest rate swap agreement. Details of the new agreement are 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, 2019 and 2018 include $(14,284) and $39,461, respectively, of change in the valuation of the interest rate swap agreements. The notional amount of the agreement is $2,350,000 and $2,775,000 at June 30, 2019 and 2018, respectively. The estimated fair values at June 30, 2019 and 2018 are $(147) and $14,137, respectively.

Note 10—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:

	2019	2018
Board Designated:		
Scholarship endowment	$ 2,352,820	$ 2,018,454
Deferred maintenance	519,618	519,618
Tuition refund program	468,318	316,588
Fundraising consultant	-	78,354
Financial aid	-	41,252
Total Board Designated	3,340,756	2,974,266
Undesignated	30,315,144	28,570,600
	$ 33,655,900	$ 31,544,866

Note 11—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.

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

	2019	2018
Scholarships and other	$ 7,116,137	$ 6,458,141
Capital improvements	5,845,575	750,118
Debt	2,665,713	-
Pledges receivable - time restricted	295,984	773,250
Tacos and trivia	113,167	-
Scholarships	52,336	8,000
Miscellaneous	8,417	3,900
Marketing	3,996	5,000
	$ 16,101,325	$ 7,998,409

Note 12—Donor restricted contributions and related expenses

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

	2019		2018	
	Contributions	Expenses/ Releases	Contributions	Expenses/ Releases
Scholarships and other	$ 657,996	$ -	$ 3,411,697	$ -
Capital improvements	5,095,457	-	750,118	-
Debt	2,665,713	-	-	-
Pledges receivable - time restricted	-	477,266	738,432	-
Tacos and trivia	113,167	-	-	-
Scholarships	470,085	425,749	8,000	7,000
Miscellaneous	4,517	-	-	103
Marketing	-	1,004	5,000	-
	$ 9,006,935	$ 904,019	$ 4,913,247	$ 7,103

Note 13—Endowment

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

	2019	2018
Scholarship and other	$ 7,116,137	$ 6,458,141

The dividend and interest income earned on net assets held in perpetuity is available to the Academy to provide scholarships and financial assistance. The Academy's endowment 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, 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

Note 13—Endowment (continued)

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
Appropriations	(36,144)	-	(36,144)
Endowment net assets, end of year	$ 2,352,820	$ 7,116,137	$ 9,468,957

Endowment Net Asset Composition by Type of Fund as of June 30, 2018:

	Without Donor Restriction	With Donor Restriction	Total
Donor restricted endowment funds	$ -	$ 6,458,141	$ 6,458,141
Board designated endowment funds	2,018,454	-	2,018,454
Total funds	$ 2,018,454	$ 6,458,141	$ 8,476,595

Note 13—Endowment (continued)

Changes in Endowment Net Assets for the year ended June 30, 2018:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 1,745,326	$ 3,046,444	$ 4,791,770
Investment Activity:			
Interest and dividends	40,932	-	40,932
Net appreciation	350,814	-	350,814
Investment fees	(14,407)	-	(14,407)
Total Investment Activity	377,339	-	377,339
Contributions	-	3,411,697	3,411,697
Appropriations	(104,211)	-	(104,211)
Endowment net assets, end of year	$ 2,018,454	$ 6,458,141	$ 8,476,595

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.

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 14—Letters of credit

At June 30, 2019 and 2018, 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 15—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, 2019 and 2018, total employer contributions to the plans were $258,980 and $277,559, respectively.

Note 16—Lease commitments

The Academy has leased copiers under lease arrangements classified as operating leases. Total rent expense for the years ended June 30, 2019 and 2018 was $33,539 and $49,281, respectively. The leases are payable in monthly payments and expire at various times through fiscal year 2022.

Note 17—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, 2019 and 2018 totaled $287,025 and $351,344, respectively.

Note 18—Concentrations

The Academy's cash account balances at June 30, 2019 and 2018 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, 2019, 71% of the pledges receivable was due to the Academy from one donor. At June 30, 2018, 86% of the pledges receivable was due to the Academy from three donors. For the year ended June 30, 2019, contributions from two donors represented approximately 92% of total contributions received by the Academy. For the year ended June 30, 2018, contributions from three donors represented approximately 70% 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 19—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, 2019 and 2018, the Academy incurred legal expenses totaling $17,860 and $18,127, respectively, from a law firm affiliated with a member of the Board of Trustees.

Note 20—Supplemental cash flow information

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

	2019	2018
Cash paid during the year for interest	$ 163,520	$ 168,056

Note 21—Contractual Agreement

As of the date of this report, the Academy is in the process of finalizing the negotiation of 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 $8,500,000 construction costs as invoices become due and the Academy is recording the funding received as deferred rent revenue. NSC will rent the resulting soccer complex from the Academy over a twenty-eight year lease agreement. The total construction costs, which approximates the net present value of the lease payments due, 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 $258,000 at June 30, 2019. NSC will begin renting the soccer fields January 1, 2020. Management of the Academy does not expect any substantial changes to the final terms of this agreement.