

**LEAD PUBLIC SCHOOLS, INC.
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

As of and for the Years Ended June 30, 2018 and 2017

And Report of Independent Auditor

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

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Report of Independent Auditor

To the Board of Directors of
LEAD Public Schools, Inc. and Affiliates
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of LEAD Public Schools, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of LEAD Public Schools, Inc. and Affiliates as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 18-23 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in blue ink that reads "Cherry Bekart LLP". The signature is written in a cursive, flowing style.

Nashville, Tennessee
December 20, 2018

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,449,107	\$ 3,217,511
Investments	-	3,585
Accounts receivable	2,129,156	659,532
Prepaid expenses and other	<u>293,216</u>	<u>248,254</u>
Total Current Assets	5,871,479	4,128,882
Property and equipment, net	8,069,656	5,332,893
Construction in progress	<u>-</u>	<u>2,727,700</u>
Total Assets	<u><u>\$ 13,941,135</u></u>	<u><u>\$ 12,189,475</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 199,980	\$ 323,227
Accrued expenses	1,053,818	1,119,042
Notes payable, current portion	<u>244,986</u>	<u>139,194</u>
Total Current Liabilities	1,498,784	1,581,463
Notes payable, noncurrent portion	<u>5,946,675</u>	<u>3,719,717</u>
Total Liabilities	<u>7,445,459</u>	<u>5,301,180</u>
Net assets:		
Unrestricted	<u>6,495,676</u>	<u>6,888,295</u>
Total Net Assets	<u>6,495,676</u>	<u>6,888,295</u>
Total Liabilities and Net Assets	<u><u>\$ 13,941,135</u></u>	<u><u>\$ 12,189,475</u></u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenue:			
District funding	\$ 24,867,129	\$ -	\$ 24,867,129
Federal grants	2,524,860	-	2,524,860
Contributions and other	1,118,781	-	1,118,781
Net assets released from restrictions	-	-	-
Total Public Support and Revenue	<u>28,510,770</u>	<u>-</u>	<u>28,510,770</u>
Expenses:			
Student instruction and services	26,352,873	-	26,352,873
Administration	2,342,462	-	2,342,462
Fundraising	212,145	-	212,145
Total Expenses	<u>28,907,480</u>	<u>-</u>	<u>28,907,480</u>
Other Income:			
Rental income	4,091	-	4,091
Total Other Income	<u>4,091</u>	<u>-</u>	<u>4,091</u>
Change in net assets	(392,619)	-	(392,619)
Net assets at beginning of year	<u>6,888,295</u>	<u>-</u>	<u>6,888,295</u>
Net assets at end of year	<u>\$ 6,495,676</u>	<u>\$ -</u>	<u>\$ 6,495,676</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue:			
District funding	\$ 20,857,555	\$ -	\$ 20,857,555
Contributions and other	2,298,039	-	2,298,039
Federal grants	1,406,750	-	1,406,750
Net assets released from restrictions	-	-	-
Total Public Support and Revenue	<u>24,562,344</u>	<u>-</u>	<u>24,562,344</u>
Expenses:			
Student instruction and services	20,186,365	-	20,186,365
Administration	2,147,977	-	2,147,977
Fundraising	214,897	-	214,897
Total Expenses	<u>22,549,239</u>	<u>-</u>	<u>22,549,239</u>
Other Income:			
Rental income	12,883	-	12,883
Total Other Income	<u>12,883</u>	<u>-</u>	<u>12,883</u>
Change in net assets	2,025,988	-	2,025,988
Net assets at beginning of year	4,862,307	-	4,862,307
Net assets at end of year	<u>\$ 6,888,295</u>	<u>\$ -</u>	<u>\$ 6,888,295</u>

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

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Student Instruction and Services	Supporting Services		Total Expenses
		Administration	Fundraising	
Salaries, wages, and benefits	\$ 16,603,502	\$ 1,009,037	\$ 148,347	\$ 17,760,886
Transportation	3,094,324	39,527	2,490	3,136,341
Occupancy cost	2,497,633	65,210	182	2,563,025
Professional and service fees	986,426	898,424	5,575	1,890,425
Depreciation	945,605	116,486	-	1,062,091
Instructional	842,674	46,606	219	889,499
Other expenses	597,919	73,512	1,283	672,714
Office expense	413,810	38,435	2,169	454,414
Authorizer fees	190,102	-	-	190,102
Organizational development	118,155	39,882	49,626	207,663
Outreach	41,819	4,100	-	45,919
Staff development	20,904	11,243	2,254	34,401
Total Expenses	\$ 26,352,873	\$ 2,342,462	\$ 212,145	\$ 28,907,480

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Student Instruction and Services	Supporting Services		Total Expenses
		Administration	Fundraising	
Salaries, wages, and benefits	\$ 13,505,928	\$ 954,733	\$ 154,769	\$ 14,615,430
Transportation	2,021,997	43,765	2,717	2,068,479
Occupancy cost	1,826,149	58,327	-	1,884,476
Professional and service fees	414,703	815,849	-	1,230,552
Instructional	949,904	32,888	4,751	987,543
Other expenses	410,132	133,501	2,505	546,138
Depreciation	466,069	54,728	-	520,797
Office expense	324,542	32,894	1,895	359,331
Organizational development	70,747	10,350	48,260	129,357
Authorizer fees	119,020	-	-	119,020
Outreach	56,594	9,987	-	66,581
Staff development	20,580	955	-	21,535
Total Expenses	\$ 20,186,365	\$ 2,147,977	\$ 214,897	\$ 22,549,239

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (392,619)	\$ 2,025,988
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,062,091	520,797
Forgiveness of note payable	-	(500,000)
Changes in operating assets and liabilities:		
Accounts receivable	(1,469,624)	613,412
Prepaid expenses and other	(44,962)	(205,099)
Accounts payable	(123,247)	(77,802)
Accrued expenses	(65,224)	158,540
Other liabilities	-	(115,011)
Net cash (used in) provided by operating activities	<u>(1,033,585)</u>	<u>2,420,825</u>
Cash flows from investing activities:		
Purchase of investments	(8,644)	(3,585)
Proceeds from sale of investments	12,229	-
Purchase of property and equipment	(1,071,154)	(2,985,597)
Net cash used in investing activities	<u>(1,067,569)</u>	<u>(2,989,182)</u>
Cash flows from financing activities:		
Proceeds from notes payable	2,460,000	-
Payments on notes payable	(127,250)	(133,671)
Net cash provided by (used in) financing activities	<u>2,332,750</u>	<u>(133,671)</u>
Net increase (decrease) in cash and cash equivalents	231,596	(702,028)
Cash and cash equivalents at beginning of year	3,217,511	3,919,539
Cash and cash equivalents at end of year	<u>\$ 3,449,107</u>	<u>\$ 3,217,511</u>
Supplemental disclosure of cash flow information:		
Noncash investing and financing activities:		
Accrued expenses for construction in progress	<u>\$ -</u>	<u>\$ 421,699</u>
Forgiveness of note payable	<u>\$ -</u>	<u>\$ 500,000</u>
Cash paid during the year for interest	<u>\$ 253,304</u>	<u>\$ 151,366</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

LEAD Public Schools, Inc. (“LPS”) was incorporated during 2010 as a charter management organization that starts and operates public charter schools in Middle Tennessee. Public charter schools in Tennessee are public schools operated under a charter contract with a local district, statewide district, or the state board of education and governed under a nonprofit board of directors separate from the district. Currently, LPS operates five charter schools as single member limited liability corporations consisting of LEAD Academy, Nonprofit, LLC (the “Academy”); Cameron College Prep, Nonprofit, LLC (“Cameron”); Brick Church College Prep, Nonprofit, LLC (“Brick Church”); LEAD Prep Southeast, Nonprofit, LLC (“Southeast”); and Neely’s Bend College Prep, Nonprofit, LLC (“Neely’s Bend”). In addition, LPS operates a real estate holding company, LEAD Real Estate Holdings, Nonprofit, LLC (“LEAD Real Estate”).

The Academy, Cameron, Brick Church, Southeast, and Neely’s Bend were organized in accordance with Section 6(1)(a) of the Tennessee Public Charter School Act of 2002 (the “Act”). Pursuant to the Act, public charter schools are part of the state’s public education program offering an alternative means within the public school system for accomplishing necessary outcomes of education. The Academy entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on July 23, 2006, to operate a charter school in Nashville, Tennessee. The Academy began classes in July 2007 with fifth and sixth grade classes. The Academy has since added a grade each year until it reached twelfth grade. Cameron entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on October 1, 2010, to operate a charter school in Nashville, Tennessee. Cameron began classes in August 2011 with fifth grade and has since added a grade each year through the eighth grade. Brick Church entered into a Charter School Agreement with the Tennessee Achievement School District on June 1, 2012, to operate a charter school in Nashville, Tennessee. Brick Church began classes in August 2012 with fifth grade and has since added a grade each year through the eighth grade. Southeast entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on October 25, 2011, to operate a charter school in Nashville, Tennessee. Southeast began classes in August 2013 with fifth grade and plans to add a grade each subsequent year through the twelfth grade. Neely’s Bend entered into a Charter School Agreement with the Tennessee Achievement School District on May 21, 2015, to operate a charter school in Madison, Tennessee. Neely’s Bend began classes in August 2015 with fifth grade and has since added a grade each year through the eighth grade.

In accordance with the Academy’s, Cameron’s, and Southeast’s charter agreements, enrollment is open to any student within the Metropolitan Nashville Public Schools (“MNPS”) System who resides in Davidson County. Brick Church and Neely’s Bend enrollment is restricted to students who would have been zoned to Brick Church Middle School, Neely’s Bend Middle School, respectively, or other ASD Priority School. If space exists after planned enrollment of zoned students, other eligible students may enroll or be included in an enrollment lottery pursuant to T.C.A § 49-13-106. The Academy currently enrolls students in grades nine through twelve. The Academy’s charter provides for a total enrollment of 800. Cameron currently enrolls students in grades five through eight. Brick Church currently enrolls students in grades five through eight. Southeast currently enrolls students in grades five through nine. Neely’s Bend currently enrolls students in grades five through eight.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

Basis of Presentation – The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The consolidated financial statements present the financial position and results of operations of LPS, the Academy, Cameron, Brick Church, Southeast, Neely’s Bend, and LEAD Real Estate (collectively the “Organization”).

The Organization presents its consolidated financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) guidance for not-for-profit organizations. Under this guidance, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. The Organization had no temporarily restricted net assets at June 30, 2018 and 2017.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned for unrestricted purposes. The Organization had no permanently restricted net assets at June 30, 2018 and 2017.

Use of Estimates – The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments with original maturities when purchased of less than three months to be cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

Accounts Receivable – Accounts receivable represent amounts due from grants or other sources which have been approved but not received. All receivables are reported at estimated collectible amounts.

Property and Equipment – Property and equipment are recorded at acquisition cost less accumulated depreciation, if purchased, or the fair value on the date received, if donated. The cost of routine maintenance and repairs is expensed as incurred. Expenditures which materially extend the economic lives, change capacities, or improve the efficiency of the related assets are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is included in the consolidated statement of activities. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years, or over the term of the lease for leasehold improvements, if less.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

Donated Materials, Services, and Assets – Donated materials and equipment, if any, are reflected as contributions in the accompanying consolidated financial statements at their estimated values at the date of receipt. 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.

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

Grants – The Organization receives federal financial assistance through state agencies. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Advertising – Advertising costs are expensed as incurred. Advertising expense totaled \$8,050 and \$3,071 for the years ended June 30, 2018 and 2017, respectively.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated based upon management's estimate among the programs and supporting services benefited.

Income Taxes – The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the consolidated financial statements.

The Organization 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 realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying consolidated financial statements.

Accounting Policies for Future Pronouncements – 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*. This standard changes presentation and disclosure requirements of not-for-profit entities. The primary changes are decreases in the number of net asset classes from three to two, reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, continues to allow preparers to choose between the direct method and indirect method for presenting operating cash flows, requires disclosures of qualitative information on how the not-for-profit entity manages its liquid available resources and liquidity risks and requires reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature. This standard will be effective for the fiscal year ending June 30, 2019.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

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 Organization for the fiscal year ending June 30, 2020. The Organization 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 balance sheet 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 income statement. This standard will be effective for the fiscal year ending June 30, 2020. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events – The Organization evaluated subsequent events through December 20, 2018, when these consolidated financial statements were available to be issued.

Note 2—Fair value measurements and investments

The Organization has adopted the fair value measurement topic of the FASB ASC, which establishes a framework for measuring fair value. The 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 (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 Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include the following:

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

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

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

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 2—Fair value measurements and investments (continued)

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 were no changes in the Organization's valuation techniques during 2018 or 2017. A description of the valuation methodologies used for assets measured at fair value is as follows:

Equity Securities – Valued at the closing price reported on the active market on which the individual securities are traded.

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 Organization 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.

As of June 30, 2017, the Organization held all investments in Level 1 equity securities totaling \$3,585. There were no equity securities held as of June 30, 2018.

Note 3—Property and equipment

Property and equipment consists of the following at June 30:

	2018	2017
Land	\$ 542,960	\$ 542,960
Buildings and improvements	7,275,492	4,438,827
Computer equipment	1,637,607	1,153,616
Furniture and fixtures	393,307	233,271
Office equipment	128,092	103,920
Textbooks	64,417	37,038
Leasehold improvements	855,351	588,740
School buses	426,284	426,284
	<u>11,323,510</u>	<u>7,524,656</u>
Less accumulated depreciation	<u>(3,253,854)</u>	<u>(2,191,763)</u>
	<u>\$ 8,069,656</u>	<u>\$ 5,332,893</u>

Depreciation expense totaled \$1,062,091 and \$520,797 for the years ended June 30, 2018 and 2017, respectively.

Construction in progress totaling \$2,727,700 at June 30 2017, consisted of architectural fees and improvements made to the Organization's Metroplex property purchased during fiscal 2014. All construction in progress was placed in service as of June 30, 2018.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 4—Operating leases

During 2014, Cameron entered into a lease arrangement with MNPS for certain educational facilities starting July 1, 2014 and expires June 30, 2021. The lease requires monthly rent payments of \$31,417 subject to annual increases of 2%. Effective July 1, 2015, this lease was amended permitting the Academy's ninth grade to use a portion of Cameron's leased space. The amendment required monthly rental payments of \$25,957 from Cameron and \$10,347 from the Academy subject to annual increases of 2%. The amendment also gave the Organization the right to terminate the lease subject to 60 days written notice. Effective July 1, 2017, the lease was amended permitting the Academy's tenth through twelfth grades to use a portion of Cameron's leased space. The amendment requires monthly rental payments of \$21,982 from Cameron and \$23,371 from the Academy subject to annual increases of 2%. Under the terms of the lease, rent expense totaled \$544,233 and \$491,198 for the years ended June 30, 2018 and 2017, respectively.

As of June 30, 2018, future minimum operating lease payments required are as follows:

Years Ending June 30,

2019	\$ 555,121
2020	566,223
2021	577,548
	<u>\$ 1,698,892</u>

Note 5—Notes payable

During November 2013, the Organization entered into a loan agreement with CSGF Tennessee, LLC. Under terms of the loan, the Organization received \$100,000 to be used for general support and management of the Organization. The note bears interest at 1.00%. The entire principal amount plus any accrued and unpaid interest is due on June 30, 2019; however, under terms of the loan, the note may be forgiven provided the Organization meets certain milestones.

During July 2015, the Organization entered into a second loan agreement with CSGF Tennessee, LLC. Under terms of the loan, the Organization received \$100,000 to be used for general support and management of the Organization. The note bears interest at 1.00%. The entire principal amount plus any accrued and unpaid interest is due on June 30, 2021; however, under terms of the loan, the note may be forgiven provided the Organization meets certain milestones.

In February 2014, the Organization entered into a note payable with a financial institution for the purchase of certain real estate. During September 2015, this note payable was restructured to a term loan with total borrowings of \$3,900,000 requiring monthly payments of \$24,753 including interest calculated at 4.00%. During July 2017, this term loan was amended to allow additional borrowings of \$2,460,000 and requiring new monthly payments of \$33,363 including interest calculated at 4.25%. Total outstanding amounts plus accrued and unpaid interest are due on July 27, 2022. The agreement is secured by a deed of trust and a negative pledge of the Organization's assets. Amounts outstanding under this note totaled \$5,991,661 and \$3,658,911 at June 30, 2018 and 2017, respectively. Additionally, the agreement contains restrictive covenants that are tested annually on June 30th. At June 30, 2018, the Organization was in compliance with the other covenants.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 5—Notes payable (continued)

Future principal payments on the notes are as follows at June 30, 2018:

<u>Years Ending June 30,</u>	
2019	\$ 244,986
2020	150,668
2021	271,076
2022	181,160
2023	5,343,771
	<u>\$ 6,191,661</u>

Note 6—Line of credit

The Organization maintains a line of credit agreement with a financial institution to provide maximum borrowings of \$1,000,000. The line of credit requires monthly interest payments calculated at the bank's prime rate not to fall below 4.5% and matures in April 2019. There were no outstanding amounts under this line of credit as of June 30, 2018 or 2017.

Note 7—Federal grants

The Organization receives federal pass-through funding from various grantor agencies to help meet objectives and accomplish its mission as a charter school. Total federal awards received during the years ended June 30 2018 and 2017, totaled \$2,524,860 and \$1,406,750 respectively.

Note 8—Concentrations

For the years ended June 30, 2018 and 2017, the Organization received \$24,365,912 (82%) and \$20,476,195 (78%), respectively, of its funding for operations from MNPS based on the State of Tennessee's Basic Education Program ("BEP"). BEP funding is designated to schools based on student enrollment.

Note 9—Retirement plans

Tennessee Legacy Pension Plan of TCRS

Plan Description – Teachers with membership in the Tennessee Consolidated Retirement System ("TCRS") before July 1, 2014, of the Organization are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies ("LEAs") after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 9—Retirement plans (continued)

Tennessee Legacy Pension Plan of TCRS (continued)

Benefits Provided – Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments ("COLA") after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index ("CPI") during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than ½%. A 1% COLA is granted if the CPI change is between ½% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions – Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Organization for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were 9.08% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Teacher Retirement Plan of TCRS

Plan Description – Teachers with membership in the TCRS before July 1, 2014, of the Organization are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 9—Retirement plans (continued)

Teacher Retirement Plan of TCRS (continued)

Benefits Provided – Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic COLAs after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the CPI during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than ½%. A 1% COLA is granted if the CPI change is between ½% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions – Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5% of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except for in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Organization for the year ended June 30, 2018, to the Teacher Retirement Plan were 4% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Members of the Teacher Retirement Plan are also included in a 401(k) component whereby employer contributions are made at 5% of covered payroll.

Other Plan

The Organization's noncertified employees are covered under a 403(b) plan. Under terms of the plan, employee contributions are matched 200% up to a maximum match of 6% of eligible compensation by the Organization.

Employer contributions for all retirement plans totaled \$917,888 and \$794,098 for the years ended June 30, 2018 and 2017, respectively.

SUPPLEMENTAL INFORMATION

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

	<u>LEAD Public Schools, Inc.</u>	<u>LEAD Academy, Nonprofit, LLC</u>	<u>Cameron College Prep, Nonprofit, LLC</u>	<u>Southeast College Prep, Nonprofit, LLC</u>	<u>Brick Church College Prep, Nonprofit, LLC</u>	<u>Neely's Bend College Prep, Nonprofit, LLC</u>	<u>LEAD Real Estate Holdings, Nonprofit, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS									
Current Assets:									
Cash and cash equivalents	\$ 3,387,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,863	\$ -	\$ 3,449,107
Accounts receivable	2,129,156	-	-	-	-	-	-	-	2,129,156
Prepaid expenses and other	293,216	-	-	-	-	-	-	-	293,216
Total Current Assets	5,809,616	-	-	-	-	-	61,863	-	5,871,479
Investment in Academy	(2,147,216)	-	-	-	-	-	-	2,147,216	-
Investment in Cameron	4,758,827	-	-	-	-	-	-	(4,758,827)	-
Investment in Southeast	1,600,612	-	-	-	-	-	-	(1,600,612)	-
Investment in Brick Church	(315,687)	-	-	-	-	-	-	315,687	-
Investment in Neely's Bend	1,850,458	-	-	-	-	-	-	(1,850,458)	-
Investment in LEAD Real Estate	(1,421,933)	-	-	-	-	-	-	1,421,933	-
Property and equipment, net	1,482,772	-	-	-	-	-	6,586,884	-	8,069,656
Total Assets	<u>\$ 11,617,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,648,747</u>	<u>\$ (4,325,061)</u>	<u>\$ 13,941,135</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2018

	<u>LEAD Public Schools, Inc.</u>	<u>LEAD Academy, Nonprofit, LLC</u>	<u>Cameron College Prep, Nonprofit, LLC</u>	<u>Southeast College Prep, Nonprofit, LLC</u>	<u>Brick Church College Prep, Nonprofit, LLC</u>	<u>Neely's Bend College Prep, Nonprofit, LLC</u>	<u>LEAD Real Estate Holdings, Nonprofit, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
LIABILITIES AND NET ASSETS									
Current Liabilities:									
Accounts payable	\$ 199,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,980
Intercompany payable (receivable)	3,730,714	2,147,216	(4,758,827)	(1,600,612)	315,687	(1,850,458)	2,016,280	-	-
Accrued expenses	991,079	-	-	-	-	-	62,739	-	1,053,818
Note payable, current portion	100,000	-	-	-	-	-	144,986	-	244,986
Total Current Liabilities	5,021,773	2,147,216	(4,758,827)	(1,600,612)	315,687	(1,850,458)	2,224,005	-	1,498,784
Note payable	100,000	-	-	-	-	-	5,846,675	-	5,946,675
Total Liabilities	5,121,773	2,147,216	(4,758,827)	(1,600,612)	315,687	(1,850,458)	8,070,680	-	7,445,459
Net Assets (Deficit):									
Unrestricted	6,495,676	(2,147,216)	4,758,827	1,600,612	(315,687)	1,850,458	(1,421,933)	(4,325,061)	6,495,676
Temporarily restricted	-	-	-	-	-	-	-	-	-
Total Net Assets	6,495,676	(2,147,216)	4,758,827	1,600,612	(315,687)	1,850,458	(1,421,933)	(4,325,061)	6,495,676
Total Liabilities and Net Assets	\$ 11,617,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,648,747	\$ (4,325,061)	\$ 13,941,135

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

	<u>LEAD Public Schools, Inc.</u>	<u>LEAD Academy, Nonprofit, LLC</u>	<u>Cameron College Prep, Nonprofit, LLC</u>	<u>Southeast College Prep, Nonprofit, LLC</u>	<u>Brick Church College Prep, Nonprofit, LLC</u>	<u>Neely's Bend College Prep, Nonprofit, LLC</u>	<u>LEAD Real Estate Holdings, Nonprofit, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS									
Current Assets:									
Cash and cash equivalents	\$ 3,169,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,776	\$ -	\$ 3,217,511
Investments	3,585	-	-	-	-	-	-	-	3,585
Accounts receivable	659,532	-	-	-	-	-	-	-	659,532
Prepaid expenses and other	248,254	-	-	-	-	-	-	-	248,254
Total Current Assets	4,081,106	-	-	-	-	-	47,776	-	4,128,882
Investment in Academy	(2,095,758)	-	-	-	-	-	-	2,095,758	-
Investment in Cameron	4,132,606	-	-	-	-	-	-	(4,132,606)	-
Investment in Southeast	968,045	-	-	-	-	-	-	(968,045)	-
Investment in Brick Church	232,962	-	-	-	-	-	-	(232,962)	-
Investment in Neely's Bend	787,607	-	-	-	-	-	-	(787,607)	-
Investment in LEAD Real Estate	(862,198)	-	-	-	-	-	-	862,198	-
Property and equipment, net	1,024,166	-	-	-	-	-	4,308,727	-	5,332,893
Construction in progress	-	-	-	-	-	-	2,727,700	-	2,727,700
Total Assets	<u>\$ 8,268,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,084,203</u>	<u>\$ (3,163,264)</u>	<u>\$ 12,189,475</u>

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2017

	<u>LEAD Public Schools, Inc.</u>	<u>LEAD Academy, Nonprofit, LLC</u>	<u>Cameron College Prep, Nonprofit, LLC</u>	<u>Southeast College Prep, Nonprofit, LLC</u>	<u>Brick Church College Prep, Nonprofit, LLC</u>	<u>Neely's Bend College Prep, Nonprofit, LLC</u>	<u>LEAD Real Estate Holdings, Nonprofit, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
LIABILITIES AND NET ASSETS									
Current Liabilities:									
Accounts payable	\$ 323,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,227
Intercompany payable (receivable)	(247,274)	2,095,758	(4,132,606)	(968,045)	(232,962)	(787,607)	4,272,736	-	-
Accrued expenses	1,104,288	-	-	-	-	-	14,754	-	1,119,042
Note payable, current portion	-	-	-	-	-	-	139,194	-	139,194
Total Current Liabilities	1,180,241	2,095,758	(4,132,606)	(968,045)	(232,962)	(787,607)	4,426,684	-	1,581,463
Note payable	200,000	-	-	-	-	-	3,519,717	-	3,719,717
Total Liabilities	1,380,241	2,095,758	(4,132,606)	(968,045)	(232,962)	(787,607)	7,946,401	-	5,301,180
Net Assets (Deficit):									
Unrestricted	6,888,295	(2,095,758)	4,132,606	968,045	232,962	787,607	(862,198)	(3,163,264)	6,888,295
Temporarily restricted	-	-	-	-	-	-	-	-	-
Total Net Assets	6,888,295	(2,095,758)	4,132,606	968,045	232,962	787,607	(862,198)	(3,163,264)	6,888,295
Total Liabilities and Net Assets	\$ 8,268,536	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,084,203	\$ (3,163,264)	\$ 12,189,475

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	LEAD Public Schools, Inc.	LEAD Academy, Nonprofit, LLC	Cameron College Prep, Nonprofit, LLC	Southeast College Prep, Nonprofit, LLC	Brick Church College Prep, Nonprofit, LLC	Neely's Bend College Prep, Nonprofit, LLC	LEAD Real Estate Holdings, Nonprofit, LLC	Eliminations	Consolidated
Public Support and Revenue:									
District funding	\$ -	\$ 4,195,651	\$ 6,571,055	\$ 6,356,798	\$ 3,246,124	\$ 4,497,501	\$ -	\$ -	\$ 24,867,129
Federal grants	-	159,312	372,162	634,361	250,762	1,108,263	-	-	2,524,860
Contributions and other	605,480	77,010	30,181	89,534	189,442	127,134	-	-	1,118,781
Total Public Support and Revenue	605,480	4,431,973	6,973,398	7,080,693	3,686,328	5,732,898	-	-	28,510,770
Expenses:									
Student instruction and services	1,864,181	4,121,008	5,778,110	5,893,669	3,955,018	4,268,186	1,181,926	(709,225)	26,352,873
Administration	2,251,337	362,423	569,067	554,457	279,959	401,861	91,125	(2,167,767)	2,342,462
Fundraising	212,145	-	-	-	-	-	-	-	212,145
Total Expenses	4,327,663	4,483,431	6,347,177	6,448,126	4,234,977	4,670,047	1,273,051	(2,876,992)	28,907,480
Other Income (Expenses):									
Rental income	-	-	-	-	-	-	713,316	(709,225)	4,091
Management fees	2,167,767	-	-	-	-	-	-	(2,167,767)	-
Loss in Academy	(51,458)	-	-	-	-	-	-	51,458	-
Earnings in Cameron	626,221	-	-	-	-	-	-	(626,221)	-
Earnings in Southeast	632,567	-	-	-	-	-	-	(632,567)	-
Loss in Brick Church	(548,649)	-	-	-	-	-	-	548,649	-
Earnings in Neely's Bend	1,062,851	-	-	-	-	-	-	(1,062,851)	-
Loss in LEAD Real Estate	(559,735)	-	-	-	-	-	-	559,735	-
Total Other Income (Expenses)	3,329,564	-	-	-	-	-	713,316	(4,038,789)	4,091
Change in net assets	(392,619)	(51,458)	626,221	632,567	(548,649)	1,062,851	(559,735)	(1,161,797)	(392,619)
Net assets at beginning of year	6,888,295	(2,095,758)	4,132,606	968,045	232,962	787,607	(862,198)	(3,163,264)	6,888,295
Net assets at end of year	\$ 6,495,676	\$ (2,147,216)	\$ 4,758,827	\$ 1,600,612	\$ (315,687)	\$ 1,850,458	\$ (1,421,933)	\$ (4,325,061)	\$ 6,495,676

LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	<u>LEAD Public Schools, Inc.</u>	<u>LEAD Academy, Nonprofit, LLC</u>	<u>Cameron College Prep, Nonprofit, LLC</u>	<u>Southeast College Prep, Nonprofit, LLC</u>	<u>Brick Church College Prep, Nonprofit, LLC</u>	<u>Neely's Bend College Prep, Nonprofit, LLC</u>	<u>LEAD Real Estate Holdings, Nonprofit, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
Public Support and Revenue:									
District funding	\$ -	\$ 3,416,834	\$ 6,716,788	\$ 4,952,006	\$ 3,271,548	\$ 2,500,379	\$ -	\$ -	\$ 20,857,555
Contributions and other	2,210,357	7,933	41,189	19,089	13,283	6,188	-	-	2,298,039
Federal grants	-	163,439	295,357	209,459	191,002	547,493	-	-	1,406,750
Total Public Support and Revenue	<u>2,210,357</u>	<u>3,588,206</u>	<u>7,053,334</u>	<u>5,180,554</u>	<u>3,475,833</u>	<u>3,054,060</u>	<u>-</u>	<u>-</u>	<u>24,562,344</u>
Expenses:									
Student instruction and services	1,371,690	3,290,051	5,372,571	4,243,121	3,207,562	2,433,884	684,286	(416,800)	20,186,365
Administration	1,952,826	329,759	626,191	455,866	308,409	229,822	53,877	(1,808,773)	2,147,977
Fundraising	214,897	-	-	-	-	-	-	-	214,897
Total Expenses	<u>3,539,413</u>	<u>3,619,810</u>	<u>5,998,762</u>	<u>4,698,987</u>	<u>3,515,971</u>	<u>2,663,706</u>	<u>738,163</u>	<u>(2,225,573)</u>	<u>22,549,239</u>
Other Income (Expenses):									
Rental income	-	-	-	-	-	-	429,683	(416,800)	12,883
Management fees	1,808,773	-	-	-	-	-	-	(1,808,773)	-
Loss in Academy	(31,604)	-	-	-	-	-	-	31,604	-
Earnings in Cameron	1,054,572	-	-	-	-	-	-	(1,054,572)	-
Earnings in Southeast	481,567	-	-	-	-	-	-	(481,567)	-
Loss in Brick Church	(40,138)	-	-	-	-	-	-	40,138	-
Earnings in Neely's Bend	390,354	-	-	-	-	-	-	(390,354)	-
Loss in LEAD Real Estate	(308,480)	-	-	-	-	-	-	308,480	-
Total Other Income (Expenses)	<u>3,355,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>429,683</u>	<u>(3,771,844)</u>	<u>12,883</u>
Change in net assets	2,025,988	(31,604)	1,054,572	481,567	(40,138)	390,354	(308,480)	(1,546,271)	2,025,988
Net assets at beginning of year	4,862,307	(2,064,154)	3,078,034	486,478	273,100	397,253	(553,718)	(1,616,993)	4,862,307
Net assets at end of year	<u>\$ 6,888,295</u>	<u>\$ (2,095,758)</u>	<u>\$ 4,132,606</u>	<u>\$ 968,045</u>	<u>\$ 232,962</u>	<u>\$ 787,607</u>	<u>\$ (862,198)</u>	<u>\$ (3,163,264)</u>	<u>\$ 6,888,295</u>