Benton Hall Corporation

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

June 30, 2018 and 2017

Benton Hall Corporation
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Benton Hall Corporation
Nashville, Tennessee

We have reviewed the accompanying financial statements of Benton Hall Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Review Services Committee of the AICPA. Those standards requires us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2018 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2017 Financial Statements

The 2017 financial statements were audited by us, and we expressed an unqualified opinion on them in our report dated September 1, 2017, but we have not performed any auditing procedures since that date.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
January 10, 2019

Benton Hall Corporation
Statement of Financial Position

June 30,				**2018 (Reviewed)**
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Cash	**$ 319,513**	**$ 24,449**	**$ 300**	**$ 344,262**
Accounts receivable	**8,238**	**-**	**-**	**8,238**
Inventory	**500**	**-**	**-**	**500**
Prepaid expenses	**10,700**	**-**	**-**	**10,700**
Property and equipment	**64,051**	**-**	**-**	**64,051**
TOTAL ASSETS	**$ 403,002**	**$ 24,449**	**$ 300**	**$ 427,751**
LIABILITIES				
Accounts payable	**$ 1,225**	**$ -**	**$ -**	**$ 1,225**
Accrued liabilities	**50,927**	**-**	**-**	**50,927**
Deferred revenue	**10,716**	**-**	**-**	**10,716**
Note payable	**16,763**	**-**	**-**	**16,763**
TOTAL LIABILITIES	**79,631**	**-**	**-**	**79,631**
NET ASSETS				
Unrestricted:				
Designated by the Board for long term reserves	**133,781**	**-**	**-**	**133,781**
Undesignated	**189,590**	**-**	**-**	**189,590**
Total unrestricted	**323,371**	**-**		**323,371**
Temporarily restricted	**-**	**24,449**	**-**	**24,449**
Permanently restricted	**-**	**-**	**300**	**300**
TOTAL NET ASSETS	**323,371**	**24,449**	**300**	**348,120**
TOTAL LIABILITIES AND NET ASSETS	**$ 403,002**	**$ 24,449**	**$ 300**	**$ 427,751**

See independent accountants' review report and accompanying notes to the financial statements.

Benton Hall Corporation
Statement of Financial Position

June 30,				2017 (Audited)
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Cash	$ 324,071	$ 27,590	$ 300	$ 351,961
Accounts receivable	-	-	-	-
Inventory	1,496	-	-	1,496
Prepaid expenses	7,034	-	-	7,034
Property and equipment	83,476	-	-	83,476
TOTAL ASSETS	$ 416,077	$ 27,590	$ 300	$ 443,967
LIABILITIES				
Accounts payable	$ 1,196	$ -	$ -	$ 1,196
Accrued liabilities	53,815	-	-	53,815
Deferred revenue	9,450	-	-	9,450
Note payable	26,161	-	-	26,161
TOTAL LIABILITIES	90,622	-	-	90,622
NET ASSETS				
Unrestricted:				
Designated by the Board for long term reserves	133,498	-	-	133,498
Undesignated	191,957	-	-	191,957
Total unrestricted	325,455	-	-	325,455
Temporarily restricted	-	27,590	-	27,590
Permanently restricted	-	-	300	300
TOTAL NET ASSETS	325,455	27,590	300	353,345
TOTAL LIABILITIES AND NET ASSETS	$ 416,077	$ 27,590	$ 300	$ 443,967

See independent accountants' review report and accompanying notes to the financial statements.

Benton Hall Corporation
Statement of Activities

For the Year Ended June 30, **2018 (Reviewed)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Tuition and fees	$ 892,010	$ -	$ -	$ 892,010
Less: financial aid and discounts	(54,782)	-	-	(54,782)
Service fees	8,796	-	-	8,796
TUITION AND FEES, NET	846,024	-	-	846,024
Other income	40,243	-	-	40,243
Contributions	44,462	12,100	-	56,562
Special events revenues, net of direct costs	28,032	-	-	28,032
Other income	382	-	-	382
Net assets released from restrictions	15,241	(15,241)	-	-
TOTAL SUPPORT AND REVENUE	974,384	(3,141)	-	971,243
EXPENSES				
Program services	699,853	-	-	699,853
Management and general	245,367	-	-	245,367
Fundraising	31,248	-	-	31,248
TOTAL EXPENSES	976,468	-	-	976,468
CHANGE IN NET ASSETS	(2,084)	(3,141)	-	(5,225)
NET ASSETS AT BEGINNING OF YEAR	325,455	27,590	300	353,345
NET ASSETS AT END OF YEAR	$ 323,371	$ 24,449	$ 300	$ 348,120

See independent accountants' review report and accompanying notes to the financial statements.

Benton Hall Corporation
Statement of Activities

For the Year Ended June 30, 2017 (Audited)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Tuition and fees	$ 884,445	$ -	$ -	$ 884,445
Less: financial aid and discounts	(69,978)	-	-	(69,978)
Service fees	12,642	-	-	12,642
TUITION AND FEES, NET	827,109	-	-	827,109
Other income	36,545	-	-	36,545
Contributions	50,371	10,452	-	60,823
Special events revenues, net of direct costs	33,323	-	-	33,323
Other income	198	-	-	198
Net assets released from restrictions	8,991	(8,991)	-	-
TOTAL SUPPORT AND REVENUE	956,537	1,461	-	957,998
EXPENSES				
Program services	677,844	-	-	677,844
Management and general	249,708	-	-	249,708
Fundraising	31,816	-	-	31,816
TOTAL EXPENSES	959,368	-	-	959,368
CHANGE IN NET ASSETS	(2,831)	1,461	-	(1,370)
NET ASSETS AT BEGINNING OF YEAR	328,286	26,129	300	354,715
NET ASSETS AT END OF YEAR	$ 325,455	$ 27,590	$ 300	$ 353,345

See independent accountants' review report and accompanying notes to the financial statements.

Benton Hall Corporation
Statement of Cash Flows

For the Year Ended June 30, **2018 (Reviewed)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$ (2,084)	$ (3,141)	$ -	$ (5,225)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities				
Depreciation	20,784	-	-	20,784
Changes in assets and liabilities:				
Accounts receivable	(9,815)	-	-	(9,815)
Inventory	996	-	-	996
Prepaid expenses	(3,666)	-	-	(3,666)
Accounts payable	29	-	-	29
Accrued liabilities	(2,888)	-	-	(2,888)
Deferred revenue	1,266	-	-	1,266
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	6,199	(3,141)	-	3,058
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(1,359)	-	-	(1,359)
NET CASH USED BY INVESTING ACTIVITIES	(1,359)	-	-	(1,359)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal repayments of note payable	(9,398)	-	-	(9,398)
NET CASH USED BY FINANCING ACTIVITIES	(9,398)	-	-	(9,398)
NET INCREASE (DECREASE) IN CASH	(4,558)	(3,141)	-	(7,699)
CASH AT BEGINNING OF YEAR	324,071	27,590	300	351,961
CASH AT END OF YEAR	$ 319,513	$ 24,449	$ 300	$ 344,262
SUPPLEMENTARY CASH FLOW INFORMATION				
Interest paid				$ 1,117

See independent accountants' review report and accompanying notes to the financial statements.

Benton Hall Corporation
Statement of Cash Flows

For the Year Ended June 30,				2017 (Audited)
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$ (2,831)	$ 1,461	$ -	$ (1,370)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation	19,890	-	-	19,890
Bad debts	2,751	-	-	2,751
Changes in assets and liabilities:				
Accounts receivable	1,713	-	-	1,713
Inventory	1,151	-	-	1,151
Prepaid expenses	4,582	-	-	4,582
Accounts payable	1,069	-	-	1,069
Accrued liabilities	(1,755)	-	-	(1,755)
Deferred revenue	(6,270)	-	-	(6,270)
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,300	1,461	-	21,761
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(6,160)	-	-	(6,160)
NET CASH USED BY INVESTING ACTIVITIES	(6,160)	-	-	(6,160)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal repayments of note payable	(8,936)	-	-	(8,936)
NET CASH USED BY FINANCING ACTIVITIES	(8,936)	-	-	(8,936)
NET INCREASE (DECREASE) IN CASH	5,204	1,461	-	6,665
CASH AT BEGINNING OF YEAR	318,867	26,129	300	345,296
CASH AT END OF YEAR	$ 324,071	$ 27,590	$ 300	$ 351,961
SUPPLEMENTARY CASH FLOW INFORMATION				
Interest paid				$ 1,586

See independent accountants' review report and accompanying notes to the financial statements.

NOTE 1: NATURE OF ORGANIZATION AND BASIS OF PRESENTATION

Benton Hall Corporation (the Academy), is a Tennessee non-profit corporation which operates as Benton Hall Academy. The Academy is located in Nashville, Tennessee and serves students in the Middle Tennessee area. It is a private co-educational school for grades three through twelve. The Academy is dedicated to the education of students with learning differences who may not thrive in a traditional educational setting. The Academy's operations are supported primarily through tuition and fees collected for services.

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. This method of accounting recognizes revenue when earned and expenses when incurred.

The Academy reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions receivable are recorded at the time a promise is made. For the years ended June 30, 2018 and 2017, one donor comprised 17% of contributions received.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Academy considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

The Academy maintains its cash accounts primarily in one bank. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The total uninsured cash balance at June 30, 2018 and 2017 was approximately $98,000 and $101,000, respectively.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Accounts Receivable

Tuition and fees are due from July through May, depending on the type of deferred payment plan chosen. Carrying amounts of receivables for tuition, fees and pledges are reduced by a valuation allowance, if necessary, which reflects the Academy's best estimate of the amounts that will not be collected. The allowances are estimated based on the Academy's knowledge of its supporters, students, historical loss experience, and existing economic conditions. It is the Academy's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Inventory

Inventory consists of items sold in the Academy's supply store, and is stated at the lower of cost or market on a first-in, first-out basis.

Property and Equipment

The cost of property and equipment purchased in excess of $1,000 is capitalized. Purchased property and equipment are carried at cost. Donated property and equipment are carried at their approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Deferred Revenue

Deposits received for tuition for future school years are shown as deferred revenue until earned.

Income Tax Status

The Academy qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Academy qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is a not private foundation under Section 509(a)(2). The Academy's federal information returns for tax years ending June 30, 2015 and later are subject to examination by the Internal Revenue Service (IRS).

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs and expenses have been allocated among the programs and supporting services benefited.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. Total advertising expenses were $13,354 and $8,744 for the years ended June 30, 2018 and 2017, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and certain reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated Services

Donated services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. Any amounts reflected in the accompanying financial statements donated services are offset by like amounts included in expenses.

Contingencies

The Academy has elected to be a reimbursing employer for unemployment claims, rather than paying Tennessee state unemployment insurance premiums. Reimbursing employers pay actual approved claims as they occur, plus an administrative fee. The Academy is not aware of any pending unemployment claims.

Evaluation of Events Occurring After the Financial Statement Date

Management has evaluated subsequent events through January 10, 2019, the date the financial statements were available to be issued. See Note 8.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

June 30,	**2018**	2017
Tuition receivable	**$ 11,212**	$ 856
Allowance for doubtful accounts	**(2,974)**	(856)
	$ 8,238	$ -

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

June 30,	**2018**	2017
Furniture and fixtures	**$ 24,297**	$ 24,297
Equipment	**230,847**	229,487
Transportation equipment	**59,869**	59,869
Leasehold improvements	**5,667**	5,667
Website development costs	**7,230**	7,230
	327,910	326,550
Accumulated depreciation	**(263,859)**	(243,074)
	$ 64,051	$ 83,476

NOTE 5: NOTES PAYABLE

The Academy has a $25,000 line of credit with Pinnacle Bank. Interest payments of all accrued unpaid interest are due monthly. The outstanding principal and interest is due at the maturity date of December 11, 2025. The note bears interest at the bank's prime rate (4.50% at June 30, 2018) plus 475 basis points subject to a floor rate of 5.0%. The line of credit is unsecured. There was no outstanding balance on the line of credit at June 30, 2018 and 2017.

NOTE 5: NOTES PAYABLE *(CONTINUED)*

Long-term debt consists of the following:

June 30,		**2018**		2017
Note payable to Pinnacle Bank, accrues interest at 5.00%, principal and interest totaling $876 due monthly through maturity date of February 28, 2020, and secured by transportation equipment	**$**	**16,763**	$	26,161
	$	**16,763**	$	26,161

A summary of future principal maturities is as follows:

Year ending June 30,		
2019	$	9,888
2020		6,875
	$	16,763

Interest expense was $1,117 and $1,586 for the years ended June 30, 2018 and 2017, respectively.

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

June 30,		**2018**		2017
Financial aid	**$**	**1,889**	$	1,889
Playground equipment		**2,272**		2,272
Technology		**11,155**		12,515
Science department		**9,117**		10,897
Other		**16**		17
	$	**24,449**	$	27,590

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS *(CONTINUED)*

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

For the Year Ended June 30,		**2018**		2017
Financial aid	**$**	**2,100**	$	5,269
Sports		**-**		36
Technology		**1,361**		981
Prom		**-**		665
Science department		**6,780**		2,040
Teacher bonuses		**5,000**		-
	$	**15,241**	$	8,991

NOTE 7: PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following:

June 30,		**2018**		2017
General endowment	**$**	**300**	$	300

NOTE 8: LEASES AND SUBSEQUENT EVENT

The Academy leases its facility, located in Nashville, Tennessee, under a 36-month non-cancelable operating lease that matures on July 31, 2019. The lease agreement requires monthly lease payments of $6,500 along with monthly payments of $1,000 for the Academy's share of operating expenses. In August 2018, the Academy amended its current lease agreement to extend the term of the lease to July 31, 2027. Monthly lease payments remain unchanged until August 1, 2022, when the monthly lease payment increases to $7,150. The agreement was also amended to add a tenant's right of first refusal in the event that the landlord enters into a binding contract to sell the property to an unaffiliated third party. In the event that the tenant does not exercise the right of first refusal, the landlord has the option to terminate the lease as of the early termination date. The early termination date is defined as follows:

If a sales contract has a closing date between:	The early termination date shall be the last day of:
January and May	May of the following calendar year
June and August	August of the following calendar year
September and December	December of the following calendar year.

NOTE 8: LEASES AND SUBSEQUENT EVENT *(CONTINUED)*

Rent expense under all operating leases was $99,218 and $82,013 for years ended June 30, 2018 and 2017, respectively.

The future minimum lease payments required under the operating lease are as follows:

For the Years Ended June 30,	Original	Amended
2019	$ 90,000	$ 90,000
2020	7,500	90,000
2021	-	90,000
2022	-	90,000
2023	-	97,150
	$ 97,500	$ 457,150

NOTE 9: RETIREMENT PLAN

Employees of the Academy are eligible to participate in a SIMPLE IRA retirement plan. Under the plan, the Academy matches 100% of the amount the employee elects to contribute to the plan up to a maximum of 3% of the employee's eligible compensation. Retirement expense totaled $12,324 and $12,837 for the years ended June 30, 2018 and 2017, respectively.

SUPPLEMENTARY INFORMATION

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Benton Hall Corporation
Nashville, Tennessee

The 2018 supplementary information included in the following Schedule of Expenses is presented for purposes of additional analysis and is not required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Report on 2017 Financial Statements and Supplementary Information

The 2017 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated September 1, 2017. In addition, the 2017 supplementary information contained in the following Schedule of Expenses was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Our report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole. We have not performed any auditing procedures on either the financial statements or on the supplementary information since September 1, 2017.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
January 10, 2019

Benton Hall Corporation
Schedule of Expenses

For the Year Ended June 30, **2018**

	Program Services	Management and General	Fundraising	Total
Outside labor and services	$ 17,709	$ -	$ -	$ 17,709
Salaries and wages	419,687	168,922	23,765	612,374
Employee benefits	45,740	10,494	908	57,142
Payroll taxes	28,715	12,923	1,818	43,456
Fees for services	2,535	25,330	-	27,865
Supplies	4,380	2,790	216	7,386
Dues and subscriptions	4,264	-	925	5,189
Taxes and insurance	6,534	8,422	-	14,956
Student activities	18,559	-	-	18,559
Public relations and marketing	9,033	2,599	1,722	13,354
Bank charges	55	-	35	90
Telecommunications	3,647	1,887	486	6,020
Postage and shipping	1,132	660	94	1,886
Occupancy	92,678	2,874	958	96,510
Equipment rental and maintenance	3,871	1,290	-	5,161
Travel and vehicle	2,104	-	-	2,104
Meetings	592	846	94	1,532
Interest	838	268	11	1,117
Depreciation	15,354	5,213	217	20,784
Other expenses	1,437	849	(1)	2,285
Bad debts and collection costs	1,577	-	-	1,577
Costs of goods sold	19,412	-	-	19,412
TOTAL EXPENSES	$ 699,853	$ 245,367	$ 31,248	$ 976,468

See independent accountants' review report on supplementary information

Benton Hall Corporation
Schedule of Expenses

For the Year Ended June 30, 2017

	Program Services	Management and General	Fundraising	Total
Outside labor and services	$ 14,029	$ -	$ -	$ 14,029
Salaries and wages	402,789	166,924	24,015	593,728
Employee benefits	46,846	17,592	2,142	66,580
Payroll taxes	28,527	11,932	1,717	42,176
Fees for services	2,283	22,020	-	24,303
Supplies	3,001	2,427	643	6,071
Dues and subscriptions	4,392	-	350	4,742
Taxes and insurance	6,615	9,326	-	15,941
Student activities	21,273	-	-	21,273
Public relations and marketing	5,920	1,692	1,132	8,744
Bank charges	332	-	35	367
Telecommunications	3,758	5,737	501	9,996
Postage and shipping	1,012	591	84	1,687
Occupancy	90,181	2,386	795	93,362
Equipment rental and maintenance	1,877	625	-	2,502
Travel and vehicle	2,275	-	-	2,275
Meetings	859	1,211	142	2,212
Interest	1,189	381	16	1,586
Depreciation	14,449	5,223	218	19,890
Other expenses	2,415	1,641	26	4,082
Bad debts and collection costs	-	-	-	-
Costs of goods sold	23,822	-	-	23,822
TOTAL EXPENSES	$ 677,844	$ 249,708	$ 31,816	$ 959,368

See independent accountants' review report on supplementary information