



METROPOLITAN BOARD OF PUBLIC EDUCATION  
2601 Bransford Avenue, Nashville, TN 37204  
Regular Meeting – January 24, 2017 – 5:00 p.m.  
**Anna Shepherd, Chair**

TIME

- 5:00 I. CONVENE and ACTION  
A. Establish Quorum  
B. Pledge of Allegiance
- 5:05 II. AWARDS AND RECOGNITIONS GP-3  
A. Ms. Cheap \$500 Essay Contest - Maplewood High School Students  
B. American Paper & Twine Teacher of the Year - Ms. Twjuana Williams
- 5:15 III. AND THE GOOD NEWS IS... GP-3.1  
A. Whites Creek High School – Student Ambassadors  
B. Inglewood Elementary – L5 Update
- 5:25 IV. GOVERNANCE ISSUES  
A. Actions  
1. Consent  
a. Recommended Award of Professional Services Contract to Perform Code Reviews for Various Projects – Fire Protections Associates, Inc.  
b. Awarding of Purchases and Contracts  
(1) A-Action Air HVAC  
(2) Cumberland International Trucks, Inc.  
(3) Dell Marketing LP  
(4) School Bus Consultants, LLC  
(5) Vanderbilt University – Peabody Research Institute  
2. Veteran’s Day Observance Resolution  
3. 2017 - 2018 District Calendar Revisions  
4. Mission, Vision, Core Values  
5. LEAD Renewal Recommendation  
6. Recommended Approval to Declare Brookmeade Elementary School Property as Surplus – *Capital Needs Committee*  
7. Hillwood High School – *Capital Needs Committee*  
8. Capital Improvement Budget – *Capital Needs Committee*
- 6:45 V. REPORTS  
A. Director’s Report  
1. Key Elements of Inclement Weather Policy  
2. Update on Strategic Planning Process  
3. CLASS Legislative Update

Metropolitan Board of Public Education

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- B. Committee Reports
  - 1. Capital Needs
- C. Board Chairman's Report
  - 1. Chair Report
  - 2. Announcements

- |      |  |        |
|------|--|--------|
| 7:15 | VI. <u>WRITTEN INFORMATION TO THE BOARD</u> (not for discussion) | GP-8.3 |
|      | A. Sales Tax Collections as of January 20, 2017                  |        |
|      | B. Fiscal Year 2016-2017 Operating Budget Financial Reports      |        |
|      |  |        |
| 7:15 | VIII. <u>ADJOURNMENT</u>   | GP-2.6 |

## GOVERNANCE ISSUES

### A. ACTIONS

#### 1. CONSENT

##### a. RECOMMENDED AWARD OF PROFESSIONAL SERVICES CONTRACT TO PERFORM CODE REVIEWS FOR VARIOUS PROJECTS – FIRE PROTECTION ASSOCIATES, INC.

We are requesting a five-year contract with Fire Protection Associates, Inc. to perform Code Reviews for Various Projects as determined by Metro Schools.

Compensation is monthly, at an hourly rate, as assigned work is completed.

It is recommended that this contract be approved.

Legality approved by Metro Department of Law.

FUNDING: Various funds used depending on project

DATE: January 24, 2017

##### b. AWARDING OF PURCHASES AND CONTRACTS

###### (1) VENDOR: A-Action Air HVAC, Inc.

SERVICE/GOODS: Contractor will provide three HVAC filter changes per year at all MNPS Facilities. This contract is awarded from MNPS Invitation to Bid (ITB) #B17-6.

TERM: March 1, 2017 through February 28, 2022

FOR WHOM: Facility and Grounds Maintenance

COMPENSATION: Total compensation under this contract is not to exceed \$1,000,000.

OVERSIGHT: Facility and Grounds Maintenance

EVALUATION: Timely and efficient installation and service.

MBPE CONTRACT NUMBERS: 2-712012-01

SOURCE OF FUNDS: Operating Budget

## GOVERNANCE ISSUES

### A. ACTIONS

#### 1. CONSENT

#### b. AWARDING OF PURCHASES AND CONTRACTS

(2) VENDOR: Cumberland International Trucks, Inc.

SERVICE/GOODS: Purchase of thirty (30) Special Education school buses equipped with wheelchair lifts and ambulatory integrated child seats. This contract is awarded from MNPS Online Procurement Auction (OPA) #17-02.

TERM: January 25, 2017 through December 31, 2017

FOR WHOM: MNPS Special Education students

COMPENSATION: Individual bus prices are either \$95,450 or \$99,027, depending on the specific configuration and options selected.

Total compensation under this contract is not to exceed \$2,935,040.

OVERSIGHT: Operations - Transportation

EVALUATION: Operational and function quality of the buses, and timeliness of delivery.

MBPE CONTRACT NUMBER: 2-174242-02

SOURCE OF FUNDS: Capital Funds – Transportation

#### b. AWARDING OF PURCHASES AND CONTRACTS

(3) VENDOR: Dell Marketing LP

SERVICE/GOODS: Purchases of laptops needed to replace aged/obsolete/unsupported laptops, and caching servers to support online testing in each school. This purchase piggybacks the Metro Nashville Government contract with Dell Marketing LP.

TERM: January 25, 2017 through June 30, 2018

FOR WHOM: All MNPS

COMPENSATION: Total compensation under this contract is not to exceed \$2,665,000.

OVERSIGHT: Operations - Information and Technology Services

EVALUATION: Quality of products and timeliness of deliveries.

MBPE CONTRACT NUMBER: Metro contract #355070

SOURCE OF FUNDS: Capital Funds – Technology; Operating Budget



## GOVERNANCE ISSUES

### A. ACTIONS

#### 1. CONSENT

#### b. AWARDING OF PURCHASES AND CONTRACTS

(4) VENDOR: School Bus Consultants, LLC

SERVICE/GOODS: Consulting services in support of the Tyler Technologies GPS software implementation. Contractor also provides fully qualified on-call substitute/temporary bus drivers to MNPS during the school year.

TERM: January 25, 2017 through June 30, 2020

FOR WHOM: Operations - Transportation

COMPENSATION: Total compensation is not to exceed \$3,000,000.

OVERSIGHT: Operations - Transportation

EVALUATION: Quality and timeliness of services provided.

MBPE CONTRACT NUMBER: 2-177796-01

SOURCE OF FUNDS: Operating Budget; Capital Funds - Transportation

## GOVERNANCE ISSUES

### A. ACTIONS

#### 1. CONSENT

#### b. AWARDING OF PURCHASES AND CONTRACTS

(5) VENDOR: Vanderbilt University - Peabody Research Institute

SERVICE/GOODS: Fifth Amendment to the contract, increasing compensation for assessments during the 2016-2017 school year. Contractor evaluates the MNPS Pre-K program in the following measurement areas in order to provide a basis of comparison regarding student outcomes:

- Social-Emotional Development
- Cognitive Development
- Language Development & Literacy
- Approaches to Learning
- Physical Development

TERM: June 11, 2014 through June 30, 2017

FOR WHOM: MNPS Pre-K students

COMPENSATION: This Amendment increases compensation under the contract by \$1,912.

Total compensation under this contract is not to exceed \$945,037.

OVERSIGHT: Teaching and Learning – Early Learning Innovation

EVALUATION: Timeliness and quality of the deliverables defined in Contractor's scope of work.

MBPE CONTRACT NUMBER: 2-218740-19 Annex 57A5

SOURCE OF FUNDS: Operating Budget

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

MEGAN BARRY, MAYOR

**EXECUTIVE ORDER NO. 035**

*SUBJECT: Veterans Day Designated as Official Metropolitan Government Holiday*

Whereas, on June 1, 1954, the United States Congress designated November 11th as a federal holiday to honor American veterans of all wars; and

Whereas, the Metropolitan Government employs more than six hundred veterans of the United States Armed Forces who placed their lives at risk to protect the freedoms enjoyed by those living in this country; and

Whereas, in order to recognize and honor our veterans of the Armed Forces, especially those who are Metropolitan Government employees, it is fitting and proper that Veterans Day be designated as an official holiday of the Metropolitan Government; and

Whereas, on May 10, 2016, the Metropolitan Civil Service Commission amended the Civil Service Rules to add Veterans Day to the list of official Metropolitan Government holidays.


I, Megan Barry, Mayor of the Metropolitan Government of Nashville and Davidson County, by virtue of the power and authority vested in me, do hereby find, direct, and order the following:

I. November 11 shall be an official holiday of the Metropolitan Government.

II. All employees not in the classified service shall be excused on Veterans Day without charge to leave, except those employees necessary to maintain essential operations of the government and employees of Nashville Electric Service, Metropolitan Nashville Airport Authority, Metropolitan Development and Housing Agency, Metropolitan Transit Authority, Metropolitan Sports Authority, Metropolitan Hospital Authority, non-professional employees of the Board of Health, and elected officials. I hereby request that Nashville Electric Service, Metropolitan Nashville Airport Authority, Metropolitan Development and Housing Agency, Metropolitan Transit Authority, Metropolitan Sports Authority, the Metropolitan Hospital Authority, the Board of Health, and elected officials also designate Veterans Day as an official holiday for their respective employees.

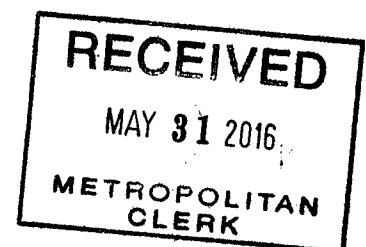
III. In the event Veterans Day falls on Sunday, the holiday will be observed on the following Monday by those employees working Monday through Friday. In the event Veterans Day falls on Saturday, the holiday will be observed on the Friday before by those employees working Monday through Friday.

**ORDERED, EFFECTIVE AND ISSUED:**



Megan Barry  
Metropolitan County Mayor

Date: 5.31.16, 2016



# Resolution

## Metropolitan Nashville Davidson County Board of Public Education Nashville, Tennessee

### A RESOLUTION DECLARING VETERAN'S DAY A HOLIDAY FOR THE METROPOLITAN NASHVILLE PUBLIC SCHOOL SYSTEM

**BE IT RESOLVED**, by the Metropolitan School Board of Nashville and Davidson County that pursuant to the Metropolitan Government of Nashville and Davidson County Executive Order No. 35 Megan Barry Mayor, that November 11<sup>th</sup> be designated as a federal holiday to honor American veterans of all wars; and

**WHEREAS**, on June 1, 1954, the first nationwide observance of Veterans Day was on November 11, 1954; and

**WHEREAS**, in order to recognize and honor our veterans of the Armed Forces, especially those who are MNPS employees, it is fitting and proper that Veterans Day be designated as an official holiday of the entire school system; and

**WHEREAS**, the Metropolitan School Board encourages support for veterans on Veterans Day by treating that day as a special day of remembrance; and

### **NOW THEREFORE, BE IT RESOLVED BY THE METROPOLITAN NASHVILLE AND DAVIDSON COUNTY SCHOOL BOARD:**

- I. November 11<sup>th</sup> be an official holiday of the MNPS School System
- II. All members hereby goes on record as requesting consideration from our Director of Schools to designate November 11<sup>th</sup> as an official holiday for the school system

Adopted this day, Tuesday, January 24, 2017.

#### INTRODUCED BY:

Tyese R. Hunter, M.Ed., CCC-SLP  
School Board Member District 6

# MNPS District Calendar 2017-18

## With Veterans Day Holiday

### JULY, 2017

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

### AUGUST, 2017

S	M	T	W	T	F	S
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

### SEPTEMBER, 2017

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### OCTOBER, 2017

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22	23	24	25	26	27	28
29	30	31				

### NOVEMBER, 2017

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19	20	21	22	23	24	25
26	27	28	29	30		

### DECEMBER, 2017

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24	25	26	27	28	29	30
31						

### Grading Periods

First quarter: 8/7-10/5	42 days
Second quarter: 10/16-12/15	40 days
<b>First semester:</b>	<b>82 days</b>
Third quarter: 1/4-3/15	50 days
Fourth quarter: 3/19-5/23	43 days
<b>Second semester:</b>	<b>93 days</b>
Total Instructional Days:	175

### State Defined Days

In-service Days (5 required): 8/1; 8/2; 8/3; 8/4; 5/25
Abbreviated Days (3 allowed; 2 used): 12/15; 5/24

### Stockpiled Days (13 allowed)

5 snow days built in
5 planning/PD days: 8/21; 10/6; 1/2; 2/19; 3/16 (whole days)
6 half days for exams: 12/12; 12/13; 12/14; 5/21; 5/22; 5/23

### Teacher Work Day Totals

Equivalent of 180 instructional days
5 paid holidays: 9/4; 11/23-24; 1/15; 3/30
5 in-service days: 8/1; 8/2; 8/3; 8/4; 5/24
10 vacation days @ winter break (11 days shown but only 10 are paid)
1 parent conference day: 11/1
Total teacher days: 201

### Summary:

Lose the 2 half days for PD (formerly 10/5 & 3/15)  
 Lose 1 snow make-up day (5/25)  
 Semesters over 2 weeks out of balance  
 Most years, Nov will have 3 weeks of 4 inst. days or less.  
 In some years, 1 week in Nov will have 2 non-consecutive days out of school.

Potential snow make-up days: March 16; May 29, 30, 31

### Color Code

	In-service Days
	System wide teacher in-service for K-8
	Stockpiled planning day
	Stockpiled Professional Development Day
	Instructional days: Students in school
	Non-instructional days: Students out of school
	State abbreviated days: 1/2 day for all students
	1/2 day for 9-12 only

### JANUARY, 2018

S	M	T	W	T	F	S
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21	22	23	24	25	26	27
28	29	30	31			

### FEBRUARY, 2018

S	M	T	W	T	F	S
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11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

### MARCH, 2018

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18	19	20	21	22	23	24
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### APRIL, 2018

S	M	T	W	T	F	S
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22	23	24	25	26	27	28
29	30					

### MAY, 2018

S	M	T	W	T	F	S
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12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

### JUNE, 2018

S	M	T	W	T	F	S
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17	18	19	20	21	22	23
24	25	26	27	28	29	30

## Vision

DRAFT VISION		PROPOSED REWRITE
Metro Nashville Public Schools is the fastest-improving urban school system in America, ensuring that <u>every student</u> is prepared for success in college, career and life – and that every school is a great school.	F E E D B A C K	<b>Metro Nashville Public Schools will be the fastest-improving urban school system in America, ensuring that <u>every student</u> becomes a life-long learner prepared for success in college, career and life.</b>

## Mission

DRAFT MISSION		PROPOSED REWRITE
Provide a world-class public education to every student, every day.  <b>We do this by:</b> <i>developing a culture that strives for excellence for all students; offering a rich, broad curriculum with enrichment opportunities for all students; using data to improve performance; delivering high-quality professional development and support for all employees; guaranteeing consistency in, and quality of, resources for <u>all schools</u>; and respecting and responding to the concerns of students and families.</i>	F E E D B A C K	<b>We deliver a great public education to every student, every day.</b>  <b>We do this by:</b> <i>developing a culture that strives for excellence for all students; offering a broad curricula with enrichment opportunities for all students; providing equitable resources for <u>all schools</u>; and listening to, respecting and responding to the concerns of students, families, staff and educators.</i>

## Values

### WHOLE LEARNER

**ORIGINAL WHOLE CHILD:** We believe a well-rounded education means focusing on social and emotional learning, providing opportunities for mental and physical nourishment, and cultivating a safe and caring environment for all students.

**ORIGINAL INDIVIDUALIZED LEARNING:** We believe in meeting each child at the point of need and maximizing individual limitless potential.

**REVISED COMBINED:** We believe in meeting each child at the point of need to maximize individual unlimited potential and success by: focusing on social and emotional learning; providing opportunities for mental and physical nourishment; developing interests, creativity, and abilities across many disciplines; and cultivating a safe and caring environment for all students.

## WE VALUE...

### EXCELLENCE

**ORIGINAL:** We believe all students benefit from rigorous instruction and high expectations in the classroom.

**REVISED:** We believe all students benefit from dynamic instruction and high expectations each year, in each subject, and in each classroom.

### RELEVANCE

**ORIGINAL:** We believe students learn best when they are inspired by real-world challenges that promote critical thinking and problem-solving skills.

**REVISED:** We believe students learn best when they are inspired by real-world challenges that promote critical thinking, project-based- and hands-on-learning, creativity, and problem-solving.



## WE VALUE...

### LITERACY

**ORIGINAL:** We believe what research shows: A child who can read at or above grade-level by third grade is more likely to graduate and succeed in life.

**REVISED:** n/a

### TALENT

**ORIGINAL:** We believe a robust teacher and leadership recruitment pipeline and effective teacher and leader retention efforts are essential.

**REVISED:** We believe in supporting, developing, respecting and compensating our staff and educators and aggressively recruiting, selecting, and preparing committed, creative, and talented educators.

## WE VALUE...

### INNOVATION

**ORIGINAL:** We believe teaching and learning is enhanced through creative thinking in areas such as the arts as well as science, technology, engineering and math (STEM).

**REVISED:** We believe teaching and learning is enhanced through creative thinking and experimentation in science, technology, engineering and math (STEM) as well as the liberal and creative arts.

### COLLABORATION

**ORIGINAL:** We believe our partnerships with parents and other stakeholders will lead to better outcomes for all of our students and benefit the broader Nashville community.

**REVISED:** We believe engaging parents, community members, students and other stakeholders in the educational process leads to better outcomes for all of our students and benefits the broader Nashville community.

## WE VALUE...

### EQUITY

**ORIGINAL:** We believe public education exists to ensure equal access and opportunities for all students from early childhood through graduation.

**REVISED:** We believe public education exists to ensure equitable access and opportunities for all students from early childhood through graduation.

### DIVERSITY

**ORIGINAL:** We believe students from different ethnic, religious, language, cultural, and socio-economic backgrounds learn from, and inspire, each other.

**REVISED #1:** We believe students, staff and educators from different ethnic, religious, language, cultural, gender identity, ability and socio-economic backgrounds learn from, and inspire, each other.

**REVISED #2:** We believe students, staff and educators from different backgrounds learn from, and inspire, each other.

# **LEAD Renewal Application Recommendation Report**



METRO  
NASHVILLE  
PUBLIC  
SCHOOLS

*Exceeding Great Expectations*

**Office of Charter Schools  
January 2017**

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*Exceeding Great Expectations*

## **Renewal Review Team**

Dr. Julie McCargar, Executive Director of Federal Programs, MNPS

Kevin Stacey, Executive Director of English Language Learners, MNPS

Daniel Killian, Coordinator of Exceptional Education, MNPS

Brian Hull, Director of Resource Strategy, MNPS



METRO  
NASHVILLE  
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SCHOOLS

*Exceeding Great Expectations*

## Applicant and Enrollment Information

LEAD Public Schools  
Chris Reynolds, President and CEO  
531 Metroplex Drive  
Nashville, TN 37211  
e-mail - [info@leadpublicschools.org](mailto:info@leadpublicschools.org)

### Enrollment Information (next ten (10) years)


Year	Grade Levels	Target Student Enrollment	Maximum Student Enrollment**
Year 0 (2016-17)	9-12	363	800
Year 1 (2017-18)	9-12	411	800
Year 2 (2018-19)	9-12	477	800
Year 3 (2019-20)	9-12	477	800
Year 4 (2020-21)	9-12	477	800
Year 5 (2021-22)	9-12	477	800
Year 6 (2022-23)	9-12	477	800
Year 7 (2023-24)	9-12	477	800
Year 8 (2024-25)	9-12	477	800
Year 9 (2025-26)	9-12	477	800
Year 10 (2026-27)	9-12	477	800

NOTE: The Maximum Student Enrollment is based on the contractual agreement with LEAD Public Schools to allow 800 total students in grades 9-12, once capacity is no longer an issue.

## Standard of Review

### Simple Renewal Review

The applicant meets the criteria listed in the MNPS Renewal Policy to qualify for Simple Renewal Review.

Type of Renewal Review	Conditions/Triggers for Review Type	Documents Required
<b>Simple Renewal Review Criteria</b>  <p><i>Exceeding Great Expectations</i></p>	<p>During the current term, the charter school will have attained:</p> <ul style="list-style-type: none"> <li>• A three-year status of “Excelling or Achieving” on the Academic Performance Framework in the year preceding the renewal petition</li> <li>• A record free of “target” status on the Academic Performance Framework for any year during the full term of the charter</li> <li>• A record of organizational performance has been in “achieving or excelling” status over the life of the previous charter term, with no years in the “target” status as determined by the organizational performance framework</li> <li>• A financial record demonstrated through audited financials that has been in “achieving” or “excelling” status as determined by the financial performance framework, with no significant findings over the previous charter term</li> <li>• A status of “on track to renew” on the annual school report card for each year of the charter term</li> </ul>	<p>Short narrative that includes the following:</p> <ul style="list-style-type: none"> <li>• Academic plans for the next charter term with updated academic benchmarks</li> <li>• Updated organizational changes (if applicable) including governing board, planned expansion, changes that improve alignment with school’s mission and vision</li> <li>• Projected financials for the next charter term</li> <li>• Lessons learned and challenges that may arise during the next charter term.</li> </ul>

The review team evaluated several documents as the basis for its evaluation of the criteria for renewal as found in the MNPS Charter Renewal Benchmarks rubric. Evidence included:

- LEAD Renewal Application and 10 year budget
- MNPS Operational Framework
- MNPS Academic Performance Framework
- LEAD Public Schools audited financial statements
- MNPS Data Warehouse
- LEAD Public Schools Website

Each member of the team reviewed the evidence and evaluated the application according to the benchmark indicators on the MNPS Charter Renewal Benchmarks rubric. The team then met several times, reviewed the ratings together, discussed evidence and formulated questions for the applicant. This resulted in a request for more information, which was reviewed in subsequent meetings, and which ultimately culminated in a consensus evaluation from the group.

The review team was charged with evaluating the available evidence and determining whether the applicant satisfied the benchmarks sufficiently to answer the four renewal questions:

- Is the school an academic success?
- Is the school an effective, viable organization?
- Is the school fiscally sound?
- Is the renewal plan for the next charter period reasonable, feasible, and achievable?

The review team found that LEAD Academy meets the criteria for each of the four renewal questions and identified evidence for renewal benchmarks. Because of this finding, explained in greater detail in the next section of this report, **the review team recommends that LEAD Academy be renewed to continue serving students and families.**

### Detailed Answers to the Four Renewal Questions

#### 1. Is the school an academic success?

Analysis of the academic performance framework for the past three years leaves little room for doubt that LEAD High School is an academic success, rated excelling overall and being named a Reward School by the State of Tennessee in 2013-14 and 2014-15. LEAD Academy is the flagship school of what has grown to be the LEAD Public Schools network, opened in 2008.

The school employs a comprehensive and effective assessment system that helps improve student learning and teacher effectiveness. Components of the assessment system include:

- NWEA MAP
- EOC assessments
- Network Interim Assessments
- ACT Aspire
- Teacher created classroom formative assessments

The school's curriculum is aligned to both Common Core and Tennessee State Standards, and they follow the Tennessee graduation requirements for a regular diploma. Additionally, students must earn four credits for College Seminar Classes and Senior Capstone. Students also take four extra elective classes.



The instructional leadership model and practice at the school are exemplary. A detailed plan for leadership at all levels empowers teachers through instructional coaching, on-going professional development, and an intense summer institute called LEAD University. All instructional leadership is driven by the network level Academic Team, which develops high-impact strategies and support structures that ensure all teachers have the capacity to provide high-quality instruction at every grade level.

LEAD provides on-going and exemplary strategies to ensure all students are on track to graduate on time and with acceptance to at least one four year college or university, including assisting students in creating and working towards their own academic goals, extra support and intervention classes when students are struggling, and student-led conferences where students present their own data, progress, and goals to their parent/guardian. LEAD has had three graduating classes (2014, 2015, and 2016) in which all graduating students were accepted into at least one four year college or university.

While Response to Intervention was not required for high schools until this academic year, 2016-17, LEAD was an early adopter, ensuring courses and appropriate intervention strategies were already in place for students who struggled with academics.

The team also looked at diversity data, and found that LEAD meets the MNPS definition of a diverse school with both their certificated and support staffs. They also meet the MNPS diversity definition within the category of Income, Language, and Disability. They do not meet the definition of diverse in the Racial/Ethnic category. The mobility rate at the time it was pulled for 2016 was at 9%.

Examining data on enrollment, discipline, and mobility reveals that the school has embraced the work of reducing mobility, employed creative and substantive ways to engage students and reduce incidents of suspension and expulsion, and is working diligently to recruit and retain a diverse student population.

The team recommends that LEAD keep working towards ensuring the entire cohort that begins 9<sup>th</sup> grade continues on to graduation, and to continue their exemplary record of 100% of their graduating students being accepted into a four-year college or university.

Overall, the team found that LEAD Academy meets all available academic benchmarks and can be described as an academic success.

## **2. Is the school an effective, viable organization?**

The review team was impressed by the tight organizational mission and vision of LEAD Public Schools and how these apply at LEAD Academy. LEAD has employed a strong team of academic, operational and financial leaders that oversee network operations and set the strategic vision, creating confidence in their model as being sustainable over time and consistent in its approaches.

Enrollment demand has remained consistent, even as LEAD Public Schools has grown to include several additional schools: LEAD Prep SE, Cameron College Prep (conversion), Brick

Church College Prep (ASD), and Neely's Bend College Prep (ASD). LEAD Academy has developed strategies to retain their best teachers and administrators and continues to strive for open and transparent parent communication. LEAD's organizational effectiveness is strong, and both organizational and financial performance are positively linked to academic effectiveness. As such, the operational and financial policies support and sustain the academic progress of students, as evidenced by their annual report card results. The organization has a strong governing board that has established clear lines of oversight and responsibility along with a clear and effective process for evaluating the CEO.

The recent move of the high school from its previous location to the Cameron College Prep building is a positive one, as LEAD High School had outgrown its previous facility. Lessons learned in recruiting over the years will likely stand it in good stead regarding long-term demand and viability.

LEAD offers evidence that is a learning organization, and its board oversight plays an important role in establishing and maintaining that culture of learning. LEAD's board is diverse and experienced, and is maintained through ongoing recruitment and development of new members.

The school's legal compliance record is strong, and it has delivered on its promised vision in its original charter. The review team found that the school is an effective, viable organization.

### **3. Is the school fiscally sound?**

The review of the 10 year budget submitted with the renewal application, along with the recent financial audits (see 2014 and 2015 attached), produced consistent results showing indications of a strong and sustainable position for the school. The review team found the budget narrative included realistic budget assumptions that match the experiences of the school during its first charter term. The budget maintains a positive cash flow and a good balance throughout the ten (10) year period, with contingency plans in place in the event of an unexpected large expense.

The review team commends the school for operating largely within the state and local shares (97%), ultimately reducing the need for fundraising over the term of the renewed charter.

Audits are clear and compliance with federal programs requirements has been consistent. The school has maintained robust internal controls, and has developed fiscal policies and procedures consistent with a large non-profit organization.

The review team found evidence that the school is fiscally sound.

### **4. Is the renewal plan for the next charter period reasonable, feasible, and achievable?**

Given the track record of success that LEAD Academy has compiled and the clear evidence of continued pursuit of excellence as the flagship school for LEAD Public Schools, the review team found the plan to be reasonable, feasible, and achievable. The team found all indicators of plans for the school's structure to be present including instructional plans, key design elements, professional development and mentoring of teachers, and the desire to continue their efforts to ensure 100% College Acceptance.

The team found the school's plan to be indicative of an organization seeking continuous improvement through strong oversight and attention to sustainability of the quality of work undertaken so far. LEAD Public Schools has also indicated their desire to be a true partner with MNPS, sharing best practices and ideas with the district, and hearing from our best and brightest in return.

The team commends this continuous improvement and also the strong desire of LEAD to be a true partner with the district as we tackle the large issues facing us as an urban district. In these and many other important discussions surrounding issues of student academic achievement and the operational and financial policies and procedures needed to support such achievement, the team believes continued collaboration with LEAD can benefit all.

In summary, the renewal application and review of detailed academic, operational, and financial data show LEAD Academy to be an outstanding organization that is delivering excellent opportunities for students. As such, the review team recommends renewal of the charter agreement between MNPS and LEAD Academy for a second term.



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## Academic Performance Framework (APF) for LEAD High School

Schl #	School	Overall Performance							
		2013 Total Pts	2013 Status	2014 Total Pts	2014 Status	2015 Total Pts	2015 Status	3-Year Avg Pts	3-Year Status
612	Academy at Opry Mills		Insuffic Data	36.59	Satisfactory	67.60	Excelling		Insuffic Data
77	Cane Ridge HS	44.88	Satisfactory	41.75	Satisfactory	66.94	Excelling	51.19	Satisfactory
203	East Nashville School	48.21	Satisfactory	51.63	Satisfactory	85.48	Excelling	61.77	Achieving
8003	LEAD Academy	53.12	Satisfactory	71.06	Excelling	76.57	Excelling	66.92	Excelling
456	MLK Magnet	67.63	Excelling	75.97	Excelling	83.70	Excelling	75.77	Excelling
437	MNPS Middle College	72.59	Excelling	91.31	Excelling	91.84	Excelling	85.25	Excelling
355	Hume Fogg Magnet	55.09	Achieving	67.70	Excelling	63.42	Achieving	62.07	Achieving

## LEAD High School Mobility Rate

Mobility Rate = entries & exits after 2nd week (day 11) as % of primary enrollment			Primary Entries/Exits on/after Day 11				Mobility Rate %
School Level	School	Enrollment	# Students	# Entries/Exits	# Entries	# Exits	
High School	Antioch High School	2,135	199	209	111	98	10
High School	Cane Ridge High School	1,786	154	166	100	66	9
High School	East Nashville School	742	14	14	0	14	2
High School	Hillsboro High	1,283	77	83	39	44	6
High School	Hillwood High	1,168	93	100	45	55	9
High School	Hume-Fogg High	902	5	5	0	5	1
High School	Hunters Lane High	1,551	187	203	117	86	13
High School	John Overton High	2,017	163	183	105	78	9
Charter	Knowledge Academies High School	186	17	17	9	8	9
Charter	Lead Academy	355	28	31	7	24	9
High School	Maplewood High	964	135	149	71	78	15
High School	Martin Luther King Jr School	1,230	25	25	21	4	2
High School	McGavock High	2,398	201	213	118	95	9
High School	Middle College High	96	6	6	0	6	6
High School	Pearl-Cohn High	688	98	105	54	51	15
Charter	RePublic High School	315	28	30	13	17	10
Charter	STEM Prep High School	249	9	10	2	8	4
High School	Stratford STEM Magnet School	1,119	129	282	132	150	25
High School	Whites Creek High School	744	75	80	39	41	11

## Consensus Rubric

### Renewal Question 1 Is the School an Academic Success?

Evidence Category	MNPS Renewal Benchmarks	Scoring Notes (Meets/Does Not Meet)
<b>Academic Performance Framework</b>	<p><b>Over the accountability period, the school has met the “achieving” or “excelling” categories on the academic performance framework in the following areas:</b></p> <ul style="list-style-type: none"> <li>English language arts</li> <li>Mathematics</li> <li>Science</li> <li>Social Studies</li> <li>High School graduation and college preparation (if applicable)</li> <li>Optional academic goals included in the original application by the school</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>School report Card</li> <li>Detailed APF data</li> <li>Recognized as a Reward School</li> <li>Three graduating classes with 100% acceptance to four year college or university</li> </ul> <p>Analysis: <b>Meets category standards</b></p>
<b>Use of Assessment Data</b>	<p><b>The school has an assessment system, outside of the required state assessments, that improves instructional effectiveness and student learning.</b></p> <ul style="list-style-type: none"> <li>The school regularly administers valid and reliable assessments aligned to the school’s curriculum and state performance standards</li> <li>The school makes assessment data accessible to teachers, school leaders, and board members</li> <li>Teachers use assessment results to inform instructional practice</li> <li>School leaders use assessment results to evaluate teacher effectiveness and to develop professional development and coaching strategies</li> <li>School regularly communicates with parents/guardians about their students’ progress and growth</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>NWEA MAP</li> <li>TCAP</li> <li>EOC</li> <li>ACT Aspire</li> <li>Classroom-created formative assessments</li> </ul> <p>Analysis: <b>Meets standard</b></p>
<b>Curriculum</b>	<p><b>The school’s curriculum supports teachers in their instructional planning.</b></p> <ul style="list-style-type: none"> <li>The school has a curriculum framework with student performance expectations aligned with state and Common Core standards and across grades</li> <li>Teachers know what to teach and when to teach it</li> <li>School has a process for selecting, developing, and reviewing chosen curriculum for effectiveness</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>Common Core and TN Ready aligned</li> <li>Engage New York</li> <li>Core Connections</li> <li>Lesson plan and data reviews regularly</li> <li>Achieve 3000</li> <li>Lesson plan review</li> <li>Consistency across all LEAD schools</li> </ul>

	<ul style="list-style-type: none"> <li>Teachers plan purposeful and focused lessons and those plans are approved by school instructional leadership</li> </ul>	Analysis: <b>Meets standard</b>
<b>Instructional Leadership</b>	<p><b>The school has strong instructional leadership.</b></p> <ul style="list-style-type: none"> <li>School's leadership establishes an environment of high expectations for teacher performance in content knowledge and pedagogical skills</li> <li>The instructional leadership is adequate to support the development and mentoring of the teaching staff</li> <li>Instructional leaders provide sustained, systemic, and effective coaching and supervision that improves teachers' instructional effectiveness</li> <li>Instructional leaders implement a comprehensive professional development system designed to develop the competencies and skills of all teachers</li> <li>Instructional leaders regularly conduct teacher evaluations with clear criteria that accurately identify teachers' strengths and weaknesses</li> <li>School holds teachers accountable for quality instruction and student achievement</li> </ul>	Evidence: <ul style="list-style-type: none"> <li>Robust recruitment of teachers nationwide</li> <li>LEAD University</li> <li>On-going professional development</li> <li>Chief Academic Officer holds school leaders accountable</li> <li>Network-level Academic Team develops high-impact strategies</li> <li>23 PD sessions per year plus LEAD U and at least three (3) Sustaining Saturday PD sessions</li> <li>Instructional coaching for all teachers on a regular basis</li> </ul> Analysis: <b>Meets Standard</b>
<b>At-Risk Students</b>	<p><b>The school meets the educational needs of at-risk students.</b></p> <ul style="list-style-type: none"> <li>The school uses clear procedures for identifying at-risk students with disabilities, English language learners, and those struggling academically</li> <li>The school implements the state's RTI2 program with respect to meeting the needs of all students</li> <li>School adequately monitors the progress and success of at-risk students</li> <li>School follows state requirements for English Language Learners and has appropriately licensed teachers</li> <li>School provides adequate professional development to identify, differentiate instruction and meet the needs of students with disabilities for both general and special education students.</li> </ul>	Evidence: <ul style="list-style-type: none"> <li>RTI2 early implementation</li> <li>S-Team and IEP team compliant</li> <li>Meets ILD measures on Diversity framework</li> <li>Robust intervention for at-risk students</li> <li>Full compliance with state law and MNPS policy concerning students with disabilities</li> <li>Fully licensed special education teachers and ELL certified teachers</li> <li>On-going professional development for teachers</li> </ul> Analysis: <b>Meets standard</b>

**Renewal Question 2**  
**Is the School an Effective, Viable Organization?**

Evidence Category	MNPS Renewal Benchmarks	Scoring Notes (Meets/Does Not Meet)
<b>Mission and Key Design Elements</b>	<p><b>The school is faithful to its mission and has implemented key design elements included in its original charter.</b></p> <ul style="list-style-type: none"> <li>• The school follows its original mission and/or has worked with the district to change its original mission in the best interests of the students, families and community</li> <li>• The school has implemented its key design elements</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>• Tight organizational/core mission and vision</li> <li>• All staff trained on and live with students the five part Ethos of Courage, Commitment, Discipline, Self-Reliance, and Service to Others</li> <li>• All students in each graduating class accepted to at least one four-year college or university</li> </ul> <p>Analysis: <b>Meets standard</b></p>
<b>Parents and Students</b>	<p><b>Parents and Students are satisfied with the school.</b></p> <ul style="list-style-type: none"> <li>• School regularly communicates each student's academic performance results to families</li> <li>• As demonstrated on the district student survey, students are satisfied with the school</li> <li>• Parents are satisfied with the school and keep their students enrolled from year to year</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>• Enrollment consistent</li> <li>• Parents show satisfaction with the school in surveys, and when meeting with Charter Office staff</li> <li>• Low mobility rate</li> <li>• Progress reports every two weeks</li> </ul> <p>Analysis: <b>Meets standard</b></p>



<b>Organizational Capacity</b>	<p><b>The school organization effectively supports the delivery of the educational program, as demonstrated on the organizational performance framework.</b></p> <ul style="list-style-type: none"> <li>• School has established an administrative structure with staff, operational systems, policies and procedures that allow the school to carry out its academic program with fidelity</li> <li>• Organizational structure establishes clear lines of accountability with clearly defined roles and responsibilities</li> <li>• School has published complaint policy in place and works with families to resolve issues in a timely manner</li> <li>• School recruits and retains highly qualified staff</li> <li>• School has a clear student discipline plan in place that has been communicated to families and is differentiated for students with disabilities.</li> <li>• School maintains adequate student enrollment</li> <li>• School has a diversity plan in place that aligns with the MNPS Diversity Plan, with procedures to monitor progress toward meeting enrollment and retention targets for special education students, ELL students, and economically disadvantaged students</li> <li>• School regularly monitors and evaluates its programs and makes needed changes</li> <li>• School complies with applicable health and safety laws</li> <li>• School maintains adequate facilities</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>• Organizational performance reports show compliance in all areas</li> <li>• Experienced board</li> <li>• Clear evaluation procedures for CEO</li> <li>• Lines of support and oversight to school leader clear</li> <li>• New facility choice positive</li> <li>• Skilled recruiting staff</li> <li>• Clear discipline policy outlined in parent-student handbook</li> <li>• Adequate enrollment</li> </ul> <p>Analysis: <b>Meets standard</b></p>
<b>Board Oversight</b>	<p><b>The school's governing board works effectively to achieve the school's academic, organizational and financial goals.</b></p> <ul style="list-style-type: none"> <li>• Board members possess adequate skills and have in place the structures and procedures with which to govern the school and oversee management</li> <li>• Board requests and receives sufficient information to provide rigorous</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>• Board members have exceptional and diverse skills</li> <li>• Most recent operational review found compliance in all areas of governance</li> <li>• Board attends training at least once per year</li> </ul>



	<p>oversight of the school's programs and finances</p> <ul style="list-style-type: none"> <li>• Board establishes clear priorities, objectives, and long range goals and has in place benchmarks for tracking progress as well as a process for regular review and revision</li> <li>• Board successfully recruits, hires, and retains key leadership personnel and provides them with sufficient resources to function effectively</li> <li>• Board evaluates its own performance and that of school leaders, attends at least one board training per year as required by Tennessee law, and holds leadership accountable for academic achievement</li> <li>• Board effectively communicates with school community, including school leadership, staff, parents, and students</li> </ul>	<p>Analysis: <b>Meets Standard</b></p>
<b>Governance</b>	<p><b>The board implements, maintains, and abides by appropriate policies, systems and processes.</b></p> <ul style="list-style-type: none"> <li>• Board effectively communicates with key contractors such as back-office providers and ensures value in exchange for contracts and relationships it enters into</li> <li>• Board takes appropriate and timely corrective action when there are organizational, leadership, management, facilities or fiscal deficiencies and puts in place benchmarks for determining if the corrections are effective</li> <li>• Board effectively recruits and selects new members in order to maintain adequate skill sets and expertise for effective governance, and has in place an orientation process for new members</li> <li>• Board has clear conflict of interest policies</li> <li>• Board has clear, transparent process for dealing with complaints, makes the complaint policy clear to all stakeholders, and follows the policy, including acting on complaints in a timely manner</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>• Board experiences and description listed on website</li> <li>• Operational performance reviews found board sections in complete compliance</li> <li>• Conflict of Interest policies and Open Meetings law observed</li> </ul> <p>Analysis: <b>Meets Standard</b></p>

	<ul style="list-style-type: none"> <li>Board holds all meetings in accordance with the state's Open Meetings law and records minutes for all meetings</li> </ul>	
<b>Legal Requirements</b>	<p><b>The school substantially complies with applicable laws, rules, and regulations and the provisions of its charter.</b></p> <ul style="list-style-type: none"> <li>School compiles a record of substantial compliance with the terms of its charter and applicable state and federal laws, rules and regulations including but not limited to, reporting in a timely manner, teacher licensing, open meetings, conflict of interest, and audits</li> <li>School implements effective systems and controls to ensure it meets legal and charter requirements</li> <li>School has an active and on-going relationship with either in-house or independent legal counsel who reviews and makes recommendations on relevant policies, documents, transactions, and incidents and handles other legal matters as needed</li> <li>School manages any litigation appropriately, and provides litigation papers to insurers and MNPS in a timely manner</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>Legal counsel on board</li> <li>Operational review found school in legal compliance</li> </ul> <p>Analysis: <b>Meets Standard</b></p>

**Renewal Question 3  
Is the School Fiscally Sound?**

Evidence Category	MNPS Renewal Benchmarks	Scoring Notes (Meets/Does Not Meet)
<b>Budgeting and Long Range Planning</b>	<p><b>The school operates pursuant to a long-range financial plan in which it creates realistic budgets that it monitors and adjusts when appropriate.</b></p> <ul style="list-style-type: none"> <li>• School has clear budgetary objectives and budget preparation procedures</li> <li>• Board members, school staff and administration contribute to the budget process as appropriate</li> <li>• School frequently compares its long-range fiscal plan to actual progress and adjusts it to meet changing conditions</li> <li>• Yearly audit required by the state is turned in by the due date and is in compliance with state requirements.</li> <li>• Audited financial statements show appropriate levels of revenues/expenses when run through the formulas contained within the financial performance framework</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>• Annual budgets</li> <li>• Annual Audits</li> <li>• 10 year budget and narrative provided</li> <li>• Surplus cash flow and good balance for the current contract term, with the same projected for the next charter term.</li> </ul> <p>Analysis: <b>Meets Standard</b></p>
<b>Internal Controls</b>	<p><b>The school maintains appropriate internal controls and procedures.</b></p> <ul style="list-style-type: none"> <li>• School follows a set of comprehensive written fiscal policies and procedures</li> <li>• School keeps accurate records and appropriately documents transactions in accordance with generally accepted accounting principles</li> <li>• School identifies/analyzes risks and takes mitigating actions</li> <li>• School has controls in place to ensure management decisions are appropriately carried out and monitors and assesses controls to ensure their adequacy</li> <li>• School ensures duties are appropriately segregated and proper controls are in place</li> <li>• School has systems in place to provide the appropriate information needed by staff and the board to make sound financial decisions and to fulfill compliance requirements</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>• Strong internal controls</li> <li>• Employs outside accounting firm</li> <li>• Clean annual audits</li> <li>• Compliant with Federal Programs (Title I and IDEA)</li> <li>• Most recent operational review found school compliant in all areas of internal control</li> </ul> <p>Analysis: <b>Meets Standard</b></p>

	<ul style="list-style-type: none"> <li>School ensures that employees, or vendors who handle cash, payroll, or other payments are bonded and trained appropriately</li> <li>School takes corrective action in a timely manner to address any internal control or compliance deficiencies identified by an external auditor</li> </ul>	
<b>Financial Reporting</b>	<p><b>The School has complied with financial reporting requirements by providing the required financial reports on time, ensuring their accuracy and completeness</b></p> <ul style="list-style-type: none"> <li>Annual budget turned into the Office of Innovation, Budget Office and State Department of Charter Schools</li> <li>Audited financial statements as required by Tennessee law no later than December 31</li> <li>Other financial reports as requested by the district</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>All reporting is on time and compliant with applicable law</li> <li>Most recent operational review found school in compliance with reporting requirements</li> <li>Audited financial statements have been received</li> </ul> <p>Analysis: <b>Meets Standard</b></p>
<b>Financial Condition</b>	<p><b>The school maintains adequate financial resources to ensure stable operations. Critical financial needs of the school are not dependent on variable income (grants, donations, fundraising).</b></p> <ul style="list-style-type: none"> <li>School maintains sufficient cash on hand to pay current bills, including those owed to the district such as benefits</li> <li>School maintains adequate liquid reserves to fund expenses in the event of income loss (generally three months)</li> <li>School prepares and monitors cash flow projections</li> <li>If philanthropy is included in the budget, school monitors progress toward its development goals on a periodic basis</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>Cash flow, beginning balance, and ending balance are all strong</li> <li>School is funded 97% with state and local monies</li> <li>School monitors cash flow and expenses</li> <li>Adequate fund balance</li> </ul> <p>Analysis: <b>Meets standard</b></p>

**Renewal Question 4**  
**Is the Renewal Plan for the Next Charter Period Reasonable, Feasible and Achievable?**

Evidence Category	MNPS Renewal Benchmarks	Scoring Notes (Meets/Does Not Meet)
<b>Plans for School's Structure</b>	<b>Key structural elements of the school, as defined in the Renewal Application, are reasonable, feasible and achievable</b> <ul style="list-style-type: none"> <li>School is likely to fulfill its mission in the next charter period</li> <li>School has an enrollment plan that can support the school program</li> <li>School calendar and daily schedule clearly provide sufficient instructional time to meet all legal requirements, allow the school to meet its stated academic benchmarks, and abide by its proposed budget</li> <li>Key design elements are consistent with the mission statement and are feasible given the budget and staffing projections</li> <li>Curriculum framework for added grades aligns with the state's performance standards and Common Core</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>All indicators present – school structure will not significantly change in the next charter period.</li> </ul> <p>Analysis:  <b>Meets Standard</b></p>
<b>Plans for the Educational Program</b>	<b>The school's action plan for implementing the educational program to meet academic goals.</b> <ul style="list-style-type: none"> <li>School has plans for sustaining and improving upon student outcomes compiled during the previous charter period</li> <li>For schools providing secondary instruction, the graduation requirements meet or exceed state standards, and the school will have met the accreditation requirements as set forth by the State of Tennessee before the first graduating class occurs.</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>Plans to sustain and improve are sound</li> </ul> <p>Analysis:  <b>Meets Standard</b></p>
<b>Plans for Board Oversight and Governance</b>	<b>The school provides a reasonable, feasible and achievable plan for board oversight and governance.</b> <ul style="list-style-type: none"> <li>School governing board possesses wide range of experience, skills and abilities sufficient to oversee the</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>Board has experience and works professionally, continually recruiting to maintain membership</li> </ul>

	<p>academic, organizational and fiscal performance of the school</p> <ul style="list-style-type: none"> <li>• If governing board oversees more than one school within the organization, board has sufficient resources and skills to ensure all schools are monitored efficiently</li> <li>• Plans are in place for additional board members to be added as needed expertise is identified</li> </ul>	<ul style="list-style-type: none"> <li>• Board attends training at least once per year, as required by law</li> </ul> <p>Analysis: <b>Meets Standard</b></p>
<b>Fiscal, Facility, and Transportation Plans</b>	<p><b>The school provides a reasonable, feasible and achievable fiscal plan including plans for an adequate facility.</b></p> <ul style="list-style-type: none"> <li>• School's budgets adequately support staffing, enrollment, facility and transportation projections (if school provides transportation)</li> <li>• Fiscal plans and projections are based on sound use of financial resources to support academic program needs</li> <li>• Information on enrollment demand provides clear evidence for enrollment projections and school growth (where applicable)</li> <li>• Facility plans are adequate to meet educational program needs.</li> </ul>	<p>Evidence:</p> <ul style="list-style-type: none"> <li>• As noted above, budgets are in line and sustain the school</li> <li>• Fiscal plans are sound and reasonable</li> <li>• Facility plans are adequate</li> </ul> <p>Analysis: <b>Meets Standard</b></p>

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## ATTACHMENTS




- LEAD High School Report Card
- Operational Review
- Audits (2014-15, 2015-16)
- LEAD Annual Report (2015-16)
- LEAD High School Renewal Application
- LEAD High School Renewal Budget

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LEAD Academy High School				
Based on the data accumulated to date, this school is on track to:				
School Name: LEAD Academy High School				
Address: 1704 Heiman Street				
Nashville, TN 37208				
Website: <a href="http://www.leadacademy.org">www.leadacademy.org</a>				
Phone: (615) 327-5422				
Profile				
Principal: LaVoe Mulgrew				
Opened: 2007				
Current Grades: 9-12				
Approved Grades: 5-12				
Enrollment: 303				
Academic	2011-12	2012-13	2013-14	2014-15
Ach Increase				
TVAAS (NCE)				
TCAP (PA)				
Ach. Gap				
Teacher Survey				
ACT (21+)				
Grad. Rate				
Overall APF				
Three Year Average				
Financial	2011-12	2012-13	2013-14	2014-15
Near Term:				
Current Ratio				
Unrestr. Days Cash				
Enroll. Variance				
Default				
Sustainability				
Total Margin				
Debt/Asset Ratio				
Cash Flow				
Debt Serv. Ratio				
Overall Financial				

School Performance Summary (2011-15)					
Simple Renewal	Renewal Application Due	April	2016		
	5 Year Review	October	2012		
Demographucs	2011-12	2012-13	2013-14	2014-15	2015-16
African Americam	91%	96%	89%	69%	66%
Hispanic	3%	4%	5%	23%	22%
White	5%	6%	5%	7%	12%
Asian	1%	<1%	0%	2%	0%
FARM	86%	83%	83%	82%	82%
SWD	13%	16%	13%	13%	13%
EL	1%	1%	0%	3%	9%
Organization	2011-12	2012-13	2013-14	2014-15	
Educ. Program					
Fin. Management					
Governance/Reporting					
Students/Employees					
Environment					
Obligations					
Overall Organization					
Diversity	2011-12	2012-13	2013-14	2014-15	2015-16
Racial/Ethnic					
I/L/D					
Other Data	2011-12	2012-13	2013-14	2014-15	
Attendance Rate	97%	97%	96%	96%	
KEY to Ratings					
Excelling					
Achieving					
Satisfactory					
Review					
Target					



MNPS Office of Charter Schools Operational Performance Rubric						
		This rubric is based on the Office of Charter School's Operational Performance Framework, which was developed based on research and a study of best practices nationwide, with the assistance of the National Association of Charter School Authorizers (NACSA). While the Operational Performance Framework includes a range of indicators, the rubric takes the most critical and organizes it on a 3-category scale. Please note that this rubric is designed to apply to most school models, but in the case of unique programs might be slightly tailored to better evaluate those programs.				
Name of School: LEAD High School			Date: March 1, 2016			
Section 1: Educational Program		The school is implementing the essential terms of the education program as defined in the charter agreement, including special populations and discipline.				
		Meets Standard	Does Not Meet Standard	Falls Far Below Standard	Self-Reporting Comments/Links/Evidence	Reviewer Notes
1.1	School is implementing the essential terms of the educational program.	The school is implementing/has implemented the essential terms of the educational program in all material respects. The education program in operation reflects the essential terms as defined in the charter agreement.	The school failed to implement its program as described in the original application and charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement the educational program as described in the original application the charter agreement. Upon notification of the deficiencies, the school did not comply		Compliant
1.2	School is complying with applicable educational requirements	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state law relating to education requirements, including but not limited to: 1) Instructional days and minutes; 2) Graduation or promotion requirements; 3) Content standards, including Common Core and TN state assessments 4) State assessments; 5) Interim/formative assessments; 6) Implementation of mandated programming as a result of state or federal funding; 7) RTI2 8) Attendance goals	The school failed to implement its program as described in the original application and charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement the educational program as described in the original application the charter agreement. Upon notification of the deficiencies, the school did not comply	Homogenous grouping - with SPED and non-sped. Attendance - 96%	Follow regular diploma requirements plus four seminar credits plus other electives for 30 credits. Several content area reading Achieve 3000 and CT Math. All students accepted to a 4 year college. Tennessee State standards. RTI2 -- hiring a coordinator to track interventions. Content area reading and math, getting targeted instruction. Use Explore, PLAN, and ACT, plus TCAP and MAP.
1.3	School is protecting the rights of students with disabilities.	Consistent with the school's status and responsibilities as both a school within the MNPS district and under state and federal law, the school materially complies with applicable laws, rules, regulations, and provisions of the charter agreement, (including the Individuals with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act) relating to the treatment of students with identified disabilities and those suspected of having a disability, including but not limited to: 1) Identification and referral 2) Operational compliance including the academic program, assessments, discipline, and all other aspects of the school's program and responsibilities 3) Discipline, including due process protections, manifestation determinations, and behavioral intervention plans 4) Appropriately carrying out student IEP's and Section 504 Plans 5) Access to the school's facility and program to students and parents in a lawful manner and consistent with students' abilities 6) Securing all applicable funding	The school failed to implement its program as described in the original application and charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement the educational program as described in the original application the charter agreement. Upon notification of the deficiencies, the school did not comply		Very compliant - 15% with IEP's and only 1 student on 504. 1 student in Life Skills, will have 4 next year.

1.4	School is protecting the rights of English Language Learner (ELL) students.	<p>The school materially complies with all applicable laws, rules, regulations, and provisions of the charter agreement, original application, and state and federal laws (including Title III of the Elementary and Secondary Act (ESEA), and US Department of Education authorities) relating to English Language Learner requirements, including but not limited to:</p> <ol style="list-style-type: none"> <li>1) Required policies relating to the service of ELL students</li> <li>2) Proper steps for identification of students in need of ELL services</li> <li>3) <b>Appropriate and equitable delivery of services to identified</b> students</li> <li>4) Appropriate accommodations on assessments</li> <li>5) Exiting of students from ELL services</li> <li>6) On-going monitoring of exited students</li> </ol>	The school failed to implement its program as described in the original application and charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement the educational program as described in the original application the charter agreement. Upon notification of the deficiencies, the school did not comply		10% EL - students - one teacher is ESL certified. Lost one teacher at semester. School is sending teachers for training and certification. T1 and T2 - 6 or 7 students
1.5	School has published discipline policies in place that prevent disparity and are fair and equitable	<p>The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state and federal relating to discipline requirements, including but not limited to:</p> <ol style="list-style-type: none"> <li>1) Systems are in place to ensure that the discipline policy is culturally sensitive and not applied disparately.</li> <li>2) Discipline policy is included in the student handbook and clearly communicated to all stakeholders, parents and community including any contractors who work with students.</li> <li>3) There is a safe and orderly learning environment throughout the school.</li> <li>4) School offers annual professional development on their discipline policy to all staff</li> <li>5) The number of student discipline events is less than or comparable to similar district schools</li> <li>6) School analyzes discipline data by demographic groups and takes steps to ensure equity.</li> </ol>	The school failed to implement its program as described in the original application and charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement the educational program as described in the original application the charter agreement. Upon notification of the deficiencies, the school did not comply		Handbook has published and safe and orderly environment. Discipline is tracked in SMS and at the school. Do not analyze formally between demographic groups, but are beginning to do so.
Section 1: Educational Program Overall Rating						

Section 2: Financial Management and Oversight		The school has systems in place to support strong financial procedures and reporting compliance				
		Meets Standard	Does Not Meet Standard	Falls Far Below Standard	Self-Reporting Comments/Links/Evidence	Notes
2.1	School is meeting financial reporting and compliance requirements.	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state law relating to financial reporting requirements, including but not limited to: 1) Complete and on-time submission of financial reports including annual budget, revised budgets (if applicable, periodic financial reports as required by the authorizer, and any reporting requirements if an educational service provider is contracted by the school 2) Submission on time of an annual independent audit as required by state law along with any corrective plans (if applicable) 3) EE-17 and Annenberg reporting requirements as adopted by the MNPS Board of Public Education 4) All reporting requirements related to use of public funds	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		Compliant
2.2	School is following generally accepted accounting principles.	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state law relating to financial management and oversight expectations as evidenced by an annual independent audit, including but not limited to: 1) An unqualified audit opinion 2) An audit devoid of significant findings and conditions, material weaknesses, or significant internal control weaknesses 3) An audit that does not include an on-going concern disclosure in the notes or an explanatory paragraph within the audit report	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		Compliant - clean audit, with no findings.
Section 2: Financial Management and Oversight Overall Rating						

Section 3: Governance and Reporting		Governing structure ensures effective governance and meaningful oversight of school academic performance, operations, and financials.				
		Meets Standard	Does Not Meet Standard	Falls Far Below Standard	Self-Reporting Comments/Links/Evidence	Notes
3.1	School is in compliance with governance requirements	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state law relating to governance by its board, including but not limited to: Annenberg Standards and EE-17 (unless otherwise noted, these should be posted on the school's website) 1) Enrollment and Marketing materials with the full range of academic, enrichment, and extracurricular offerings 2) Original application and charter agreement 3) Current by-laws 4) Governing boards are required to file full financial disclosure reports and identify any potential conflicts of interest, relationships with management companies, or other business dealings with the school, its management company, or other charter schools. These should be posted on the school's website. 5) Current Conflict of Interest Policy 6) Open Meetings - board meeting schedule, agendas and minutes 7) Current board member names and contact information (updated as required by your charter contract) 8) Approved Annual Budget 9) Annual Audited Financial Statements (annual audit that is due December 31 of each year) 10) Management Contracts - complete contracts for management services (including detailed information about services provided, all financial commitments and compensation, all fees and bonuses to be provided to the management company)	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		Coming into compliance - trying to make sure all Annenberg requirements are met.
3.1	School is in compliance with governance requirements	11) Contracts over \$10,000 - all contracts totaling more than \$10,000 12) Marketing expenses report - expenses incurred for recruiting and marketing the school 13) Non-Public Facility Report - documentation of owners of any non-public property used to house a charter school, along with documentation of the amount of rent being paid for the facility and to whom the payments are being made and verification that there are no conflicts of interest between the school and the property owner. 14) Student-Family Handbook with current complaint and discipline policies clearly outlined. Discipline policies should include explicit provisions for due process, including the right to a hearing before long-term removal, suspension, expulsion, disciplinary or safety transfers, or alternative school placements, as well as parental appeals and notification rights. 15) Approved school calendar for current school year 16) Annual Report - TCA 49-13-120 requires submission of an Annual Report to the chartering authority				See above
3.2	School is holding management accountable	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state law relating to oversight of school management (including, if applicable, a charter management organization). The board maintains authority over the management and holds it accountable for performance as agreed under a written performance agreement, including but not limited to: 1) Agreed upon performance expectations (academic, financial, and operational as is applicable), with remedies detailed in the event those performance expectations are not met 2) Required annual financial report of the management organization if applicable	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		Performance contract with CEO yearly, with interim performance benchmarks and monthly board meetings,
3.3	School is in compliance with reporting requirements	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state charter law relating to relevant reporting requirements to MNPS, state and federal authorities, including but not limited to: 1) Accounting/payroll tracking 2) Annual Report 3) Attendance and enrollment tracking 4) Compliance oversight as outlined in TCA 49-13-111 5) Additional information requested by MNPS	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		W-Squared accounting for payroll tracking and annual report. Attendance and enrollment tracked in district SMS.
Section 3: Governance and Reporting Overall Rating						

Section 4: Legal Obligations		TCA 49-13-105 outlines the legal obligations or regulatory statutes that may not be waived, and shall be followed by all charter schools				
		Meets Standard	Does Not Meet Standard	Falls Far Below Standard	Self-Reporting Comments/Links/Evidence	Notes
4.1	School is protecting the rights of all students	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state charter law relating to relevant reporting requirements to MNPS, state and federal authorities, including but not limited to: 1) Policies and practices relating to admissions, lottery, waiting lists, fair and open recruitment, and enrollment (including rights to enroll or maintain enrollment (see 4.2 for further detail). 2) The collection and protection of student information that could be used in discriminatory ways or otherwise contrary to law 3) Due process protections, privacy, civil rights, and student liberties requirements, including 1st Amendment protections and the Establishment Clause restrictions prohibiting public schools from engaging in religious instruction 4) Conduct of discipline (discipline hearings, suspension and expulsion policies and practices. NOTE: Proper handling of discipline for students with disabilities is addressed more specifically in section 1.3 of this document.	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		Compliant
4.2	School is compliant with Tennessee Charter Law regarding enrollment practices, including a lottery in accordance with the rules set forth in TCA 49-13-113 (e)(1).	The school materially complies with TCA 49-13-113, other applicable laws, rules, regulations, and provisions of the charter agreement with MNPS concerning the enrollment of students in the charter school including but not limited to: 1) Unless the number of applications exceeds the capacity of a program, class, grade, level, building, or approved number of students, the school enrolls any student who submits a timely application. 2) If the applications submitted exceed the planned and approved capacity, the school determines enrollment based on an independent lottery. 3) If a lottery is necessary, the school either participates in the MNPS common enrollment system for choice and optional schools, participates in the second MNPS lottery for charter schools, or runs its own lottery. 4) If a school chooses to run its own lottery, it will provide to the department of education and the MNPS Office of Charter Schools, certification by an independent accounting firm or law firm that each lottery conducted complies with charter law. In lieu of such certification, a school may request that the department of education review and approve the lottery process. 5) School complies with the Family Education Rights and Privacy Act (FERPA) with respect to the publication of any list of students' names before, during, or after the enrolment and lottery process	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		Participate in MNPS common application system.
4.3	School is compliant with state attendance law and regulations	The school materially complies with applicable laws, rules, regulations, and provisions of the charter agreement relating to attendance goals, including but not limited to: 1) Following the attendance policy set forth in the approved application, striving to achieve 100% attendance 2) Following district guidelines regarding truancy reporting to the juvenile authorities.	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		Compliant
4.4	School is meeting teacher and other staff credentialing/licensing requirements	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state law (including the federal Highly Qualified Teacher and Paraprofessional requirements within Title II or ESEA) relating to state certification requirements. The school ensures that only appropriately licensed and qualified staff is employed by the school in ways that are consistent with their expertise and experience.	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		All teachers licensed and highly qualified

4.5	School is respecting employee rights.	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state law relating to employment considerations, including those relating to the Family Medical Leave Act, the Americans with Disabilities Act, and employee contracts and offer letters.	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		Offer letter yearly
4.6	School is completing required background checks.	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state law relating to background checks of all applicable individuals (including staff and members of the community where applicable).	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		MNPS background checks
Section 4: Legal Obligations Overall Rating						

Section 5: School Environment		The school has systems in place to support a strong school culture and a safe school environment.				
		Meets Standard	Does Not Meet Standard	Falls Far Below Standard	Self-Reporting Comments/Links/Evidence	Notes
5.1	School is complying with facilities and transportation requirements.	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state law relating to school facilities, grounds, and transportation, including but not limited to: 1) Fire inspections and related records 2) Fire, tornado, and crisis drills 3) Viable certificate of occupancy or other required building use authorization documents 4) Documentation of requisite insurance coverage 5) Student transportation, including evidence of bus inspections (if applicable), current contract with a transportation provider, and driver certifications (if applicable)	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		Compliant
5.2	School is complying with health and safety requirements	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state law relating to safety and provision of health related services, including but not limited to: 1) Appropriate nursing services and dispensing of pharmaceuticals 2) Food service requirements 3) Diastat training 4) Epi Pen training 5) All state mandated health services as found in TCA 40-13-105 and 111, as well as any services mandated by a 504 agreement or IEP 6) Security measures for extraordinary circumstances (school security, written evacuation procedures, lock-down and crisis procedures, evidence of practice drills, crisis team identified and trained	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		Staff has been to all appropriate health trainings.
5.3	School is handling student information properly	The school materially complies with the applicable laws, rules, regulations, and provisions of the charter agreement and state law relating to information security requirements , including but not limited to: 1) Maintain the security of and provide access to student records under the Family Educational Rights and Privacy Act (FERPA) and other applicable authorities 2) Access to documents maintained by the school under the state's freedom of information law and other applicable authorities 3) Storage and transfer of student records 4) Proper and secure maintenance of testing materials 5) Implementation of mandated programming as a result of state or federal funding 6) Maintains accurate inventory of all goods and services purchased with federal funds	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		Compliant
Section 5: School Environment Overall Rating						
Section 6: Additional Obligations		The school has systems in place to meet any additional legal or statutory obligations				
		Meets Standard	Does Not Meet Standard	Falls Far Below Standard	Self-Reporting Comments/Links/Evidence	Notes
6.1	School is complying with all additional legal or statutory obligations	The school materially complies with all other material legal, statutory, regulatory or contractual requirements from the following sources: 1) Consent decrees 2) Court orders 3) Intervention requirements by MNPS 4) Requirements by other entities to which the charter school is accountable (e.g. Tennessee Department of Education (TDOE)	The school failed to implement its program as described in the original application and/or charter agreement. However, when notified of the deficiencies, the school promptly came into compliance.	The school failed to implement its program as described in the original application and/or the charter agreement. Upon notification of the deficiencies, the school did not comply.		N/A
Section 6: Additional Obligations Overall Rating						

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2015 and 2014**



# LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

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## INDEPENDENT AUDITOR'S REPORT

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, 2015 and 2014, 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 of 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, 2015 and 2014, 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 19 – 22 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.

*Frasier, Owen + Hand PLLC*

December 3, 2015

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,588,364	\$ 4,198,798
Accounts receivable	1,549,273	508,278
Prepaid expenses and other	119,149	98,165
	<u>5,256,786</u>	<u>4,805,241</u>
Total current assets		
	5,256,786	4,805,241
Property and equipment, net	3,109,243	2,719,292
Construction in progress	1,075,752	781,828
	<u>1,075,752</u>	<u>781,828</u>
Total assets	<u>\$ 9,441,781</u>	<u>\$ 8,306,361</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 419,886	\$ 672,853
Accrued expenses	1,519,211	648,302
Other liabilities	7,350	9,204
Notes payable, current portion	109,468	51,584
Capital lease obligations, current portion	-	39,349
	<u>2,055,915</u>	<u>1,421,292</u>
Total current liabilities		
	2,055,915	1,421,292
Notes payable, noncurrent portion	2,041,928	2,151,397
Capital lease obligations, noncurrent portion	-	-
	<u>2,041,928</u>	<u>2,151,397</u>
Total liabilities	<u>4,097,843</u>	<u>3,572,689</u>
Net assets:		
Unrestricted	5,343,938	4,733,672
	<u>5,343,938</u>	<u>4,733,672</u>
Total net assets		
	5,343,938	4,733,672
Total liabilities and net assets	<u>\$ 9,441,781</u>	<u>\$ 8,306,361</u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
District funding	\$15,369,762	\$ -	\$15,369,762
Contributions and other	2,279,544	-	2,279,544
Federal grants	1,609,499	-	1,609,499
Other grants	104,152	-	104,152
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>19,362,957</u>	<u>-</u>	<u>19,362,957</u>
Expenses:			
Student instruction and services	16,429,773	-	16,429,773
Administration	2,059,515	-	2,059,515
Fundraising	<u>145,363</u>	<u>-</u>	<u>145,363</u>
Total expenses	<u>18,634,651</u>	<u>-</u>	<u>18,634,651</u>
Other income:			
Rental income	85,968	-	85,968
Loss on disposal of property and equipment	<u>(204,008)</u>	<u>-</u>	<u>(204,008)</u>
Total other income	<u>(118,040)</u>	<u>-</u>	<u>(118,040)</u>
Change in net assets	610,266	-	610,266
Net assets at beginning of year	<u>4,733,672</u>	<u>-</u>	<u>4,733,672</u>
Net assets at end of year	<u><u>\$ 5,343,938</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,343,938</u></u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
District funding	\$11,794,725	\$ -	\$11,794,725
Federal grants	1,906,949	-	1,906,949
Contributions and other	1,580,211	-	1,580,211
Other grants	323,568	-	323,568
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>15,605,453</u>	<u>-</u>	<u>15,605,453</u>
Expenses:			
Student instruction and services	12,924,695	-	12,924,695
Administration	1,414,792	-	1,414,792
Fundraising	<u>140,602</u>	<u>-</u>	<u>140,602</u>
Total expenses	<u>14,480,089</u>	<u>-</u>	<u>14,480,089</u>
Other income:			
Rental income	<u>30,554</u>	<u>-</u>	<u>30,554</u>
Change in net assets	1,155,918	-	1,155,918
Net assets at beginning of year	<u>3,577,754</u>	<u>-</u>	<u>3,577,754</u>
Net assets at end of year	<u><u>\$ 4,733,672</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,733,672</u></u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2015**

	<b>Student Instruction and Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
		<b>Administration</b>	<b>Fundraising</b>	
Salaries, wages and benefits	\$ 11,350,150	\$ 948,712	\$ 131,236	\$ 12,430,098
Occupancy cost	1,633,490	8,262	-	1,641,752
Instructional	1,128,904	10,582	-	1,139,486
Transportation	1,112,814	-	-	1,112,814
Professional and service fees	115,572	776,766	-	892,338
Depreciation	400,733	40,177	-	440,910
Other expenses	218,130	148,939	-	367,069
Office expense	221,868	48,194	-	270,062
Staff development	139,096	18,343	-	157,439
Outreach	94,742	16,719	-	111,461
Organizational development	14,274	42,821	14,127	71,222
	<u>\$ 16,429,773</u>	<u>\$ 2,059,515</u>	<u>\$ 145,363</u>	<u>\$ 18,634,651</u>
Total expenses	<u>\$ 16,429,773</u>	<u>\$ 2,059,515</u>	<u>\$ 145,363</u>	<u>\$ 18,634,651</u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2014**

	<b>Student Instruction and Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
		<b>Administration</b>	<b>Fundraising</b>	
Salaries, wages and benefits	\$ 9,565,162	\$ 781,015	\$ 132,783	\$ 10,478,960
Instructional	1,133,585	4,677	-	1,138,262
Occupancy cost	933,068	27,579	-	960,647
Professional and service fees	79,786	451,701	-	531,487
Transportation	411,281	-	-	411,281
Depreciation	285,379	26,147	-	311,526
Staff development	214,496	5,074	-	219,570
Office expense	162,912	15,808	-	178,720
Other expenses	80,786	73,620	-	154,406
Outreach	51,549	9,097	-	60,646
Organizational development	6,691	20,074	7,819	34,584
	<u>\$ 12,924,695</u>	<u>\$ 1,414,792</u>	<u>\$ 140,602</u>	<u>\$ 14,480,089</u>
Total expenses	<u>\$ 12,924,695</u>	<u>\$ 1,414,792</u>	<u>\$ 140,602</u>	<u>\$ 14,480,089</u>

See accompanying notes.



**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 610,266	\$ 1,155,918
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Receipt of donated stock	(218,768)	(217,957)
Gain on sale of donated stock	-	(2,041)
Loss on disposal of property and equipment	204,008	1,500
Depreciation	440,910	311,526
Changes in operating assets and liabilities:		
Accounts receivable	(1,040,995)	323,857
Prepaid expenses and other	(20,984)	(16,637)
Accounts payable	(252,967)	452,140
Accrued expenses	870,909	299,882
Other liabilities	(1,854)	9,204
Net cash provided by operating activities	<u>590,525</u>	<u>2,317,392</u>
Cash flows from investing activities:		
Proceeds from sale of investments	218,768	219,998
Purchase of property and equipment	<u>(1,328,793)</u>	<u>(3,271,992)</u>
Net cash used in investing activities	<u>(1,110,025)</u>	<u>(3,051,994)</u>
Cash flows from financing activities:		
Proceeds from notes payable	-	1,720,000
Payments on notes payable	(51,585)	(17,019)
Payments on capital lease obligations	<u>(39,349)</u>	<u>(36,481)</u>
Net cash (used in) provided by financing activities	<u>(90,934)</u>	<u>1,666,500</u>
Net (decrease) increase in cash and cash equivalents	(610,434)	931,898
Cash and cash equivalents at beginning of year	<u>4,198,798</u>	<u>3,266,900</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,588,364</u></u>	<u><u>\$ 4,198,798</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u><u>\$ 72,071</u></u>	<u><u>\$ 24,199</u></u>
Supplemental schedule of noncash investing and financing activities:		
Receipt of donated stock	<u><u>\$ 218,768</u></u>	<u><u>\$ 217,957</u></u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

**NOTE 1 – 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”).

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’s enrollment is restricted to students who would have been zoned to Brick Church Middle School 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 five through twelve. The Academy’s charter provides for a total enrollment of 800. Cameron began classes in August 2011 and currently enrolls students in grades five through eight. Brick Church began classes in August 2012 and currently enrolls students in grades five through seven. Southeast began classes in August 2013 and currently enrolls students in grades five and six. Neely’s Bend is currently in the planning phase and will begin classes with grade five beginning in August 2015.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. 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 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 School began classes in July 2007 with fifth and sixth grade classes. The Academy added a grade each year and had its first graduating class in 2014. 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 plans to add a grade each subsequent year through the eighth grade. Brick Church entered into a Charter School

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

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 plans to add a grade each subsequent 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 Nashville, Tennessee. Neely's Bend will begin classes in August 2015 with fifth grade and plans to add a grade each subsequent year through the eighth grade.

The Organization presents its consolidated financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB 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, 2015 and 2014.

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, 2015 and 2014.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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.

A number of unpaid volunteers have made significant contributions of their time to assist in fund-raising and special projects. However, these services do not meet the requirements above and have not been recorded.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Materials, Services and Assets (Continued)**

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 \$17,644 and \$18,236 for the years ended June 30, 2015 and 2014, 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 financial statements.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes (Continued)**

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 fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying consolidated financial statements. Tax years that remain open for examination include years ended June 30, 2012 through June 30, 2015.

**Subsequent Events**

The Organization evaluated subsequent events through December 3, 2015, when these consolidated financial statements were available to be issued. Except as discussed in Note 4 and Note 5, management is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying consolidated financial statements.

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	<b><u>2015</u></b>	<b><u>2014</u></b>
Land	\$ 542,960	\$ 542,960
Buildings and improvements	2,375,657	1,522,351
Computer equipment	578,879	521,778
Furniture and fixtures	148,196	119,285
Office equipment	78,703	78,703
Textbooks	37,038	37,038
Leasehold improvements	105,792	274,468
School buses	<u>426,284</u>	<u>463,584</u>
	4,293,509	3,560,167
Less accumulated depreciation	<u>(1,184,266)</u>	<u>(840,875)</u>
	<b><u>\$ 3,109,243</u></b>	<b><u>\$ 2,719,292</u></b>

Depreciation expense totaled \$440,910 and \$311,526 for the years ended June 30, 2015 and 2014, respectively.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**NOTE 2 – PROPERTY AND EQUIPMENT (Continued)**

Construction in progress totaling \$1,075,752 and \$781,828 at June 30, 2015 and 2014, respectively, consisted of architectural fees and improvements made to the Organization's Metroplex property purchased during fiscal 2014.

**NOTE 3 – CAPITAL LEASE OBLIGATIONS**

During August 2010, the Organization entered into a capital lease agreement for two 90-passenger school buses. Lease payments totaling \$4,413 are due monthly during each academic year. The amount capitalized and included in property and equipment as of June 30, 2015 and 2014 is \$173,762 with accumulated depreciation of \$173,762 and \$136,114, respectively. The lease expired in May 2015.

**NOTE 4 – OPERATING LEASES**

The facilities used to provide educational services of the Academy are provided under an operating lease arrangement with St. Vincent De Paul Catholic Church entered into in August 2009 that terminates July 31, 2015 with the option to extend the lease for one year. The lease requires an annual use fee of \$170,000 payable in equal monthly installments. Under the terms of the lease, the Academy paid rent expense of approximately \$170,000 for the years ended June 30, 2015 and 2014, respectively. Per the terms of the lease, future minimum lease payments required under the operating lease agreement are \$170,000 for the year ending June 30, 2016.

The Academy also entered into a lease arrangement with MNPS for certain educational facilities. The current lease terminates on June 30, 2018. The lease required monthly payments of \$20,585 beginning for the year ended June 30, 2014 subject to annual increases of 2%. Additionally, the lease provides for a 50% rate reduction for tenant improvement expenditures made to the facility. Under the terms of the lease, the Academy paid rent expense of \$124,151 and \$128,555 for the years ended June 30, 2015 and 2014, respectively. Effective July 10, 2015, this lease was terminated by the Organization in accordance with the lease terms.

During July 2012, LPS entered into a lease arrangement to accommodate its central office. The lease term was for one year terminating on June 30, 2013 and required monthly rental payments of \$733. In May 2013, the lease was extended through June 30, 2014 with monthly rental payments of \$2,817. Under terms of the lease, LPS paid rent expense of \$35,272 during the year ended June 30, 2014. During 2015, the central office was moved the Organization's Metroplex property.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**NOTE 4 – OPERATING LEASES (Continued)**

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 will require monthly rent payments of \$31,417 subject to annual increases of 2%. Under terms of the lease, Cameron paid rent expense of \$376,822 during the year ended June 30, 2015. Effective July 1, 2015, this lease was amended permitting the Academy to use a portion of Cameron's leased space. The amendment requires monthly rental payments of \$25,957 from Cameron and \$10,347 from the Academy for the year ended June 30, 2016 subject to annual increases of 2%. The amendment also gives the Organization the right to terminate the lease subject to 60 days written notice.

During June 2013, Southeast entered into a lease arrangement with MNPS for certain educational facilities. The lease expires June 30, 2014 and requires monthly payments of \$2,185. Under terms of the lease, Southeast paid rent expense of \$26,220 for the year ended June 30, 2014. During 2015, Southeast was moved to the Organization's Metroplex property.

As of June 30, 2015, future minimum operating lease payments required are as follows:

Years Ending June 30,	
2016	\$ 605,644
2017	458,523
2018	453,244
2019	462,309
2020	471,555
Thereafter	<u>480,986</u>
	<u>\$ 2,932,261</u>

**NOTE 5 – NOTES PAYABLE**

In April 2012, the Organization entered into a loan agreement with CSGF Tennessee, LLC. Under terms of the loan, the Organization received \$500,000 to be used for general support and management of the Organization. The note bears interest at 3.25%. The entire principal amount plus any accrued and unpaid interest is due on June 30, 2017; however, under terms of the loan, the note may be forgiven provided the Organization meets certain milestones.

During November 2013, the Organization entered into another 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.



**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**NOTE 5 – NOTES PAYABLE (Continued)**

Subsequent to June 30, 2015, the Organization entered into another 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. Accordingly, future principal payments on the notes below have been updated to reflect this subsequent event.

In February 2014, the Organization entered into a note payable with a financial institution for the purchase of certain real estate. The agreement is secured by a deed of trust and a negative pledge of the Organization's assets. Additionally, the agreement contains restrictive covenants. At June 30, 2015, the Organization was in compliance with these covenants. The note requires monthly principal and interest payments of \$10,305 and bears interest at 4.5%. The remaining principal and any accrued and unpaid interest is due on February 28, 2019. Amounts outstanding under this note totaled \$1,551,396 and \$1,602,981 at June 30, 2015 and 2014, respectively.

Subsequent to June 30, 2015, this note payable was restructured to a term loan with total borrowings of \$3,900,000 requiring monthly payments of \$23,753 including interest calculated at 4.00%. Total outstanding amounts plus accrued and unpaid interest are due on September 1, 2020. Accordingly, future principal payments on the notes below have been updated to reflect this subsequent event.

Future principal payments on the notes are as follows at June 30, 2015:

Years Ending <u>June 30,</u>	
2016	\$ 109,468
2017	633,227
2018	138,732
2019	244,464
2020	150,064
Thereafter	<u>3,337,170</u>
	<u>\$ 4,613,125</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 February 2016. There were no outstanding amounts under this line of credit as of June 30, 2015.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**NOTE 7 – FEDERAL GRANTS**

The Organization receives federal passthrough 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, 2015 and 2014 totaled \$1,609,499 and \$1,906,949, respectively.

**NOTE 8 – CONCENTRATIONS**

For the years ended June 30, 2015 and 2014, the Organization received \$15,048,361 (78%) and \$11,479,658 (73%), 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 attendance.

**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](http://www.treasury.tn.gov/tcrs).

*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 5 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 percent 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 (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**NOTE 9 – RETIREMENT PLANS (Continued)**

**Tennessee Legacy Pension Plan of TCRS (Continued)**

change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

*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 percent of salary. The Local Education Agencies (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. The 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, 2015 to the Teacher Legacy Pension Plan equaled 9.04 percent 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**

*Plan description.* Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of State Department of Education 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 is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. 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](http://www.treasury.tn.gov/tcrs).

*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 at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**NOTE 9 – RETIREMENT PLANS (Continued)**

**Teacher Retirement Plan (Continued)**

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 percent 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 (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> 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 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, 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 percent of salary. The Local Education Agencies (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 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The 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 for the year ended June 30, 2015 to the Teacher Retirement Plan were 4 percent 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 percent of covered payroll.

Employer contributions for both the Tennessee Legacy Teachers Plan of TCRS and the Teacher Retirement Plan totaled \$568,556 for the year ended June 30, 2015.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**NOTE 9 – RETIREMENT PLANS (Continued)**

**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 to this plan totaled \$110,649 and \$122,362 for the years ended June 30, 2015 and 2014, respectively.

## **SUPPLEMENTAL INFORMATION**

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2015**

	<b>LEAD Public Schools, Inc.</b>	<b>LEAD Academy, Nonprofit, LLC</b>	<b>Cameron College Prep, Nonprofit, LLC</b>	<b>Southeast College Prep, Nonprofit, LLC</b>	<b>Brick Church College Prep, Nonprofit, LLC</b>	<b>Neely's Bend College Prep, Nonprofit, LLC</b>	<b>LEAD Real Estate Holdings, Nonprofit, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>									
Current assets:									
Cash and cash equivalents	\$ 3,581,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,350	\$ -	\$ 3,588,364
Accounts receivable	1,549,273	-	-	-	-	-	-	-	1,549,273
Prepaid expenses and other	119,149	-	-	-	-	-	-	-	119,149
Total current assets	5,249,436	-	-	-	-	-	7,350	-	5,256,786
Investment in Academy	(1,051,461)	-	-	-	-	-	-	1,051,461	-
Investment in Cameron	2,465,806	-	-	-	-	-	-	(2,465,806)	-
Investment in Southeast	166,266	-	-	-	-	-	-	(166,266)	-
Investment in Brick Church	533,629	-	-	-	-	-	-	(533,629)	-
Investment in Neely's Bend	(36,340)	-	-	-	-	-	-	36,340	-
Investment in Real Estate	(210,738)	-	-	-	-	-	-	210,738	-
Property and equipment, net	347,421	-	-	-	-	-	2,761,822	-	3,109,243
Construction in progress	-	-	-	-	-	-	1,075,752	-	1,075,752
Total assets	<u>\$ 7,464,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,844,924</u>	<u>\$ (1,867,162)</u>	<u>\$ 9,441,781</u>
<b>Liabilities and Net Assets</b>									
Current liabilities:									
Accounts payable	\$ 419,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 419,886
Intercompany payable (receivable)	(404,262)	1,051,461	(2,465,806)	(166,266)	(533,629)	36,340	2,482,162	-	-
Accrued expenses	1,504,457	-	-	-	-	-	14,754	-	1,519,211
Other liabilities	-	-	-	-	-	-	7,350	-	7,350
Note payable, current portion	-	-	-	-	-	-	109,468	-	109,468
Total current liabilities	1,520,081	1,051,461	(2,465,806)	(166,266)	(533,629)	36,340	2,613,734	-	2,055,915
Note payable	600,000	-	-	-	-	-	1,441,928	-	2,041,928
Total liabilities	<u>2,120,081</u>	<u>1,051,461</u>	<u>(2,465,806)</u>	<u>(166,266)</u>	<u>(533,629)</u>	<u>36,340</u>	<u>4,055,662</u>	<u>-</u>	<u>4,097,843</u>
Net assets (deficit):									
Unrestricted	5,343,938	(1,051,461)	2,465,806	166,266	533,629	(36,340)	(210,738)	(1,867,162)	5,343,938
Temporarily restricted	-	-	-	-	-	-	-	-	-
Total net assets	<u>5,343,938</u>	<u>(1,051,461)</u>	<u>2,465,806</u>	<u>166,266</u>	<u>533,629</u>	<u>(36,340)</u>	<u>(210,738)</u>	<u>(1,867,162)</u>	<u>5,343,938</u>
Total liabilities and net assets	<u>\$ 7,464,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,844,924</u>	<u>\$ (1,867,162)</u>	<u>\$ 9,441,781</u>

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2014**

	<b>LEAD Public Schools, Inc.</b>	<b>LEAD Academy, Nonprofit, LLC</b>	<b>Cameron College Prep, Nonprofit, LLC</b>	<b>Southeast College Prep, Nonprofit, LLC</b>	<b>Brick Church College Prep, Nonprofit, LLC</b>	<b>LEAD Real Estate Holdings, Nonprofit, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>								
Current assets:								
Cash and cash equivalents	\$ 4,191,448	\$ -	\$ -	\$ -	\$ -	\$ 7,350	\$ -	\$ 4,198,798
Accounts receivable	508,278	-	-	-	-	-	-	508,278
Prepaid expenses and other	98,165	-	-	-	-	-	-	98,165
Total current assets	4,797,891	-	-	-	-	7,350	-	4,805,241
Investment in Academy	(497,315)	-	-	-	-	-	497,315	-
Investment in Cameron	2,118,273	-	-	-	-	-	(2,118,273)	-
Investment in Southeast	215,664	-	-	-	-	-	(215,664)	-
Investment in Brick Church	175,646	-	-	-	-	-	(175,646)	-
Investment in Real Estate	(51,816)	-	-	-	-	-	51,816	-
Property and equipment, net	681,403	-	-	-	-	2,037,889	-	2,719,292
Construction in progress	-	-	-	-	-	781,828	-	781,828
Total assets	<u>\$ 7,439,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,827,067</u>	<u>\$ (1,960,452)</u>	<u>\$ 8,306,361</u>
<b>Liabilities and Net Assets</b>								
Current liabilities:								
Accounts payable	\$ 672,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 672,853
Intercompany payable (receivable)	765,357	497,315	(2,118,273)	(215,664)	(175,646)	1,246,911	-	-
Accrued expenses	626,661	-	-	-	-	21,641	-	648,302
Other liabilities	1,854	-	-	-	-	7,350	-	9,204
Note payable, current portion	-	-	-	-	-	51,584	-	51,584
Capital lease obligations, current portion	39,349	-	-	-	-	-	-	39,349
Total current liabilities	2,106,074	497,315	(2,118,273)	(215,664)	(175,646)	1,327,486	-	1,421,292
Note payable	600,000	-	-	-	-	1,551,397	-	2,151,397
Total liabilities	<u>2,706,074</u>	<u>497,315</u>	<u>(2,118,273)</u>	<u>(215,664)</u>	<u>(175,646)</u>	<u>2,878,883</u>	<u>-</u>	<u>3,572,689</u>
Net assets (deficit):								
Unrestricted	4,733,672	(497,315)	2,118,273	215,664	175,646	(51,816)	(1,960,452)	4,733,672
Temporarily restricted	-	-	-	-	-	-	-	-
Total net assets	<u>4,733,672</u>	<u>(497,315)</u>	<u>2,118,273</u>	<u>215,664</u>	<u>175,646</u>	<u>(51,816)</u>	<u>(1,960,452)</u>	<u>4,733,672</u>
Total liabilities and net assets	<u>\$ 7,439,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,827,067</u>	<u>\$ (1,960,452)</u>	<u>\$ 8,306,361</u>



**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

	<b>LEAD Public Schools, Inc.</b>	<b>LEAD Academy, Nonprofit, LLC</b>	<b>Cameron College Prep, Nonprofit, LLC</b>	<b>Southeast College Prep, Nonprofit, LLC</b>	<b>Brick Church College Prep, Nonprofit, LLC</b>	<b>Neely's Bend College Prep, Nonprofit, LLC</b>	<b>LEAD Real Estate Holdings, Nonprofit, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
Public support and revenue:									
District funding	\$ -	\$ 5,168,669	\$ 5,453,711	\$ 2,185,932	\$ 2,561,450	\$ -	\$ -	\$ -	\$ 15,369,762
Contributions and other	2,207,977	23,777	29,899	13,839	4,052	-	-	-	2,279,544
Federal grants	382,328	228,809	292,560	101,699	477,497	126,606	-	-	1,609,499
Other grants	12,959	28,083	28,989	9,965	24,156	-	-	-	104,152
Total public support and revenue	2,603,264	5,449,338	5,805,159	2,311,435	3,067,155	126,606	-	-	19,362,957
Expenses:									
Student instruction and services	1,880,283	5,532,570	4,910,389	2,140,854	2,459,571	136,195	124,230	(754,319)	16,429,773
Administration	1,751,372	470,914	547,237	219,979	249,601	26,751	120,660	(1,326,999)	2,059,515
Fundraising	145,363	-	-	-	-	-	-	-	145,363
Total expenses	3,777,018	6,003,484	5,457,626	2,360,833	2,709,172	162,946	244,890	(2,081,318)	18,634,651
Other income (expenses):									
Rental income	-	-	-	-	-	-	85,968	-	85,968
Loss on disposal of property and equipment	(204,008)	-	-	-	-	-	-	-	(204,008)
Management fees	2,081,318	-	-	-	-	-	-	(2,081,318)	-
Loss in Academy	(554,146)	-	-	-	-	-	-	554,146	-
Earnings in Cameron	347,533	-	-	-	-	-	-	(347,533)	-
Loss in Southeast	(49,398)	-	-	-	-	-	-	49,398	-
Earnings in Brick Church	357,983	-	-	-	-	-	-	(357,983)	-
Loss in Neely's Bend	(36,340)	-	-	-	-	-	-	36,340	-
Loss in Real Estate	(158,922)	-	-	-	-	-	-	158,922	-
Total other income (expenses)	1,784,020	-	-	-	-	-	85,968	(1,988,028)	(118,040)
Change in net assets	610,266	(554,146)	347,533	(49,398)	357,983	(36,340)	(158,922)	93,290	610,266
Net assets at beginning of year	4,733,672	(497,315)	2,118,273	215,664	175,646	-	(51,816)	(1,960,452)	4,733,672
Net assets at end of year	<u>\$ 5,343,938</u>	<u>\$ (1,051,461)</u>	<u>\$ 2,465,806</u>	<u>\$ 166,266</u>	<u>\$ 533,629</u>	<u>\$ (36,340)</u>	<u>\$ (210,738)</u>	<u>\$ (1,867,162)</u>	<u>\$ 5,343,938</u>

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2014

	<b>LEAD Public Schools, Inc.</b>	<b>LEAD Academy, Nonprofit, LLC</b>	<b>Cameron College Prep, Nonprofit, LLC</b>	<b>Southeast College Prep, Nonprofit, LLC</b>	<b>Brick Church College Prep, Nonprofit, LLC</b>	<b>LEAD Real Estate Holdings, Nonprofit, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
Public support and revenue:								
District funding	\$ -	\$ 5,379,114	\$ 4,295,675	\$ 507,965	\$ 1,611,971	\$ -	\$ -	\$11,794,725
Federal grants	412,959	316,886	235,874	307,209	634,021	-	-	1,906,949
Contributions and other	1,541,456	12,365	23,320	1,342	1,728	-	-	1,580,211
Other grants	35,775	152,659	79,739	16,022	39,373	-	-	323,568
Total public support and revenue	1,990,190	5,861,024	4,634,608	832,538	2,287,093	-	-	15,605,453
Expenses:								
Student instruction and services	1,600,152	5,699,206	3,157,776	852,051	2,162,364	14,050	(560,904)	12,924,695
Administration	1,312,724	462,544	385,712	58,916	153,652	68,320	(1,027,076)	1,414,792
Fundraising	140,602	-	-	-	-	-	-	140,602
Total expenses	3,053,478	6,161,750	3,543,488	910,967	2,316,016	82,370	(1,587,980)	14,480,089
Other income (expenses):								
Rental income	-	-	-	-	-	30,554	-	30,554
Management fees	1,587,980	-	-	-	-	-	(1,587,980)	-
Loss in Academy	(300,726)	-	-	-	-	-	300,726	-
Earnings in Cameron	1,091,120	-	-	-	-	-	(1,091,120)	-
Loss in Southeast	(78,429)	-	-	-	-	-	78,429	-
Loss in Brick Church	(28,923)	-	-	-	-	-	28,923	-
Loss in Real Estate	(51,816)	-	-	-	-	-	51,816	-
Total other income (expenses)	2,219,206	-	-	-	-	30,554	(2,219,206)	30,554
Change in net assets	1,155,918	(300,726)	1,091,120	(78,429)	(28,923)	(51,816)	(631,226)	1,155,918
Net assets at beginning of year	3,577,754	(196,589)	1,027,153	294,093	204,569	-	(1,329,226)	3,577,754
Net assets at end of year	\$ 4,733,672	\$ (497,315)	\$ 2,118,273	\$ 215,664	\$ 175,646	\$ (51,816)	\$ (1,960,452)	\$ 4,733,672

**LEAD PUBLIC SCHOOLS  
(A CHARTER MANAGEMENT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**June 30, 2015**

**For the Following Charter Schools:**

**LEAD Academy, Nonprofit, LLC  
Cameron College Prep, Nonprofit, LLC  
Brick Church College Prep, Nonprofit, LLC  
LEAD Prep Southeast, Nonprofit, LLC  
Neely's Bend College Prep, Nonprofit, LLC**

# LEAD PUBLIC SCHOOLS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
LEAD Public Schools  
Nashville, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of charter schools comprised of LEAD Academy, Nonprofit, LLC; Cameron College Prep, Nonprofit, LLC; Brick Church College Prep, Nonprofit, LLC; LEAD Prep Southeast, Nonprofit, LLC; and Neely's Bend College Prep, Nonprofit, LLC, collectively LEAD Public Schools, Inc. ("LEAD Public Schools") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the LEAD Public Schools' basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of LEAD Public Schools as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 11 to the financial statements, in fiscal year 2015, LEAD Public Schools adopted Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 9 and the schedule of proportionate share of the net pension asset, the schedule of contributions – Teacher Legacy Pension Plan of TCRS, and the schedule of contribution – Teacher Retirement Plan of TCRS on pages 34 – 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LEAD Public Schools' basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by the State of Tennessee Comptroller of the Treasury, *Audit Manual for Local Governmental Units and Recipients of Grant Funds* and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015, on our consideration of LEAD Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LEAD Public Schools' internal control over financial reporting and compliance.

*Frasier, Ben & Hart, PLLC*

December 21, 2015

**LEAD PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2015**

Our discussion and analysis of LEAD Public Schools, Inc. charter schools comprising LEAD Academy, Nonprofit, LLC, Cameron College Prep, Nonprofit, LLC, Brick Church College Prep, Nonprofit, LLC, LEAD Prep Southeast, Nonprofit, LLC, and Neely's Bend College Prep, Nonprofit, LLC (herein referred to as the "Organization") annual financial performance provides an overview of the Organization's financial activities for the year ended June 30, 2015. This section should be read in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Organization exceeded its liabilities and deferred inflows of resources by \$684,794.
- Net position decreased \$18,357 during the year
- Outlays for new capital assets totaled \$983,339
- Total revenues of \$16,759,695 were comprised of Federal Pass-through Funds – 7%, District Funds – 92%, and Other – 1% in 2015

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of a series of financial statements, notes to those statements, and supplementary information. The statements are organized so that the reader can understand the Organization as a whole and then proceed to a detailed look at specific financial activities of the Organization.

**Reporting the Organization as a Whole**

The statement of net position and statement of activities:

In general, users of these financial statements want to know if the Organization is better off or worse off as a result of the year's activities. The statement of net position and statement of activities report information about the Organization as a whole and about the Organization's activities in a manner that helps to answer that question. These statements include all assets and liabilities using the accrual basis of accounting. Under the accrual basis, all of the current year's revenue and expenses are taken into consideration regardless of when cash is received or paid. The statements start on page ten.



**LEAD PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**Year Ended June 30, 2015**

The statement of net position reports the Organization's net position (total assets less total liabilities). Private sector entities would report retained earnings. The Organization's net position balance at year end represents available resources for future growth. The statement of activities reports the change in net position as a result of activity during the year. Private sector entities have a similar report titled statement of operations, which reports net income. The statement of activities provides the user a tool to assist in determining the direction of the Organization's financial health during the year. Users will want to consider non-financial factors as well as the financial data in arriving at a conclusion regarding the overall health of the Organization.

**Reporting the Organization's Funds**

**Fund Financial Statements:**

The Organization's fund financial statements, the balance sheet and the statement of revenues, expenditures and changes in fund balances, begin on page 12. They provide detailed information about the Organization's most significant funds, not the Organization as a whole. Funds are established by the Organization to help manage money for particular purposes and compliance with various grant provisions.

The Organization's funds are categorized as "governmental funds." Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending in future periods. Fund financial statements are reported using an accounting method called "modified accrual" accounting, which measures cash and other financial assets that can readily be converted to cash. This basis of accounting is different from the accrual basis used in the government-wide financial statements to report on the Organization as a whole. The relationship between governmental activities, as reported in the statement of net position and the statement of activities, and governmental funds, as reported in the balance sheet and the statement of revenues, expenditures and changes in fund balances is reconciled in the basic financial statements on pages 13 and 15.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Excluding the charter management organization and a related real estate entity, the Organization's assets exceeded the Organization's liabilities at the close of the fiscal year, resulting in net position of \$684,794.

As of June 30, 2015, the Organization had invested \$2,004,212 in capital assets. This investment includes instructional and support furniture, instructional computers for teachers, mobile student computer labs, maintenance equipment, books for instructional purposes, and leasehold improvements. The Organization expects additional capital asset investments in the 2015-2016 school year as student enrollment increases at each location with additional grades. With the additional students there will be continued requirements for furniture, computers and equipment.

**LEAD PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**Year Ended June 30, 2015**

The charter management organization currently leases two facilities for the operations of LEAD Academy, one for the middle school and one for the high school. The middle school facility is the former Brookmeade Elementary School and is in the first year of a 5-year lease with Metro Nashville Public Schools, and has enough square footage to support grades 5-8. The high school facility is leased from St. Vincent De Paul Catholic Church, and currently accommodates the 9<sup>th</sup> through 12<sup>th</sup> grades. The current lease term ends July 31, 2015; the School may exercise its option to extend the lease through July 31, 2016.

The Organization currently leases the Cameron Middle School facility for the operations of Cameron College Prep. The lease is in the first year of a 7-year lease with Metro Nashville Public Schools.

The Organization is also transforming Brick Church Middle School into Brick Church College Prep one grade at a time. During the conversion process the two schools share the Brick Church facility. The facility is owned and operated by MNPS and Brick Church College Prep's use of the space is a documented element in the charter contract between the Organization and the Achievement School District. After the transformation of all grades is complete the Organization and district intend to enter into a long-term lease agreement.

LEAD Prep Southeast is operating out of a building purchased by a related entity owned by the school's parent company.

The Organization will begin its transformation of Neely's Bend Middle School into Neely's Bend College Prep in the 2015-16 school year. During the conversion process the two schools share the Neely's Bend facility. The facility is owned and operated by MNPS and Neely's Bend College Prep's use of the space is a documented element in the charter contract between the Organization and the Achievement School District. After the transformation of all grades is complete the Organization and district intend to enter into a long-term lease agreement.

Additional information on capital assets is located in the notes to the financial statements.

Exclusive of LEAD Public Schools, Inc. and LEAD Real Estate Holdings, LLC – the management organization and a related real estate entity that owns the campus that houses both the home office and the school LEAD Prep Southeast, respectively – there is no other debt held by the Organization at the end of the fiscal year.

A summary of the Organization's net position is as follows as of June 30:

	<u>2015</u>	<u>2014</u>
		(As Restated)
Current assets	\$ 266,890	\$ 1,223,944
Capital assets, net	1,014,698	542,754
Net pension asset	<u>16,916</u>	<u>670,066</u>
Total assets	<u>1,298,504</u>	<u>2,436,764</u>

**LEAD PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**Year Ended June 30, 2015**

Deferred outflows of resources	<u>780,031</u>	<u>47,912</u>
Current liabilities	<u>-</u>	<u>39,349</u>
Deferred inflows of resources	<u>1,393,741</u>	<u>1,742,176</u>
Net position:		
Net investment in capital assets	1,014,698	542,754
Restricted	<u>(329,904)</u>	<u>160,397</u>
Total net position	<u>\$ 684,794</u>	<u>\$ 703,151</u>

On a consolidated basis, inclusive of all entities, total equity is approximately \$5.3 million at June 30, 2015. The current organizational structure has allowed the Organization to operate its schools in a very efficient and effective manner.

**Changes in Net Position**

The Organization's total net position decreased \$18,357 during the 2015 fiscal year. The decrease in the Organization's net position indicates that the Organization had more outgoing expenses than incoming revenues during the year. The Organization budgeted a decrease of \$494,637 in 2015. Total revenues generated from government grants, governmental funds, foundation grants and other sources were \$16,561,028 during the 2015 fiscal year.

A schedule of the Organization's revenue and expenses is as follows for the year ended June 30:

	<u>2015</u>	<u>2014</u>
Revenues:		
District funding	\$ 15,369,762	\$ 11,794,725
Federal subrecipient grants	1,227,171	1,493,990
Other grants	91,194	287,793
Other	<u>(127,099)</u>	<u>38,755</u>
	<u>16,561,028</u>	<u>13,615,263</u>
Expenses:		
Salaries, wages and benefits	10,367,106	8,774,556
Occupancy cost	1,476,521	776,325
Network service fee	1,364,488	1,021,651
Instructional	1,128,905	1,133,585
Transportation	1,070,319	718,911
Depreciation	312,728	261,845
Professional and service fees	284,006	66,700

**LEAD PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
Year Ended June 30, 2015**

Expenses (continued):		
Office expense	205,803	157,682
Other expenses	171,578	78,932
Staff development	132,982	212,804
Outreach	<u>64,949</u>	<u>26,854</u>
	<u>16,579,385</u>	<u>13,229,845</u>
Change in net position	\$ <u>(18,357)</u>	\$ <u>385,418</u>

**FINANCIAL ANALYSIS OF THE ORGANIZATION'S FUNDS**

The Organization's funds, as presented on the balance sheet on page 12 reported a combined fund balance of \$266,890. The Organization's funds are reported as special revenue funds representing operations of the specific schools operated by the Organization. The Organization has no other major funds but does have access to funds raised at the consolidated entity. Nonmajor funds comprise less than 10% of the Organization's total funds. Due to the different basis of accounting, there is a difference between the amounts reported under the Organization's funds and the amounts reported as organization wide. For the June 30, 2015 year end, the difference consists of capital assets and deferred outflows and inflows of resources related to pensions which are not reported in the Organization's funds.

**ORGANIZATION ACTIVITIES**

LEAD Public Schools exists to educate, train, and support the next generation of leaders. LEAD students delivered impressive academic results in the 2014-15 school year. For the second year, 100% of LEAD Academy's senior class graduated from high schools and were accepted to a four-year college or university. Three schools were named Reward Schools for growth in 2015: LEAD Academy Middle and High Schools and LEAD Southeast. A fourth, Cameron, was named a Reward School in 2014. Students at four of our five campuses showed exceptional growth by earning a Level 5 TVAAS ranking on state assessments in 2015.

**STUDENT ENROLLMENT FACTORS AND NEXT YEAR'S BUDGET**

Enrollment: The 2015 – 2016 school year enrollment is projected to be 1,990 and will include grades 5-12 at its various locations. Revenues: State and Federal revenues are budgeted at approximately \$20.1 million. Total expenses are budgeted at \$22.4 million, producing a budgeted operating deficit of \$2.3 million before depreciation. Annual operating deficits are expected to continue at new schools until full enrollment is reached and are covered by fundraising provided by LEAD Public Schools, Inc. For fiscal year 2016, LEAD Public Schools, Inc. expects to raise at least \$2.3 million in non-government funds to reach a break-even budget.

**LEAD PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
Year Ended June 30, 2015**

**CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our students' parents, Davidson County taxpayers, donors, creditors, authorities over grant funding, and agencies tasked with oversight of Nashville and Davidson County public schools with a general overview of the Organization's finances and to demonstrate the Organization's accountability of the money it receives. If you have questions about this report or need additional financial information, contact the Organization's Chief Executive Officer, Chris Reynolds, at 531 Metroplex Drive, Suite A-200, Nashville, TN 37211, by telephone at (615) 327-5424 or by email: [creynolds@leadpublicschools.org](mailto:creynolds@leadpublicschools.org).

**LEAD PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	<b>Governmental Activities</b>
Assets:	
Accounts receivable, LEAD Public Schools, Inc.	\$ 266,890
Capital assets, net	1,014,698
Net pension asset	<u>16,916</u>
Total assets	<u>1,298,504</u>
Deferred outflows of resources:	
Deferred outflows related to pension	<u>780,031</u>
Total deferred outflows of resources	<u>780,031</u>
Deferred inflows of resources:	
Deferred inflows related to pension	<u>1,393,741</u>
Total deferred inflows of resources	<u>1,393,741</u>
Net position:	
Net investment in capital assets	1,014,698
Restricted	<u>(329,904)</u>
Total net position	<u><u>\$ 684,794</u></u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

		<b>Functions</b>		
		<b>Student Instruction and Services</b>	<b>Administration</b>	<b>Fundraising</b>
	<b>Total</b>			
Expenses:				
Salaries, wages and benefits	\$ 10,367,106	\$ 10,367,106	\$ -	\$ -
Instructional	1,128,905	1,128,905	-	-
Network service fee	1,364,488	37,489	1,326,999	-
Occupancy cost	1,476,521	1,476,521	-	-
Transportation	1,070,319	1,070,319	-	-
Depreciation	312,728	284,977	27,751	-
Staff development	132,982	132,982	-	-
Office expense	205,803	205,803	-	-
Other expenses	171,578	171,578	-	-
Professional and service fees	284,006	106,267	177,739	-
Outreach	64,949	55,207	9,742	-
Total expenses	16,579,385	15,037,154	1,542,231	-
Program revenues:				
Program specific operating grants and contributions	1,548,572	1,548,572	-	-
Net program expenses	15,030,813	\$ 13,488,582	\$ 1,542,231	\$ -
General revenues:				
District funding	15,048,361			
Other grants	91,194			
Other income	71,568			
Loss on disposal of capital assets	(198,667)			
Total general revenues	15,012,456			
Change in net position	(18,357)			
Net position - beginning of year	1,727,348			
Prior period restatement (See Note 11)	(1,024,197)			
Net position - end of year	\$ 684,794			

See accompanying notes.

**LEAD PUBLIC SCHOOLS  
BALANCE SHEET  
June 30, 2015**

	<b><u>LEAD Academy</u></b>	<b><u>Cameron College Prep</u></b>	<b><u>LEAD Prep Southeast</u></b>	<b><u>Brick Church College Prep</u></b>	<b><u>Neely's Bend College Prep</u></b>	<b><u>Total Governmental Funds</u></b>
<b>Assets</b>						
Accounts receivable, LEAD Public Schools, Inc.	<u>\$ -</u>	<u>\$ 2,476,933</u>	<u>\$ -</u>	<u>\$ 471,757</u>	<u>\$ -</u>	<u>\$ 2,948,690</u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ 2,476,933</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 471,757</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,948,690</u></u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable, LEAD Public Schools, Inc.	<u>\$ 1,808,231</u>	<u>\$ -</u>	<u>\$ 804,684</u>	<u>\$ -</u>	<u>\$ 68,885</u>	<u>\$ 2,681,800</u>
Total liabilities	<u>1,808,231</u>	<u>-</u>	<u>804,684</u>	<u>-</u>	<u>68,885</u>	<u>2,681,800</u>
Fund balances:						
Unassigned	(1,808,231)	-	(804,684)	-	(68,885)	(2,681,800)
Restricted	<u>-</u>	<u>2,476,933</u>	<u>-</u>	<u>471,757</u>	<u>-</u>	<u>2,948,690</u>
Total fund balances	<u>(1,808,231)</u>	<u>2,476,933</u>	<u>(804,684)</u>	<u>471,757</u>	<u>(68,885)</u>	<u>266,890</u>
Total liabilities and fund balances	<u><u>\$ -</u></u>	<u><u>\$ 2,476,933</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 471,757</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,948,690</u></u>

See accompanying notes.



**LEAD PUBLIC SCHOOLS**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**June 30, 2015**

<b>Total Governmental Fund Balances</b>	\$ 266,890
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*Amounts reported for governmental activities in the statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund balance sheet.	1,014,698
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Net pension assets are not current financial resources and are therefore not reported in the governmental fund balance sheet.	16,916
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Amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:

Deferred outflows of resources related to pensions	780,031
Deferred inflows of resources related to pensions	<u>(1,393,741)</u>

<b>Net Position of Governmental Activities</b>	<u><u>\$ 684,794</u></u>
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See accompanying notes.

**LEAD PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

	<b>LEAD Academy</b>	<b>Cameron College Prep</b>	<b>LEAD Prep Southeast</b>	<b>Brick Church College Prep</b>	<b>Neely's Bend College Prep</b>	<b>Total Governmental Funds</b>
Program revenues:						
Federal subrecipient grants	\$ 228,809	\$ 292,560	\$ 101,699	\$ 477,497	\$ 126,606	\$ 1,227,171
District funding	131,547	105,237	27,217	57,400	-	321,401
General revenues:						
District funding	5,037,122	5,348,474	2,158,715	2,504,050	-	15,048,361
Other grants	28,083	28,989	9,965	24,157	-	91,194
Other income	23,777	29,900	13,839	4,052	-	71,568
Total revenues	<u>5,449,338</u>	<u>5,805,160</u>	<u>2,311,435</u>	<u>3,067,156</u>	<u>126,606</u>	<u>16,759,695</u>
Expenditures:						
Current:						
Student instruction						
and services	5,532,570	4,910,389	2,140,854	2,459,571	136,195	15,179,579
Administration	470,913	547,237	219,979	249,601	26,751	1,514,481
Fundraising	-	-	-	-	-	-
Capital outlays	103,223	18,217	827,654	1,700	32,545	983,339
Total expenditures	<u>6,106,706</u>	<u>5,475,843</u>	<u>3,188,487</u>	<u>2,710,872</u>	<u>195,491</u>	<u>17,677,399</u>
Change in fund balances	(657,368)	329,317	(877,052)	356,284	(68,885)	(917,704)
Fund balances - beginning of year	<u>(1,150,863)</u>	<u>2,147,616</u>	<u>72,368</u>	<u>115,473</u>	<u>-</u>	<u>1,184,594</u>
Fund balances - end of year	<u>\$ (1,808,231)</u>	<u>\$ 2,476,933</u>	<u>\$ (804,684)</u>	<u>\$ 471,757</u>	<u>\$ (68,885)</u>	<u>\$ 266,890</u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

**Net Change in Fund Balances - Total**

Governmental Funds	\$ (917,704)
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*Amounts reported for governmental activities in the statement of activities are different because:*

Capital outlays, reported as expenditures in governmental funds are shown as capital assets in the statement of net position	983,339
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Depreciation expense on governmental capital assets is included only in the governmental activities in the statement of activities	(312,728)
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Loss on disposal of capital assets is included only in the governmental activities in the statement of activities	(198,667)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in net pension liability/asset	1,041,113
Change in deferred outflows related to pensions	780,031
Change in deferred inflows related to pensions	<u>(1,393,741)</u>

<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (18,357)</u></b>
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See accompanying notes.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 – REPORTING ENTITY**

These financial statements present the charter schools managed by LEAD Public Schools, Inc., a Charter Management Organization. For Tennessee reporting purposes, a Charter School Management Organization (“CMO”) is defined as a nonprofit entity that operates multiple charter schools at least one of which is in Tennessee. The charter schools included in the accompanying financial statements are LEAD Academy, Nonprofit, LLC (“LEAD Academy”), Cameron College Prep, Nonprofit, LLC (“Cameron College Prep”), Brick Church College Prep, Nonprofit, LLC (“Brick Church College Prep”), LEAD Prep Southeast, Nonprofit, LLC (“LEAD Prep Southeast”), and Neely’s Bend College Prep, Nonprofit, LLC (“Neely’s Bend”).

A substantial amount of assets utilized in operating the schools are owned by the CMO and are therefore not included in the accompanying financial statements. Additionally, all receipts and disbursements related to the schools are recorded in the CMO cash accounts and allocated to the respective schools through a receivable/payable account between the CMO and the respective school. Substantially different operating results could be incurred if each charter school operated as a stand-alone entity.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and procedures followed by LEAD Public Schools (the “Organization”) are as follows:

**Organization**

The Organization consists of charter schools within Davidson County, Tennessee and currently operates four schools: LEAD Academy, Cameron College Prep, Brick Church College Prep, and LEAD Prep Southeast. Pursuant to Section 6(1)(a) of the Tennessee Public Charter School Act of 2002 (the “Act”), each school has been approved as a public charter school. 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.

LEAD Public Schools, Inc. entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on July 23, 2006, to operate LEAD Academy as a charter school in Nashville, Tennessee. The school began classes in July 2007 with fifth and sixth grade, added a seventh grade in the 2008-2009 fiscal year, an eighth grade the 2009-2010 fiscal year, a ninth grade in the 2010-2011 fiscal year, a tenth grade in the 2011-2012 fiscal year, an eleventh grade in the 2012-2013 fiscal year, and a twelfth grade in the 2013-2014 fiscal year. Per LEAD Academy’s charter agreement, enrollment in the school is open to any student within the Metropolitan Nashville Public Schools (“MNPS”) System who resides in Davidson County.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Organization (Continued)**

LEAD Public Schools, Inc. entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on October 1, 2010, to operate Cameron College Prep as a charter school in Nashville, Tennessee. The school began classes in July 2011 with fifth grade classes, and per terms of the charter agreement, will transform Cameron Middle School into Cameron College Prep by adding a grade each year. The school currently enrolls students in grades five through eight. Per Cameron College Prep's charter agreement, enrollment in the school is open to any student within the MNPS System who resides in Davidson County. Additionally, MNPS provides occupancy and transportation during the conversion period.

LEAD Public Schools, Inc. entered into a Charter School Agreement with the Achievement School District on June 1, 2012, to operate Brick Church College Prep as a charter school in Nashville, Tennessee. The school began classes in July 2012 with fifth grade classes, and per terms of the charter agreement, will transform Brick Church Middle School into Brick Church College Prep by adding a grade each year. The school currently enrolls students in grades five through seven. Per Brick Church College Prep's charter agreement, enrollment in the school is currently restricted to students zoned to Brick Church Middle School. Additionally, MNPS provides occupancy and transportation during the conversion period.

LEAD Public Schools, Inc. entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on October 25, 2011, to operate LEAD Prep Southeast as a charter school in Nashville, Tennessee. The school began classes in August 2013 with fifth grade classes, and per terms of the charter agreement, will add a grade each year. The school currently enrolls students in grades five through six. Per LEAD Prep Southeast's charter agreement, enrollment in the school is open to any student within the MNPS System who resides in Davidson County.

LEAD Public Schools, Inc. entered into a Charter School Agreement with the Achievement School District on May 21, 2015, to operate Neely's Bend College Prep as a charter school in Nashville, Tennessee. The school will begin classes in August 2015 with the fifth grade, and per term of the charter agreement, will add a grade each year through eighth grade. Per Neely's Bend College Prep's charter agreement, enrollment in the school is currently restricted to students zoned to Neely's Bend Middle School. Additionally, MNPS provides occupancy and transportation during the conversion period.

Each school operates as a single member limited liability company wholly owned by LEAD Public Schools, Inc. ("LPS"). All receipts and disbursements are recorded to LPS accounts and allocated to the respective school. Additionally, LPS charges each school a management fee. The fee is approximately 9% of gross base per pupil funding received. LPS also charges LEAD Academy and LEAD Prep Southeast for the costs associated with using LPS owned and operated busses. These costs amounted to \$459,313 for LEAD Academy and \$178,517 for LEAD Prep Southeast.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting**

The Organization's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

The Organization is considered a special purpose governmental entity that is engaged in governmental activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared in the same manner as general purpose governments.

**Basic Financial Statements**

The Organization's basic financial statements include both government-wide (reporting the Organization as a whole) and fund financial statements (reporting the Organization's major funds). The Organization's primary activities are all considered to be governmental activities and are classified as such in the government-wide and fund financial statements.

The government-wide financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Revenues under the modified accrual basis are recognized when measurable and available and expenses are recognized when the related liability is incurred.

**Government-wide Financial Statements**

The government-wide financial statements focus on the sustainability of the Organization as an entity and the change in the Organization's net position resulting from the current year's activities.

In the government-wide statement of net position, activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The statement of net position presents the financial condition of the Organization at year-end.

Governmental accounting standards require the classification of net position into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide Financial Statements (Continued)**

*Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances (if any) of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. All capital assets are purchased by the school's parent organization with a related liability recorded as accounts payable, LEAD Public Schools, Inc. Accordingly, net investment in capital assets totaled \$1,014,698 at June 30, 2015.

*Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted net position totaled \$695,178 at June 30, 2015, and consists of program specific operating grants, contributions, and other general revenues restricted for use at the individual schools.

*Unrestricted* – this component of net position consists of net position that do not meet the definition of restricted or net investment in capital assets. When both restricted and unrestricted assets are available for use, it is the Organization's policy to utilize restricted assets first, then unrestricted assets as needed.

The government-wide statement of activities reports both the gross and net cost of the Organization's functions. The functions are also supported by general government revenues (general revenues are primarily made up of district Basic Education Program funding and donations to the general fund). The statements of activities reduces gross expenses by related function revenues, operating and capital grants. Program revenues must be directly associated with the function. The net costs by function are normally covered by general revenue. The Organization allocated indirect cost between functions.

**Fund Financial Statements**

The financial transactions of the Organization are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenses.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements (Continued)**

The emphasis on fund financial statements is on the major funds. Nonmajor funds by category are summarized in a single column. Governmental accounting standards set forth minimum criteria for the determination of major funds. The Organization's major funds represent the operations of each individual school and have been reported as major special revenue funds. These funds account for all financial resources of the Organization, except those required to be accounted for in another fund. All of the Organization's financial resources were accounted for in these major special revenue funds as of June 30, 2015.

The governmental funds' focus is upon the determination of financial resources, their balance, sources and use, rather than upon net income. The Organization follows guidance that classifies governmental fund balances as: nonspendable, restricted, committed, assigned or unassigned based on the level of constraints on the fund balances. When an expenditure is incurred in which both restricted and unrestricted funds are available for use, it is the Organization's policy to spend restricted funds first, then unrestricted funds. When an expenditure has been incurred for purposes in which multiple categories of unrestricted funds are available, it is the Organization's policy to spend funds in the following order, committed, then assigned, and lastly unassigned funds. The classifications of fund balances are defined as follows:

*Nonspendable* – This classification consists of fund balances that cannot be spent because they are either not in spendable form, for example, noncash amounts that are not expected to be converted to cash, or the funds are legally or contractually required to be maintained intact.

*Restricted* – This classification consists of fund balances with external constraints on use imposed by creditors (such as through debt covenants), contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted fund balances totaling \$2,948,690 consists of program and general revenues restricted for use at the individual schools.

*Committed* – This classification consists of fund balances that can only be used for specific purposes established by formal action of the Organization's Board of Directors, its highest level of decision making authority. Such commitments should include contractual obligations of fund assets. Fund balance commitments can only be removed by the same process of the same body employed to previously commit those amounts.

*Assigned* – This classification consists of all fund balances that are not in the general fund or classified as nonspendable, restricted or committed. In addition, general fund balances that the Organization intends to use for specific purposes are also classified as assigned. The Organization gives the authority to assign amounts to specific purposes to the Organization's controller and personnel under the supervision of the controller tasked with financial recording responsibilities.



**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements (Continued)**

*Unassigned* – This classification consists of all fund balances in the general fund that are not reported as nonspendable, restricted, committed or assigned.

**Cash**

The Organization considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents. All receipts and disbursements are recorded in the CMO's bank accounts. As a result, LEAD Public Schools does not maintain cash accounts. The CMO routinely maintains deposit balances in excess of federally insured limits with certain financial institutions.

**Accounts Receivable, LEAD Public Schools, Inc.**

This balance results from the CMO's use of concentrated cash accounts to control and aggregate cash balances for each of the charter schools which it operates. The balance consists of cash collected less payments made since the inception of operations.

**Capital Assets**

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 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. The Organization follows the practice of capitalizing all expenditures for property and equipment items over \$250. A significant amount of capital assets related to operation of the schools is owned by the CMO and are therefore not included in the accompanying financial statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Organization reports the following deferred outflow of resources related to the pensions: Contributions made subsequent to the pension measurement date, difference between expected and actual experience, difference between projected and actual investment earnings, and changes in proportion of the net pension liability.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Organization also reports the following deferred inflow of resources related to pensions: Differences between expected and actual experience and differences between projected and actual investment earnings.

**Grants**

The Organization received federal financial assistance through state agencies. The expenditure of funds received under these programs generally required compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall net position of the Organization as of June 30, 2015.

**Income Taxes**

The Organization's schools are not-for-profit entities that are exempt from federal income taxes under the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and is similarly exempt from state income taxes.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan and the Teacher Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan and the Teacher Retirement Plan. Investments are reported at fair value.

**Estimates and Uncertainties**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgetary Comparison Statement**

The Organization is not required to adopt a legally binding budget; therefore no budgetary comparison statement of the Organization's funds has been presented.

**Subsequent Events**

The Organization has evaluated subsequent events for potential recognition and disclosure through December 21, 2015, the date the financial statements were available to be issued.

**NOTE 3 – CAPITAL ASSETS**

Capital assets consist of the following:

	<u>June 30, 2014</u>	<u>Government-Wide</u>		<u>June 30, 2015</u>
		<u>Additions</u>	<u>Deletions</u>	
Computer equipment	\$ 480,794	\$ 74,432	\$ -	\$ 555,226
Furniture and fixtures	112,356	22,511	-	134,867
Office equipment	77,857	-	-	77,857
Text books	37,038	-	-	37,038
Leasehold improvements	274,468	886,396	(268,152)	892,712
School buses	<u>325,312</u>	<u>-</u>	<u>(18,800)</u>	<u>306,512</u>
	1,307,825	983,339	(286,952)	2,004,212
Accumulated depreciation	<u>(765,071)</u>	<u>(312,728)</u>	<u>88,285</u>	<u>(989,514)</u>
	<u>\$ 542,754</u>	<u>\$ 670,611</u>	<u>\$ (198,667)</u>	<u>\$ 1,014,698</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Student instruction and services	\$ 284,977
Administration	<u>27,751</u>

Total governmental activities depreciation expense \$ 312,728

**NOTE 4 – FEDERAL FUNDS**

The Organization has no direct federal awards. All federal monies were received as subrecipient funds through MNPS and the Achievement School District. Receipts related to federal funding totaled \$1,227,171 for the year ended June 30, 2015.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 5 – CAPITAL LEASE OBLIGATIONS**

During August 2010, the Organization entered into a capital lease agreement for two 90-passenger school buses. Lease payments totaling \$4,413 are due monthly during each academic year. The amount capitalized and included in capital assets as of June 30, 2015 is \$173,762 with accumulated depreciation of \$136,114. The lease expired in May 2015.

**NOTE 6 – OPERATING LEASES**

The facilities used to provide educational services for LEAD Academy are provided under a lease arrangement with St. Vincent De Paul Catholic Church entered into in August 2009 and terminates July 31, 2015 with the option to extend the lease for one year. The lease requires an annual use fee of \$170,000 payable in equal monthly installments. Under the terms of the lease, the Organization paid rent expense of approximately \$170,000 for the year ended June 30, 2015. Per the terms of the lease, future minimum lease payments required under the operating lease agreement totaled \$170,000 for the year ending June 30, 2016.

The Organization also entered into a lease arrangement with MNPS for certain other educational facilities for LEAD Academy. The current lease terminates on June 30, 2018. The lease requires monthly payments of \$20,585 subject to annual increases of 2%. Additionally, the lease provides for a 50% rate reduction for tenant improvement expenditures made to the facility. Under the terms of the lease, the Organization paid rent expense of \$124,151 for the year ended June 30, 2015. Effective July 10, 2015, this lease was terminated by the Organization in accordance with the lease terms.

During 2014, the Organization entered into a lease arrangement with MNPS for certain educational facilities for Cameron College Prep starting July 1, 2014 and expires June 30, 2021. The lease requires monthly rent payments of \$31,417 subject to annual increases of 2%. Under terms of the lease, the Organization paid rent expense of \$376,822 during the year ended June 30, 2015. Effective July 1, 2015, this lease was amended permitting the Organization to use a portion of the leased space for students from other schools. The amendment also gives the Organization the right to terminate the lease subject to 60 days written notice.

As of June 30, 2015, future minimum operating lease payments required are as follows:

Years Ended June 30,	
2016	\$ 605,644
2017	458,523
2018	453,244
2019	462,309
2020	471,555
Thereafter	480,986
	<u>\$ 2,932,261</u>

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 7 – CONCENTRATIONS**

The Organization received 90% 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 attendance. Gross BEP funding for the year ended June 30, 2014 was \$15,048,361.

**NOTE 8 – RETIREMENT PLANS**

**Teacher Legacy Pension Plan of TCRS**

**General Information about the Pension Plan**

*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](http://www.treasury.tn.gov/tcrs).

*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 5 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 percent 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 (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 consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 8 – RETIREMENT PLANS (Continued)**

**Teacher Legacy Pension Plan of TCRS (Continued)**

*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 percent of salary. The Local Education Agencies (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. The 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, 2015 to the Teacher Legacy Pension Plan were \$407,826 which is 9.04 percent 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.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension asset.* At June 30, 2014, the Organization reported an asset of \$16,916 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability was based on the Organization's employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, the Organization's proportion was 0.353752 percent. The proportion measured as of June 30, 2013 was 0.176430 percent.

*Pension expense.* For the year ended June 30, 2015, the Organization recognized a pension expense of \$32,074.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2015, the Organization reported deferred outflows of resources and deferred inflows of resources related to TCRS pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 41,067	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,393,741

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 8 – RETIREMENT PLANS (Continued)**

**Teacher Legacy Pension Plan of TCRS (Continued)**

Changes in proportion of net pension liability (asset)	279,487	-
LEA's contributions subsequent to the Measurement date of June 30, 2014	<u>407,826</u>	<u>not applicable</u>
Total	<u>\$ 728,380</u>	<u>\$ 1,393,741</u>

The Organization's employer contributions of \$407,826, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (295,009)
2017	(295,009)
2018	(295,009)
2019	(295,009)
2020	53,426
Thereafter	53,423

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial assumptions.* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.5 percent

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 8 – RETIREMENT PLANS (Continued)**

**Teacher Legacy Pension Plan of TCRS (Continued)**

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.



**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 8 – RETIREMENT PLANS (Continued)**

**Teacher Legacy Pension Plan of TCRS (Continued)**

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate.* The following presents the Organization's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Organization's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
The Organization's proportionate share of the net pension liability (asset)	\$ 2,853,076	\$ (16,916)	\$ (2,392,958)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**Payable to the Pension Plan**

At June 30, 2015, the Organization reported no payable for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 8 – RETIREMENT PLANS (Continued)**

**Teacher Retirement Plan**

General Information about the Pension Plan

*Plan description.* Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of State Department of Education 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 is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. 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](http://www.treasury.tn.gov/tcrs).

*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 at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's 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 percent 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 (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 consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, 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.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 8 – RETIREMENT PLANS (Continued)**

**Teacher Retirement Plan (Continued)**

*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 percent of salary. The Local Education Agencies (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 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The 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 for the year ended June 30, 2015 to the Teacher Retirement Plan were \$51,651, which is 4 percent 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.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension liabilities.* Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

*Pension Expense.* Since the measurement date is June 30, 2014, the Organization did not recognize a pension expense at June 30, 2015.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, the Organization reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement Date of June 30, 2014	\$ 51,651	not applicable

The Organization's employer contributions of \$51,651 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

**Payable to the Pension Plan**

At June 30, 2015, the Organization reported no payable for outstanding amounts of contributions to the pension plan required at the year ended June 30, 2015.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 8 – RETIREMENT PLANS (Continued)**

**Teacher Retirement Plan (Continued)**

The Teacher Retirement Plan also includes a 401(k) component whereby employer contributions are made at 5 percent of covered payroll. Employer contributions to this plan component totaled \$63,778 for the year ended June 30, 2015.

**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 to this plan totaled \$65,964 for the year ended June 30, 2015.

**NOTE 9 – RELATED PARTY**

The Organization is composed of legally separate limited liability companies, wholly owned by LEAD Public Schools, Inc. On a consolidated basis, LEAD Public Schools, Inc.'s total equity is approximately \$5.3 million. Any annual operating deficits of the Organization are being financed by contributions received by LPS.

**NOTE 10 – RISK OF LOSS**

As of June 30, 2015, the Organization had cash and cash equivalents held by LPS subject to a risk of loss.

*Cash and Cash Equivalents*

Custodial credit risk is the risk that in the event of bank failure, the Organization's deposits may not be returned to it. The Organization does not have a policy for custodial risk. As of June 30, 2015, the Organization was not exposed to significant custodial credit risk.

*Insurance*

The Organization is exposed to various risks of loss similar to a commercial business, such as general liability, errors and omissions, and other situations. The Organization purchases commercial insurance for the significant risks of loss. Settled claims have not exceeded the insurance coverage limits during the past three years.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015**

**NOTE 11 – RESTATEMENT**

In prior years, the Organization was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their statement of net position. Therefore a restatement decreasing the Organization's beginning net position by \$1,024,197 has been recognized on the statement of activities.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LEAD PUBLIC SCHOOLS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET**  
**TEACHER LEGACY PENSION PLAN OF TCRS**  
**For the Year Ended June 30, 2014\***

The Organization's proportion of the net pension asset	0.353752%
The Organization's proportionate share of the net pension asset	\$ 16,916
The Organization's covered-employee payroll	\$ 4,105,490
The Organization's proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.41%
Plan fiduciary net position as a percentage of the total pension liability	100.08%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**LEAD PUBLIC SCHOOLS  
SCHEDULE OF CONTRIBUTIONS  
TEACHER LEGACY PENSION PLAN OF TCRS  
For the Years Ended June 30, 2015 and 2014**

	<u><b>2015</b></u>	<u><b>2014</b></u>
Actuarially determined contribution (ADC)	\$ 407,826	\$ 362,826
Contribution in relation to the actuarially determined contribution	<u>407,826</u>	<u>362,826</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
The Organization's covered-employee payroll	\$ 4,512,224	\$ 4,105,490
Contributions as a percentage of the Organization's covered-employee payroll	9.04%	8.88%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.



**LEAD PUBLIC SCHOOLS  
SCHEDULE OF CONTRIBUTIONS  
TEACHER RETIREMENT PLAN OF TCRS  
For the Year Ended June 30, 2015**

Actuarially determined contribution (ADC)	\$ 51,651
Contribution in relation to the actuarially determined contribution	<u>51,651</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
The Organization's covered-employee payroll	\$ 1,290,126
Contributions as a percentage of the Organization's covered-employee payroll	4.00%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

## **OTHER INFORMATION**

**LEAD PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Year Ended June 30, 2015**

<b>Federal Grantor/ State Grantor/ Program Title/ Pass-through Grantor</b>	<b>CFDA#</b>	<b>Contract Number</b>	<b>Balance June 30, 2014</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Balance June 30, 2015</b>
<b>FEDERAL AWARDS</b>						
U.S. Department of Education - Office of Elementary and Secondary Education:						
Title I Grants to Local Educational Agencies:						
(Passed through Metro Nashville Public Schools)	84.010	N/A	\$ -	\$ 521,369	\$ 604,443	\$ 83,074
(Passed through State of Tennessee Department of Education)	84.010	N/A	-	-	89,226	89,226
Total Title I Grants to Local Educational Agencies			-	521,369	693,669	172,300
ARRA - Race to the Top Grant (Passed through State of Tennessee Department of Education)	84.395	N/A	-	-	126,606	126,606
School Improvement Grant (Passed through State of Tennessee Department of Education)	84.377	N/A	147,217	115,456	319,176	350,937
Improving Teacher Quality (Passed through State of Tennessee Department of Education)	84.367A	N/A	-	-	29,125	29,125
School Improvement Reading Initiative (Passed through State of Tennessee Department of Education)	84.388A	N/A	91,405	150,000	58,595	-
Total Federal Awards			<u>\$ 238,622</u>	<u>\$ 786,825</u>	<u>\$ 1,227,171</u>	<u>\$ 678,968</u>

**NOTE 1 - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of LEAD Public Schools and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the State of Tennessee Department of Audit, Audit Manual. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. An audit in accordance with the provisions of U.S. Office and Management and Budget Circular A-133 was performed on the consolidated financial statements of the Charter Management Organization. A copy of that report is available upon request.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
LEAD Public Schools  
Nashville, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of LEAD Public Schools as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise LEAD Public Schools' basic financial statements, and have issued our report thereon dated December 21, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered LEAD Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LEAD Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of LEAD Public Schools' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether LEAD Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Frasier Owen & Hand, PLLC

December 21, 2015

**LEAD PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2015**

**None**

**LEAD PUBLIC SCHOOLS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2015**

**None**

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2016 and 2015**



# LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES

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## INDEPENDENT AUDITOR'S REPORT

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, 2016 and 2015, 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 of 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, 2016 and 2015, 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 19 – 24 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.

*Frasier, Orr & Hard, PLLC*

Nashville, Tennessee  
December 28, 2016

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,919,539	\$ 3,588,364
Accounts receivable	1,272,944	1,549,273
Prepaid expenses and other	<u>43,155</u>	<u>119,149</u>
Total current assets	5,235,638	5,256,786
Property and equipment, net	5,123,429	3,109,243
Construction in progress	<u>50,665</u>	<u>1,075,752</u>
Total assets	<u><u>\$ 10,409,732</u></u>	<u><u>\$ 9,441,781</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 401,029	\$ 419,886
Accrued expenses	538,803	1,519,211
Other liabilities	115,011	7,350
Notes payable, current portion	<u>133,671</u>	<u>109,468</u>
Total current liabilities	1,188,514	2,055,915
Notes payable, noncurrent portion	<u>4,358,911</u>	<u>2,041,928</u>
Total liabilities	<u>5,547,425</u>	<u>4,097,843</u>
Net assets:		
Unrestricted	<u>4,862,307</u>	<u>5,343,938</u>
Total net assets	<u>4,862,307</u>	<u>5,343,938</u>
Total liabilities and net assets	<u><u>\$ 10,409,732</u></u>	<u><u>\$ 9,441,781</u></u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
District funding	\$18,745,813	\$ -	\$18,745,813
Federal grants	1,707,211	-	1,707,211
Contributions and other	1,028,332	-	1,028,332
Other grants	181,251	-	181,251
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>21,662,607</u>	<u>-</u>	<u>21,662,607</u>
Expenses:			
Student instruction and services	20,087,085	-	20,087,085
Administration	1,947,482	-	1,947,482
Fundraising	<u>188,273</u>	<u>-</u>	<u>188,273</u>
Total expenses	<u>22,222,840</u>	<u>-</u>	<u>22,222,840</u>
Other income:			
Rental income	84,076	-	84,076
Realized loss on sale of investments	<u>(5,474)</u>	<u>-</u>	<u>(5,474)</u>
Total other income	<u>78,602</u>	<u>-</u>	<u>78,602</u>
Change in net assets	(481,631)	-	(481,631)
Net assets at beginning of year	<u>5,343,938</u>	<u>-</u>	<u>5,343,938</u>
Net assets at end of year	<u><u>\$ 4,862,307</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,862,307</u></u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
District funding	\$15,369,762	\$ -	\$15,369,762
Contributions and other	2,279,544	-	2,279,544
Federal grants	1,609,499	-	1,609,499
Other grants	104,152	-	104,152
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>19,362,957</u>	<u>-</u>	<u>19,362,957</u>
Expenses:			
Student instruction and services	16,429,773	-	16,429,773
Administration	2,059,515	-	2,059,515
Fundraising	<u>145,363</u>	<u>-</u>	<u>145,363</u>
Total expenses	<u>18,634,651</u>	<u>-</u>	<u>18,634,651</u>
Other income:			
Rental income	85,968	-	85,968
Loss on disposal of property and equipment	<u>(204,008)</u>	<u>-</u>	<u>(204,008)</u>
Total other income	<u>(118,040)</u>	<u>-</u>	<u>(118,040)</u>
Change in net assets	610,266	-	610,266
Net assets at beginning of year	<u>4,733,672</u>	<u>-</u>	<u>4,733,672</u>
Net assets at end of year	<u><u>\$ 5,343,938</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,343,938</u></u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2016**

	<b>Student Instruction and Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
		<b>Administration</b>	<b>Fundraising</b>	
Salaries, wages and benefits	\$ 13,511,737	\$ 842,029	\$ 119,208	\$ 14,472,974
Occupancy cost	2,247,120	29,912	-	2,277,032
Transportation	2,131,289	44,302	444	2,176,035
Professional and service fees	254,996	660,061	14,280	929,337
Instructional	747,729	5,767	6,601	760,097
Depreciation	439,536	50,706	-	490,242
Other expenses	224,463	245,409	1,820	471,692
Office expense	292,692	36,737	3,320	332,749
Organizational development	61,770	8,815	42,600	113,185
Outreach	87,224	15,392	-	102,616
Staff development	88,529	8,352	-	96,881
	<u>\$ 20,087,085</u>	<u>\$ 1,947,482</u>	<u>\$ 188,273</u>	<u>\$ 22,222,840</u>
Total expenses	<u>\$ 20,087,085</u>	<u>\$ 1,947,482</u>	<u>\$ 188,273</u>	<u>\$ 22,222,840</u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2015**

	<b>Student Instruction and Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
		<b>Administration</b>	<b>Fundraising</b>	
Salaries, wages and benefits	\$ 11,350,150	\$ 948,712	\$ 131,236	\$ 12,430,098
Occupancy cost	1,633,490	8,262	-	1,641,752
Instructional	1,128,904	10,582	-	1,139,486
Transportation	1,112,814	-	-	1,112,814
Professional and service fees	115,572	776,766	-	892,338
Depreciation	400,733	40,177	-	440,910
Other expenses	218,130	148,939	-	367,069
Office expense	221,868	48,194	-	270,062
Staff development	139,096	18,343	-	157,439
Outreach	94,742	16,719	-	111,461
Organizational development	14,274	42,821	14,127	71,222
	<u>\$ 16,429,773</u>	<u>\$ 2,059,515</u>	<u>\$ 145,363</u>	<u>\$ 18,634,651</u>
Total expenses	<u>\$ 16,429,773</u>	<u>\$ 2,059,515</u>	<u>\$ 145,363</u>	<u>\$ 18,634,651</u>

See accompanying notes.



**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (481,631)	\$ 610,266
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Receipt of donated stock	-	(218,768)
Loss on disposal of property and equipment	-	204,008
Depreciation	490,242	440,910
Changes in operating assets and liabilities:		
Accounts receivable	276,329	(1,040,995)
Prepaid expenses and other	75,994	(20,984)
Accounts payable	(18,857)	(252,967)
Accrued expenses	(980,408)	870,909
Other liabilities	107,661	(1,854)
Net cash (used in) provided by operating activities	<u>(530,670)</u>	<u>590,525</u>
Cash flows from investing activities:		
Proceeds from sale of investments	-	218,768
Purchase of property and equipment	<u>(1,479,341)</u>	<u>(1,328,793)</u>
Net cash used in investing activities	<u>(1,479,341)</u>	<u>(1,110,025)</u>
Cash flows from financing activities:		
Proceeds from notes payable	2,457,401	-
Payments on notes payable	(116,215)	(51,585)
Payments on capital lease obligations	<u>-</u>	<u>(39,349)</u>
Net cash provided by (used in) financing activities	<u>2,341,186</u>	<u>(90,934)</u>
Net increase (decrease) in cash and cash equivalents	331,175	(610,434)
Cash and cash equivalents at beginning of year	<u>3,588,364</u>	<u>4,198,798</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,919,539</u></u>	<u><u>\$ 3,588,364</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 142,697</u>	<u>\$ 72,071</u>
Supplemental schedule of noncash investing and financing activities:		
Receipt of donated stock	<u><u>\$ -</u></u>	<u><u>\$ 218,768</u></u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**NOTE 1 – 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”).

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’s enrollment is restricted to students who would have been zoned to Brick Church Middle School 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 five through twelve. The Academy’s charter provides for a total enrollment of 800. Cameron began classes in August 2011 and currently enrolls students in grades five through eight. Brick Church began classes in August 2012 and currently enrolls students in grades five through eight. Southeast began classes in August 2013 and currently enrolls students in grades five through seven. Neely’s Bend began classes in August 2015 and currently enrolls students in grade five.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. 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 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 plans to add a grade each subsequent year through the eighth grade. Brick Church entered into a Charter School

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

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 plans to add a grade each subsequent 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 Nashville, Tennessee. Neely's Bend began classes in August 2015 with fifth grade and plans to add a grade each subsequent year through the eighth grade.

The Organization presents its consolidated financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB 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, 2016 and 2015.

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, 2016 and 2015.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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. 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. 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.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 \$10,992 and \$17,644 for the years ended June 30, 2016 and 2015, 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 fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying consolidated financial statements. Tax years that remain open for examination include years ended June 30, 2013 through June 30, 2016.

**Subsequent Events**

The Organization evaluated subsequent events through December 28, 2016, when these consolidated financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying consolidated financial statements.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	<u><b>2016</b></u>	<u><b>2015</b></u>
Land	\$ 542,960	\$ 542,960
Buildings and improvements	4,401,217	2,375,657
Computer equipment	799,575	578,879
Furniture and fixtures	181,165	148,196
Office equipment	103,920	78,703
Textbooks	37,038	37,038
Leasehold improvements	302,234	105,792
School buses	<u>426,284</u>	<u>426,284</u>
	6,794,393	4,293,509
Less accumulated depreciation	<u>(1,670,964)</u>	<u>(1,184,266)</u>
	<u><u>\$ 5,123,429</u></u>	<u><u>\$ 3,109,243</u></u>

Depreciation expense totaled \$490,242 and \$440,910 for the years ended June 30, 2016 and 2015, respectively.

Construction in progress totaling \$50,665 and \$1,075,752 at June 30, 2016 and 2015, respectively, consisted of architectural fees and improvements made to the Organization's Metroplex property purchased during fiscal 2014.

**NOTE 3 – OPERATING LEASES**

The facilities used to provide educational services of the Academy are provided under an operating lease arrangement with St. Vincent De Paul Catholic Church entered into in August 2009 that terminated July 31, 2015 with the option to extend the lease for one year. The Academy elected to exercise the option to extend the termination date to July 31, 2016. The lease requires an annual use fee of \$170,000 payable in equal monthly installments. Under the terms of the lease, the Academy paid rent expense of approximately \$170,000 for the years ended June 30, 2016 and 2015, respectively. Effective June 15, 2016, this lease was terminated by the Academy in accordance with the lease terms. Upon termination, the Academy moved the grade levels at this location to Cameron.

The Academy also entered into a lease arrangement with MNPS for certain educational facilities. The current lease terminates on June 30, 2018. The lease required monthly payments of \$20,585 beginning for the year ended June 30, 2014 subject to annual increases of 2%. Additionally, the lease provides for a 50% rate reduction for tenant improvement expenditures made to the facility. Under the terms of the lease, the Academy paid rent expense of \$124,151 for the year ended June 30, 2015. Effective July 10, 2015, this lease was terminated by the Academy in accordance with the lease terms. Upon termination, the Academy moved the grade levels at this location to Brick Church.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 3 – OPERATING LEASES (Continued)**

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%. Under terms of the lease, Cameron paid rent expense of \$376,822 during the year ended June 30, 2015. 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 requires monthly rental payments of \$25,957 from Cameron and \$10,347 from the Academy for the year ended June 30, 2016 subject to annual increases of 2%. The amendment also gives the Organization the right to terminate the lease subject to 60 days written notice. Under the terms of the amended lease, rent expense totaled \$458,016 for the year ended June 30, 2016.

As of June 30, 2016, future minimum operating lease payments required are as follows:

Years Ending <u>June 30,</u>	
2017	458,523
2018	453,244
2019	462,309
2020	471,555
2021	480,986
Thereafter	<u>-</u>
	<u>\$ 2,326,617</u>

**NOTE 4 – NOTES PAYABLE**

In April 2012, the Organization entered into a loan agreement with CSGF Tennessee, LLC. Under terms of the loan, the Organization received \$500,000 to be used for general support and management of the Organization. The note bears interest at 3.25%. The entire principal amount plus any accrued and unpaid interest is due on June 30, 2017; however, under terms of the loan, the note may be forgiven provided the Organization meets certain milestones.

During November 2013, 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, 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 third 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.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 4 – NOTES PAYABLE (Continued)**

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%. Total outstanding amounts plus accrued and unpaid interest are due on September 1, 2020. The agreement is secured by a deed of trust and a negative pledge of the Organization's assets. Amounts outstanding under this note totaled \$3,792,582 and \$1,551,396 at June 30, 2016 and 2015, respectively. Additionally, the agreement contains restrictive covenants that are tested twice per year, on June 30<sup>th</sup> and December 31<sup>st</sup>, on a rolling four quarter basis. The testing periods for the debt service coverage ratio were waived. At June 30, 2016, the Organization was in compliance with the other covenants.

Future principal payments on the notes are as follows at June 30, 2016:

Years Ending <u>June 30,</u>	
2017	\$ 133,671
2018	638,732
2019	244,464
2020	150,064
2021	<u>3,325,651</u>
	<u>\$ 4,492,582</u>

**NOTE 5 – 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 February 2017. There were no outstanding amounts under this line of credit as of June 30, 2016 or 2015.

**NOTE 6 – FEDERAL GRANTS**

The Organization receives federal passthrough 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, 2016 and 2015 totaled \$1,707,211 and \$1,609,499 respectively.

**NOTE 7 – CONCENTRATIONS**

For the years ended June 30, 2016 and 2015, the Organization received \$18,476,216 (76%) and \$15,048,361 (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 attendance.



**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 8 – 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](http://www.treasury.tn.gov/tcrs).

*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 5 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 percent 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 (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> 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 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. 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.

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 8 – RETIREMENT PLANS (Continued)**

**Tennessee Legacy Pension Plan of TCRS (Continued)**

*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 percent 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, 2016 to the Teacher Legacy Pension Plan were 9.04 percent 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 Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is 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](http://www.treasury.tn.gov/tcrs).

*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 5 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 percent 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 2<sup>nd</sup> of July of the previous

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 8 – RETIREMENT PLANS (Continued)**

**Teacher Retirement Plan of TCRS (Continued)**

year. The COLA is based on the change in the CPI during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. 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 percent 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 percent, 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, 2016 to the Teacher Retirement Plan were 4 percent 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 percent of covered payroll.

Employer contributions for both the Tennessee Legacy Teachers Plan of TCRS and the Teacher Retirement Plan totaled \$708,912 and \$568,556 for the years ended June 30, 2016 and 2015.

**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 to this plan totaled \$99,904 and \$110,649 for the years ended June 30, 2016 and 2015, respectively.

## **SUPPLEMENTAL INFORMATION**

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2016**

	<b>LEAD Public Schools, Inc.</b>	<b>LEAD Academy, Nonprofit, LLC</b>	<b>Cameron College Prep, Nonprofit, LLC</b>	<b>Southeast College Prep, Nonprofit, LLC</b>	<b>Brick Church College Prep, Nonprofit, LLC</b>	<b>Neely's Bend College Prep, Nonprofit, LLC</b>	<b>LEAD Real Estate Holdings, Nonprofit, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>									
Current assets:									
Cash and cash equivalents	\$ 3,886,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,863	\$ -	\$ 3,919,539
Accounts receivable	1,256,114	-	-	-	-	-	16,830	-	1,272,944
Prepaid expenses and other	43,155	-	-	-	-	-	-	-	43,155
Total current assets	5,185,945	-	-	-	-	-	49,693	-	5,235,638
Investment in Academy	(2,064,154)	-	-	-	-	-	-	2,064,154	-
Investment in Cameron	3,078,034	-	-	-	-	-	-	(3,078,034)	-
Investment in Southeast	486,478	-	-	-	-	-	-	(486,478)	-
Investment in Brick Church	273,100	-	-	-	-	-	-	(273,100)	-
Investment in Neely's Bend	397,253	-	-	-	-	-	-	(397,253)	-
Investment in LEAD Real Estate	(553,718)	-	-	-	-	-	-	553,718	-
Property and equipment, net	577,106	-	-	-	-	-	4,546,323	-	5,123,429
Construction in progress	-	-	-	-	-	-	50,665	-	50,665
Total assets	<u>\$ 7,380,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,646,681</u>	<u>\$ (1,616,993)</u>	<u>\$ 10,409,732</u>

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)**  
**June 30, 2016**

	<b>LEAD Public Schools, Inc.</b>	<b>LEAD Academy, Nonprofit, LLC</b>	<b>Cameron College Prep, Nonprofit, LLC</b>	<b>Southeast College Prep, Nonprofit, LLC</b>	<b>Brick Church College Prep, Nonprofit, LLC</b>	<b>Neely's Bend College Prep, Nonprofit, LLC</b>	<b>LEAD Real Estate Holdings, Nonprofit, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Liabilities and Net Assets</b>									
Current liabilities:									
Accounts payable	\$ 401,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 401,029
Intercompany payable (receivable)	814,506	2,064,154	(3,078,034)	(486,478)	(273,100)	(397,253)	1,356,205	-	-
Accrued expenses	494,541	-	-	-	-	-	44,262	-	538,803
Other liabilities	107,661	-	-	-	-	-	7,350	-	115,011
Note payable, current portion	-	-	-	-	-	-	133,671	-	133,671
Total current liabilities	1,817,737	2,064,154	(3,078,034)	(486,478)	(273,100)	(397,253)	1,541,488	-	1,188,514
Note payable	700,000	-	-	-	-	-	3,658,911	-	4,358,911
Total liabilities	2,517,737	2,064,154	(3,078,034)	(486,478)	(273,100)	(397,253)	5,200,399	-	5,547,425
Net assets (deficit):									
Unrestricted	4,862,307	(2,064,154)	3,078,034	486,478	273,100	397,253	(553,718)	(1,616,993)	4,862,307
Temporarily restricted	-	-	-	-	-	-	-	-	-
Total net assets	4,862,307	(2,064,154)	3,078,034	486,478	273,100	397,253	(553,718)	(1,616,993)	4,862,307
Total liabilities and net assets	<u>\$ 7,380,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,646,681</u>	<u>\$ (1,616,993)</u>	<u>\$ 10,409,732</u>

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2015**

	<b>LEAD Public Schools, Inc.</b>	<b>LEAD Academy, Nonprofit, LLC</b>	<b>Cameron College Prep, Nonprofit, LLC</b>	<b>Southeast College Prep, Nonprofit, LLC</b>	<b>Brick Church College Prep, Nonprofit, LLC</b>	<b>Neely's Bend College Prep, Nonprofit, LLC</b>	<b>LEAD Real Estate Holdings, Nonprofit, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>									
Current assets:									
Cash and cash equivalents	\$ 3,581,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,350	\$ -	\$ 3,588,364
Accounts receivable	1,549,273	-	-	-	-	-	-	-	1,549,273
Prepaid expenses and other	119,149	-	-	-	-	-	-	-	119,149
Total current assets	5,249,436	-	-	-	-	-	7,350	-	5,256,786
Investment in Academy	(1,051,461)	-	-	-	-	-	-	1,051,461	-
Investment in Cameron	2,465,806	-	-	-	-	-	-	(2,465,806)	-
Investment in Southeast	166,266	-	-	-	-	-	-	(166,266)	-
Investment in Brick Church	533,629	-	-	-	-	-	-	(533,629)	-
Investment in Neely's Bend	(36,340)	-	-	-	-	-	-	36,340	-
Investment in LEAD Real Estate	(210,738)	-	-	-	-	-	-	210,738	-
Property and equipment, net	347,421	-	-	-	-	-	2,761,822	-	3,109,243
Construction in progress	-	-	-	-	-	-	1,075,752	-	1,075,752
Total assets	<u>\$ 7,464,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,844,924</u>	<u>\$ (1,867,162)</u>	<u>\$ 9,441,781</u>

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Continued)**  
**June 30, 2015**

	<b>LEAD Public Schools, Inc.</b>	<b>LEAD Academy, Nonprofit, LLC</b>	<b>Cameron College Prep, Nonprofit, LLC</b>	<b>Southeast College Prep, Nonprofit, LLC</b>	<b>Brick Church College Prep, Nonprofit, LLC</b>	<b>Neely's Bend College Prep, Nonprofit, LLC</b>	<b>LEAD Real Estate Holdings, Nonprofit, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Liabilities and Net Assets</b>									
Current liabilities:									
Accounts payable	\$ 419,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 419,886
Intercompany payable (receivable)	(404,262)	1,051,461	(2,465,806)	(166,266)	(533,629)	36,340	2,482,162	-	-
Accrued expenses	1,504,457	-	-	-	-	-	14,754	-	1,519,211
Other liabilities	-	-	-	-	-	-	7,350	-	7,350
Note payable, current portion	-	-	-	-	-	-	109,468	-	109,468
Total current liabilities	1,520,081	1,051,461	(2,465,806)	(166,266)	(533,629)	36,340	2,613,734	-	2,055,915
Note payable	600,000	-	-	-	-	-	1,441,928	-	2,041,928
Total liabilities	2,120,081	1,051,461	(2,465,806)	(166,266)	(533,629)	36,340	4,055,662	-	4,097,843
Net assets (deficit):									
Unrestricted	5,343,938	(1,051,461)	2,465,806	166,266	533,629	(36,340)	(210,738)	(1,867,162)	5,343,938
Temporarily restricted	-	-	-	-	-	-	-	-	-
Total net assets	5,343,938	(1,051,461)	2,465,806	166,266	533,629	(36,340)	(210,738)	(1,867,162)	5,343,938
Total liabilities and net assets	<u>\$ 7,464,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,844,924</u>	<u>\$ (1,867,162)</u>	<u>\$ 9,441,781</u>



**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

	<b>LEAD Public Schools, Inc.</b>	<b>LEAD Academy, Nonprofit, LLC</b>	<b>Cameron College Prep, Nonprofit, LLC</b>	<b>Southeast College Prep, Nonprofit, LLC</b>	<b>Brick Church College Prep, Nonprofit, LLC</b>	<b>Neely's Bend College Prep, Nonprofit, LLC</b>	<b>LEAD Real Estate Holdings, Nonprofit, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
Public support and revenue:									
District funding	\$ -	\$ 4,507,424	\$ 5,826,141	\$ 3,772,213	\$ 3,376,754	\$ 1,263,281	\$ -	\$ -	\$ 18,745,813
Contributions and other	933,951	23,961	34,859	12,300	16,257	7,004	-	-	1,028,332
Federal grants	161,980	219,391	278,907	147,616	168,027	731,290	-	-	1,707,211
Other grants	147,265	9,397	9,554	5,638	6,390	3,007	-	-	181,251
Total public support and revenue	1,243,196	4,760,173	6,149,461	3,937,767	3,567,428	2,004,582	-	-	21,662,607
Expenses:									
Student instruction and services	2,370,408	5,368,223	4,952,822	3,236,710	3,466,106	1,429,659	215,734	(952,577)	20,087,085
Administration	1,433,850	404,643	584,411	380,845	361,851	141,330	211,322	(1,570,770)	1,947,482
Fundraising	188,273	-	-	-	-	-	-	-	188,273
Total expenses	3,992,531	5,772,866	5,537,233	3,617,555	3,827,957	1,570,989	427,056	(2,523,347)	22,222,840
Other income (expenses):									
Rental income	-	-	-	-	-	-	84,076	-	84,076
Realized loss on sale of investments	(5,474)	-	-	-	-	-	-	-	(5,474)
Management fees	2,523,347	-	-	-	-	-	-	(2,523,347)	-
Loss in Academy	(1,012,693)	-	-	-	-	-	-	1,012,693	-
Earnings in Cameron	612,228	-	-	-	-	-	-	(612,228)	-
Earnings in Southeast	320,212	-	-	-	-	-	-	(320,212)	-
Loss in Brick Church	(260,529)	-	-	-	-	-	-	260,529	-
Earnings in Neely's Bend	433,593	-	-	-	-	-	-	(433,593)	-
Loss in LEAD Real Estate	(342,980)	-	-	-	-	-	-	342,980	-
Total other income (expenses)	2,267,704	-	-	-	-	-	84,076	(2,273,178)	78,602
Change in net assets	(481,631)	(1,012,693)	612,228	320,212	(260,529)	433,593	(342,980)	250,169	(481,631)
Net assets at beginning of year	5,343,938	(1,051,461)	2,465,806	166,266	533,629	(36,340)	(210,738)	(1,867,162)	5,343,938
Net assets at end of year	<u>\$ 4,862,307</u>	<u>\$ (2,064,154)</u>	<u>\$ 3,078,034</u>	<u>\$ 486,478</u>	<u>\$ 273,100</u>	<u>\$ 397,253</u>	<u>\$ (553,718)</u>	<u>\$ (1,616,993)</u>	<u>\$ 4,862,307</u>

**LEAD PUBLIC SCHOOLS, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

	<b>LEAD Public Schools, Inc.</b>	<b>LEAD Academy, Nonprofit, LLC</b>	<b>Cameron College Prep, Nonprofit, LLC</b>	<b>Southeast College Prep, Nonprofit, LLC</b>	<b>Brick Church College Prep, Nonprofit, LLC</b>	<b>Neely's Bend College Prep, Nonprofit, LLC</b>	<b>LEAD Real Estate Holdings, Nonprofit, LLC</b>	<b>Eliminations</b>	<b>Consolidated</b>
Public support and revenue:									
District funding	\$ -	\$ 5,168,669	\$ 5,453,711	\$ 2,185,932	\$ 2,561,450	\$ -	\$ -	\$ -	\$ 15,369,762
Contributions and other	2,207,977	23,777	29,899	13,839	4,052	-	-	-	2,279,544
Federal grants	382,328	228,809	292,560	101,699	477,497	126,606	-	-	1,609,499
Other grants	12,959	28,083	28,989	9,965	24,156	-	-	-	104,152
Total public support and revenue	2,603,264	5,449,338	5,805,159	2,311,435	3,067,155	126,606	-	-	19,362,957
Expenses:									
Student instruction and services	1,880,283	5,532,570	4,910,389	2,140,854	2,459,571	136,195	124,230	(754,319)	16,429,773
Administration	1,751,372	470,914	547,237	219,979	249,601	26,751	120,660	(1,326,999)	2,059,515
Fundraising	145,363	-	-	-	-	-	-	-	145,363
Total expenses	3,777,018	6,003,484	5,457,626	2,360,833	2,709,172	162,946	244,890	(2,081,318)	18,634,651
Other income (expenses):									
Rental income	-	-	-	-	-	-	85,968	-	85,968
Loss on disposal of property and equipment	(204,008)	-	-	-	-	-	-	-	(204,008)
Management fees	2,081,318	-	-	-	-	-	-	(2,081,318)	-
Loss in Academy	(554,146)	-	-	-	-	-	-	554,146	-
Earnings in Cameron	347,533	-	-	-	-	-	-	(347,533)	-
Loss in Southeast	(49,398)	-	-	-	-	-	-	49,398	-
Earnings in Brick Church	357,983	-	-	-	-	-	-	(357,983)	-
Loss in Neely's Bend	(36,340)	-	-	-	-	-	-	36,340	-
Loss in LEAD Real Estate	(158,922)	-	-	-	-	-	-	158,922	-
Total other income (expenses)	1,784,020	-	-	-	-	-	85,968	(1,988,028)	(118,040)
Change in net assets	610,266	(554,146)	347,533	(49,398)	357,983	(36,340)	(158,922)	93,290	610,266
Net assets at beginning of year	4,733,672	(497,315)	2,118,273	215,664	175,646	-	(51,816)	(1,960,452)	4,733,672
Net assets at end of year	<u>\$ 5,343,938</u>	<u>\$ (1,051,461)</u>	<u>\$ 2,465,806</u>	<u>\$ 166,266</u>	<u>\$ 533,629</u>	<u>\$ (36,340)</u>	<u>\$ (210,738)</u>	<u>\$ (1,867,162)</u>	<u>\$ 5,343,938</u>

**LEAD PUBLIC SCHOOLS  
(A CHARTER MANAGEMENT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**June 30, 2016**

**For the Following Charter Schools:**

**LEAD Academy, Nonprofit, LLC  
Cameron College Prep, Nonprofit, LLC  
Brick Church College Prep, Nonprofit, LLC  
LEAD Prep Southeast, Nonprofit, LLC  
Neely's Bend College Prep, Nonprofit, LLC**

## LEAD PUBLIC SCHOOLS

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**LEAD PUBLIC SCHOOLS**

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**LEAD PUBLIC SCHOOLS**  
**ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF**  
**As of June 30, 2016**

**Board of Directors**

Dwayne Tucker	Chairman
Kim Ames	Director
William Braddy, III	Director
Judge Richard Dinkins	Director
Earl Lattimore	Director
Dr. Annette Little	Director
Jerome Oglesby	Director
Jimmy Patton	Director
Stanley Ruta	Director
Tara Scarlett	Advisory Member
Donald Taylor	Director

**Executive Staff**

Chris Reynolds	Chief Executive Officer
Jay Brown	Chief Academic Officer
Adrienne Useted	Chief Financial Officer
Nathan Madigan	Chief Operating Office



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
LEAD Public Schools  
Nashville, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of charter schools comprised of LEAD Academy, Nonprofit, LLC; Cameron College Prep, Nonprofit, LLC; Brick Church College Prep, Nonprofit, LLC; LEAD Prep Southeast, Nonprofit, LLC; and Neely's Bend College Prep, Nonprofit, LLC, collectively LEAD Public Schools, Inc. ("LEAD Public Schools") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the LEAD Public Schools' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of LEAD Public Schools as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 – 10 and the schedule of proportionate share of the net pension asset, the schedule of contributions – Teacher Legacy Pension Plan of TCRS, and the schedule of contribution – Teacher Retirement Plan of TCRS on pages 37 – 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LEAD Public Schools' basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by the State of Tennessee Comptroller of the Treasury, *Audit Manual for Local Governmental Units and Recipients of Grant Funds* and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of



Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

The roster of board of directors and executive staff has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of LEAD Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LEAD Public Schools' internal control over financial reporting and compliance.

*Frasier Dent Hand, LLC*

Nashville, Tennessee  
December 28, 2016

**LEAD PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2016**

Our discussion and analysis of LEAD Public Schools, Inc. charter schools comprising LEAD Academy, Nonprofit, LLC, Cameron College Prep, Nonprofit, LLC, Brick Church College Prep, Nonprofit, LLC, LEAD Prep Southeast, Nonprofit, LLC, and Neely's Bend College Prep, Nonprofit, LLC (herein referred to as the "Organization") annual financial performance provides an overview of the Organization's financial activities for the year ended June 30, 2016. This section should be read in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Organization exceeded its liabilities and deferred inflows of resources by \$1,824,418.
- Net position increased \$1,139,624 during the year
- Outlays for new capital assets totaled \$459,320
- Total revenues of \$20,419,410 were comprised of Federal Funds – 7%, District Funds – 92%, and Other – 1% in 2016

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of a series of financial statements, notes to those statements, and supplementary information. The statements are organized so that the reader can understand the Organization as a whole and then proceed to a detailed look at specific financial activities of the Organization.

**Reporting the Organization as a Whole**

The statement of net position and statement of activities:

In general, users of these financial statements want to know if the Organization is better off or worse off as a result of the year's activities. The statement of net position and statement of activities report information about the Organization as a whole and about the Organization's activities in a manner that helps to answer that question. These statements include all assets and liabilities using the accrual basis of accounting. Under the accrual basis, all of the current year's revenue and expenses are taken into consideration regardless of when cash is received or paid. The statements start on page 11.

**LEAD PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**Year Ended June 30, 2016**

The statement of net position reports the Organization's net position (total assets less total liabilities). Private sector entities would report retained earnings. The Organization's net position balance at year end represents available resources for future growth. The statement of activities reports the change in net position as a result of activity during the year. Private sector entities have a similar report titled statement of operations, which reports net income. The statement of activities provides the user a tool to assist in determining the direction of the Organization's financial health during the year. Users will want to consider non-financial factors as well as the financial data in arriving at a conclusion regarding the overall health of the Organization.

**Reporting the Organization's Funds**

**Fund Financial Statements:**

The Organization's fund financial statements, the balance sheet and the statement of revenues, expenditures and changes in fund balances, begin on page 13. They provide detailed information about the Organization's most significant funds, not the Organization as a whole. Funds are established by the Organization to help manage money for particular purposes and compliance with various grant provisions.

The Organization's funds are categorized as "governmental funds." Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending in future periods. Fund financial statements are reported using an accounting method called "modified accrual" accounting, which measures cash and other financial assets that can readily be converted to cash. This basis of accounting is different from the accrual basis used in the government-wide financial statements to report on the Organization as a whole. The relationship between governmental activities, as reported in the statement of net position and the statement of activities, and governmental funds, as reported in the balance sheet and the statement of revenues, expenditures and changes in fund balances is reconciled in the basic financial statements on pages 14 and 16.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Excluding the charter management organization and a related real estate entity, the Organization's assets and deferred outflows exceeded the Organization's liabilities and deferred inflows at the close of the fiscal year, resulting in net position of \$1,824,418.

As of June 30, 2016, the Organization had invested \$2,463,534 in capital assets. This investment includes instructional and support furniture, instructional computers for teachers, mobile student computer labs, maintenance equipment, books for instructional purposes, and leasehold improvements. The Organization expects additional capital asset investments in the 2016-2017 school year as student enrollment increases at each location with additional grades. With the additional students there will be continued requirements for furniture, computers and equipment.

**LEAD PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**Year Ended June 30, 2016**

The charter management organization currently leases one facility for the operations of LEAD Academy. The high school facility is leased from St. Vincent De Paul Catholic Church, and currently accommodates the 10<sup>th</sup> through 12<sup>th</sup> grades. The current lease term ends July 31, 2016.

The Organization currently leases the Cameron Middle School facility for the operations of Cameron College Prep and the 9<sup>th</sup> grade of LEAD Academy High School. The lease is in the second year of a 7-year lease with Metro Nashville Public Schools.

The Organization is also transforming Brick Church Middle School into Brick Church College Prep one grade at a time. The facility is owned and operated by MNPS and Brick Church College Prep's use of the space is a documented element in the charter contract between the Organization and the Achievement School District.

LEAD Prep Southeast is operating out of a building purchased by a related entity owned by the school's parent company.

The Organization is in the first year of a three year transformation of Neely's Bend Middle School into Neely's Bend College Prep. During the conversion process the two schools share the Neely's Bend facility. The facility is owned and operated by MNPS and Neely's Bend College Prep's use of the space is a documented element in the charter contract between the Organization and the Achievement School District. After the transformation of all grades is complete the Organization and district intend to enter into a long-term lease agreement.

Additional information on capital assets is located in the notes to the financial statements.

Exclusive of LEAD Public Schools, Inc. and LEAD Real Estate Holdings, LLC – the management organization and a related real estate entity that owns the campus that houses both the home office and the school LEAD Prep Southeast, respectively – there is no other debt held by the Organization at the end of the fiscal year.

A summary of the Organization's net position is as follows as of June 30:

	<u><b>2016</b></u>	<u><b>2015</b></u>
Current assets	\$ -	\$ 266,890
Capital assets, net	1,211,961	1,014,698
Net pension asset	<u>-</u>	<u>16,916</u>
Total assets	<u>1,211,961</u>	<u>1,298,504</u>
Deferred outflows of resources	<u>2,798,377</u>	<u>780,031</u>

**LEAD PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**Year Ended June 30, 2016**

	<u>2016</u>	<u>2015</u>
Current liabilities	99,620	-
Net pension liability	<u>21,535</u>	<u>-</u>
Total liabilities	<u>121,155</u>	<u>-</u>
Deferred inflows of resources	<u>2,064,765</u>	<u>1,393,741</u>
Net position:		
Net investment in capital assets	1,211,961	1,014,698
Unrestricted	-	(329,904)
Restricted	<u>612,457</u>	<u>-</u>
Total net position	<u>\$ 1,824,418</u>	<u>\$ 684,794</u>

On a consolidated basis, inclusive of all entities, total equity is approximately \$4.9 million at June 30, 2016. The current organizational structure has allowed the Organization to operate its schools in a very efficient and effective manner.

**Changes in Net Position**

The Organization's total net position increased \$1,139,624 during the 2016 fiscal year. The increase in the Organization's net position indicates that the Organization had less outgoing expenses than incoming revenues during the year. The Organization budgeted an increase of \$721,016 in 2016. Total revenues generated from government grants, governmental funds, foundation grants and other sources were \$20,419,410 during the 2016 fiscal year.

A schedule of the Organization's revenue and expenses is as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Revenues:		
District funding	\$ 18,745,812	\$ 15,369,762
Federal grants	1,545,231	1,227,171
Other grants	33,986	91,194
Other	<u>94,381</u>	<u>(127,099)</u>
	<u>20,419,410</u>	<u>16,561,028</u>
Expenses:		
Salaries, wages and benefits	11,343,412	10,367,106
Transportation	2,154,161	1,070,319
Occupancy cost	2,004,622	1,476,521
Network service fee	1,615,932	1,364,488
Instructional	747,729	1,128,905

**LEAD PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**Year Ended June 30, 2016**

Expenses (continued):

Professional and service fees	547,537	284,006
Office expense	283,514	205,803
Depreciation	262,059	312,728
Other expenses	171,112	171,578
Staff development	85,699	132,982
Outreach	64,009	64,949
	<u>19,279,786</u>	<u>16,579,385</u>

Change in net position	<u>\$ 1,139,624</u>	<u>\$ (18,357)</u>
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**FINANCIAL ANALYSIS OF THE ORGANIZATION'S FUNDS**

The Organization's funds, as presented on the balance sheet on page 13 reported a combined fund balance of (\$99,620). The Organization's funds are reported as special revenue funds representing operations of the specific schools operated by the Organization. The Organization has no other major funds but does have access to funds raised at the consolidated entity. Nonmajor funds comprise less than 10% of the Organization's total funds. Due to the different basis of accounting, there is a difference between the amounts reported under the Organization's funds and the amounts reported as organization wide. For the June 30, 2016 year end, the difference consists of capital assets and deferred outflows and inflows of resources related to pensions which are not reported in the Organization's funds.

**ORGANIZATION ACTIVITIES**

LEAD Public Schools exists to educate, train, and support the next generation of leaders. LEAD students delivered impressive academic results in the 2015-16 school year. For the third year, 100% of LEAD Academy's senior class graduated from high school and were accepted to a four-year college or university and LEAD Academy showed exceptional growth by earning a Level 5 TVAAS ranking on state assessments in 2016. All other state assessments for Middle School grades were cancelled state-wide.

**STUDENT ENROLLMENT FACTORS AND NEXT YEAR'S BUDGET**

Enrollment: The 2016 – 2017 school year enrollment is projected to be 2,076 and will include grades 5-12 at its various locations. Revenues: State and Federal revenues are budgeted at approximately \$21.9 million. Total expenses are budgeted at \$19.5 million, producing a budgeted operating surplus of \$2.4 million before depreciation. For fiscal year 2017, LEAD Public Schools, Inc. expects to raise at least \$1.5 million in non-government funds to cover home office expenditures.

**LEAD PUBLIC SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**Year Ended June 30, 2016**

**CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our students' parents, Davidson County taxpayers, donors, creditors, authorities over grant funding, and agencies tasked with oversight of Nashville and Davidson County public schools with a general overview of the Organization's finances and to demonstrate the Organization's accountability of the money it receives. If you have questions about this report or need additional financial information, contact the Organization's Chief Executive Officer, Chris Reynolds, at 531 Metroplex Drive, Suite A-200, Nashville, TN 37211, by telephone at (615) 327-5424 or by email: [creynolds@leadpublicschools.org](mailto:creynolds@leadpublicschools.org).

**LEAD PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	<b><u>Governmental Activities</u></b>
Assets:	
Capital assets, net	\$ 1,211,961
Total assets	<u>1,211,961</u>
Deferred outflows of resources:	
Deferred outflows related to pension	<u>2,798,377</u>
Total deferred outflows of resources	<u>2,798,377</u>
Liabilities:	
Accounts payable, LEAD Public Schools, Inc.	99,620
Net pension liability	<u>21,535</u>
Total liabilities	<u>121,155</u>
Deferred inflows of resources:	
Deferred inflows related to pension	<u>2,064,765</u>
Total deferred inflows of resources	<u>2,064,765</u>
Net position:	
Net investment in capital assets	1,211,961
Restricted	<u>612,457</u>
Total net position	<u><u>\$ 1,824,418</u></u>

See accompanying notes.



**LEAD PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

		<b>Functions</b>		
		<b>Student Instruction and Services</b>	<b>Administration</b>	<b>Fundraising</b>
	<b>Total</b>			
Expenses:				
Salaries, wages and benefits	\$ 11,343,412	\$ 11,343,412	\$ -	\$ -
Transportation	2,154,161	2,154,161	-	-
Occupancy cost	2,004,622	2,004,622	-	-
Network service fee	1,615,932	45,162	1,570,770	-
Instructional	747,729	747,729	-	-
Professional and service fees	547,537	254,828	292,709	-
Office expense	283,514	283,514	-	-
Depreciation	262,059	235,853	26,206	-
Other expenses	171,112	171,112	-	-
Staff development	85,699	85,699	-	-
Outreach	64,009	54,408	9,601	-
Total expenses	19,279,786	17,380,500	1,899,286	-
Program revenues:				
Program specific operating grants and contributions	1,911,248	1,911,248	-	-
Net program expenses	17,368,538	\$ 15,469,252	\$ 1,899,286	\$ -
General revenues:				
District funding	18,379,795			
Other grants	33,986			
Other income	94,381			
Total general revenues	18,508,162			
Change in net position	1,139,624			
Net position - beginning of year	684,794			
Net position - end of year	\$ 1,824,418			

See accompanying notes.

**LEAD PUBLIC SCHOOLS  
BALANCE SHEET  
June 30, 2016**

	<b><u>LEAD Academy</u></b>	<b><u>Cameron College Prep</u></b>	<b><u>LEAD Prep Southeast</u></b>	<b><u>Brick Church College Prep</u></b>	<b><u>Neely's Bend College Prep</u></b>	<b><u>Total Governmental Funds</u></b>
<b>Assets</b>						
Accounts receivable, LEAD Public Schools, Inc.	<u>\$ -</u>	<u>\$ 2,857,288</u>	<u>\$ -</u>	<u>\$ 195,478</u>	<u>\$ 313,521</u>	<u>\$ 3,366,287</u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ 2,857,288</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 195,478</u></u>	<u><u>\$ 313,521</u></u>	<u><u>\$ 3,366,287</u></u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable, LEAD Public Schools, Inc.	<u>\$ 2,867,048</u>	<u>\$ -</u>	<u>\$ 598,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,465,907</u>
Total liabilities	<u>2,867,048</u>	<u>-</u>	<u>598,859</u>	<u>-</u>	<u>-</u>	<u>3,465,907</u>
Fund balances:						
Unassigned	(2,867,048)	-	(598,859)	-	-	(3,465,907)
Restricted	<u>-</u>	<u>2,857,288</u>	<u>-</u>	<u>195,478</u>	<u>313,521</u>	<u>3,366,287</u>
Total fund balances	<u>(2,867,048)</u>	<u>2,857,288</u>	<u>(598,859)</u>	<u>195,478</u>	<u>313,521</u>	<u>(99,620)</u>
Total liabilities and fund balances	<u><u>\$ -</u></u>	<u><u>\$ 2,857,288</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 195,478</u></u>	<u><u>\$ 313,521</u></u>	<u><u>\$ 3,366,287</u></u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**June 30, 2016**

<b>Total Governmental Fund Balances</b>	\$ (99,620)
---	-------------

*Amounts reported for governmental activities in the statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund balance sheet.	1,211,961
---	-----------

Net pension liabilities are not current financial resources and are therefore not reported in the governmental fund balance sheet.	(21,535)
--	----------

Amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:

Deferred outflows of resources related to pensions	2,798,377
Deferred inflows of resources related to pensions	<u>(2,064,765)</u>

<b>Net Position of Governmental Activities</b>	<u><u>\$ 1,824,418</u></u>
--	----------------------------

See accompanying notes.

**LEAD PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2016**

	<b>LEAD Academy</b>	<b>Cameron College Prep</b>	<b>LEAD Prep Southeast</b>	<b>Brick Church College Prep</b>	<b>Neely's Bend College Prep</b>	<b>Total Governmental Funds</b>
Program revenues:						
Federal grants	\$ 219,391	\$ 278,907	\$ 147,616	\$ 168,027	\$ 731,290	\$ 1,545,231
District funding	108,737	117,768	55,245	71,481	12,786	366,017
General revenues:						
District funding	4,398,688	5,708,372	3,716,967	3,305,273	1,250,495	18,379,795
Other grants	9,397	9,554	5,638	6,390	3,007	33,986
Other income	23,961	34,859	12,300	16,257	7,004	94,381
Total revenues	<u>4,760,174</u>	<u>6,149,460</u>	<u>3,937,766</u>	<u>3,567,428</u>	<u>2,004,582</u>	<u>20,419,410</u>
Expenditures:						
Current:						
Student instruction						
and services	5,368,223	4,952,822	3,236,710	3,466,106	1,429,659	18,453,520
Administration	404,643	584,411	380,845	361,851	141,330	1,873,080
Fundraising	-	-	-	-	-	-
Capital outlays	46,125	231,872	114,386	15,750	51,187	459,320
Total expenditures	<u>5,818,991</u>	<u>5,769,105</u>	<u>3,731,941</u>	<u>3,843,707</u>	<u>1,622,176</u>	<u>20,785,920</u>
Change in fund balances	(1,058,817)	380,355	205,825	(276,279)	382,406	(366,510)
Fund balances - beginning of year	<u>(1,808,231)</u>	<u>2,476,933</u>	<u>(804,684)</u>	<u>471,757</u>	<u>(68,885)</u>	<u>266,890</u>
Fund balances - end of year	<u>\$ (2,867,048)</u>	<u>\$ 2,857,288</u>	<u>\$ (598,859)</u>	<u>\$ 195,478</u>	<u>\$ 313,521</u>	<u>\$ (99,620)</u>

See accompanying notes.

**LEAD PUBLIC SCHOOLS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

**Net Change in Fund Balances - Total**

Governmental Funds	\$	(366,510)
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*Amounts reported for governmental activities in the  
statement of activities are different because:*

Capital outlays, reported as expenditures in governmental funds are shown as capital assets in the statement of net position		459,320
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Depreciation expense on governmental capital assets is included only in the governmental activities in the statement of activities		(262,059)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in net pension liability/asset		(38,451)
Change in deferred outflows related to pensions		2,018,348
Change in deferred inflows related to pensions		(671,024)

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>1,139,624</b>
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See accompanying notes.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**NOTE 1 – REPORTING ENTITY**

These financial statements present the charter schools managed by LEAD Public Schools, Inc. (“LPS”), a Charter Management Organization. For Tennessee reporting purposes, a Charter School Management Organization (“CMO”) is defined as a nonprofit entity that operates multiple charter schools at least one of which is in Tennessee. The charter schools included in the accompanying financial statements are LEAD Academy, Nonprofit, LLC (“LEAD Academy”), Cameron College Prep, Nonprofit, LLC (“Cameron College Prep”), Brick Church College Prep, Nonprofit, LLC (“Brick Church College Prep”), LEAD Prep Southeast, Nonprofit, LLC (“LEAD Prep Southeast”), and Neely’s Bend College Prep, Nonprofit, LLC (“Neely’s Bend”).

A substantial amount of assets utilized in operating the schools are owned by the CMO and are therefore not included in the accompanying financial statements. Additionally, all receipts and disbursements related to the schools are recorded in the CMO cash accounts and allocated to the respective schools through a receivable/payable account between the CMO and the respective school. Substantially different operating results could be incurred if each charter school operated as a stand-alone entity.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and procedures followed by LEAD Public Schools (the “Organization”) are as follows:

**Organization**

The Organization consists of charter schools within Davidson County, Tennessee and currently operates five schools: LEAD Academy, Cameron College Prep, Brick Church College Prep, LEAD Prep Southeast, and Neely’s Bend. Pursuant to Section 6(1)(a) of the Tennessee Public Charter School Act of 2002 (the “Act”), each school has been approved as a public charter school. 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.

LPS entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on July 23, 2006, to operate LEAD Academy as a charter school in Nashville, Tennessee. The school began classes in July 2007 with fifth and sixth grade, added a seventh grade in the 2008-2009 fiscal year, an eighth grade the 2009-2010 fiscal year, a ninth grade in the 2010-2011 fiscal year, a tenth grade in the 2011-2012 fiscal year, an eleventh grade in the 2012-2013 fiscal year, and a twelfth grade in the 2013-2014 fiscal year. Per LEAD Academy’s charter agreement, enrollment in the school is open to any student within the Metropolitan Nashville Public Schools (“MNPS”) System who resides in Davidson County.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Organization (Continued)**

LPS entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on October 1, 2010, to operate Cameron College Prep as a charter school in Nashville, Tennessee. The school began classes in July 2011 with fifth grade classes, and per terms of the charter agreement, will transform Cameron Middle School into Cameron College Prep by adding a grade each year. The school currently enrolls students in grades five through eight. Per Cameron College Prep's charter agreement, enrollment in the school is open to any student within the MNPS System who resides in Davidson County. Additionally, MNPS provides occupancy and transportation during the conversion period.

LPS entered into a Charter School Agreement with the Metropolitan Nashville Board of Education on October 25, 2011, to operate LEAD Prep Southeast as a charter school in Nashville, Tennessee. The school began classes in August 2013 with fifth grade classes, and per terms of the charter agreement, will add a grade each year. The school currently enrolls students in grades five through seven. Per LEAD Prep Southeast's charter agreement, enrollment in the school is open to any student within the MNPS System who resides in Davidson County.

LPS entered into a Charter School Agreement with the Achievement School District on June 1, 2012, to operate Brick Church College Prep as a charter school in Nashville, Tennessee. The school began classes in July 2012 with fifth grade classes, and per terms of the charter agreement, will transform Brick Church Middle School into Brick Church College Prep by adding a grade each year. The school currently enrolls students in grades five through eight. Per Brick Church College Prep's charter agreement, enrollment in the school is currently restricted to students zoned to Brick Church Middle School. Additionally, MNPS provides occupancy and transportation during the conversion period.

LPS entered into a Charter School Agreement with the Achievement School District on May 21, 2015, to operate Neely's Bend College Prep as a charter school in Nashville, Tennessee. The school began classes in August 2015 with the fifth grade, and per term of the charter agreement, will add a grade each year through eighth grade. Per Neely's Bend College Prep's charter agreement, enrollment in the school is currently restricted to students zoned to Neely's Bend Middle School. Additionally, MNPS provides occupancy and transportation during the conversion period.

Each school operates as a single member limited liability company wholly owned by LPS. All receipts and disbursements are recorded to LPS accounts and allocated to the respective school. Additionally, LPS charges each school a management fee. The fee is approximately 9% of gross base per pupil funding received. LPS also charges LEAD Academy and LEAD Prep Southeast for the costs associated with using LPS owned and operated busses. These costs amounted to \$467,072 for LEAD Academy, \$332,734 for LEAD Prep Southeast, and \$107,609 for Neely's Bend.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting**

The Organization's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

The Organization is considered a special purpose governmental entity that is engaged in governmental activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared in the same manner as general purpose governments.

**Basic Financial Statements**

The Organization's basic financial statements include both government-wide (reporting the Organization as a whole) and fund financial statements (reporting the Organization's major funds). The Organization's primary activities are all considered to be governmental activities and are classified as such in the government-wide and fund financial statements.

The government-wide financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Revenues under the modified accrual basis are recognized when measurable and available and expenses are recognized when the related liability is incurred.

**Government-wide Financial Statements**

The government-wide financial statements focus on the sustainability of the Organization as an entity and the change in the Organization's net position resulting from the current year's activities.

In the government-wide statement of net position, activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The statement of net position presents the financial condition of the Organization at year-end.

Governmental accounting standards require the classification of net position into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:



**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide Financial Statements (Continued)**

*Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances (if any) of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. All capital assets are purchased by the school's parent organization, LPS, with a related liability recorded as accounts payable. Accordingly, net investment in capital assets totaled \$1,211,961 at June 30, 2016.

*Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted net position totaled \$612,457 at June 30, 2016, and consists of program specific operating grants, net pension assets, contributions, and other general revenues restricted for use at the individual schools.

*Unrestricted* – this component of net position consists of net position that do not meet the definition of restricted or net investment in capital assets. When both restricted and unrestricted assets are available for use, it is the Organization's policy to utilize restricted assets first, then unrestricted assets as needed.

The government-wide statement of activities reports both the gross and net cost of the Organization's functions. The functions are also supported by general government revenues (general revenues are primarily made up of district Basic Education Program funding and donations to the general fund). The statement of activities reduces gross expenses by related function revenues, operating and capital grants. Program revenues must be directly associated with the function. The net costs by function are normally covered by general revenue. The Organization allocated indirect cost between functions.

**Fund Financial Statements**

The financial transactions of the Organization are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenses.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements (Continued)**

The emphasis on fund financial statements is on the major funds. Nonmajor funds by category are summarized in a single column. Governmental accounting standards set forth minimum criteria for the determination of major funds. The Organization's major funds represent the operations of each individual school and have been reported as major special revenue funds. These funds account for all financial resources of the Organization, except those required to be accounted for in another fund. All of the Organization's financial resources were accounted for in these major special revenue funds as of June 30, 2016.

The governmental funds' focus is upon the determination of financial resources, their balance, sources and use, rather than upon net income. The Organization follows guidance that classifies governmental fund balances as: nonspendable, restricted, committed, assigned or unassigned based on the level of constraints on the fund balances. When an expenditure is incurred in which both restricted and unrestricted funds are available for use, it is the Organization's policy to spend restricted funds first, then unrestricted funds. When an expenditure has been incurred for purposes in which multiple categories of unrestricted funds are available, it is the Organization's policy to spend funds in the following order, committed, then assigned, and lastly unassigned funds. The classifications of fund balances are defined as follows:

*Nonspendable* – This classification consists of fund balances that cannot be spent because they are either not in spendable form, for example, noncash amounts that are not expected to be converted to cash, or the funds are legally or contractually required to be maintained intact.

*Restricted* – This classification consists of fund balances with external constraints on use imposed by creditors (such as through debt covenants), contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted fund balances totaling \$3,366,287 consists of program and general revenues restricted for use at the individual schools.

*Committed* – This classification consists of fund balances that can only be used for specific purposes established by formal action of the Organization's Board of Directors, its highest level of decision making authority. Such commitments should include contractual obligations of fund assets. Fund balance commitments can only be removed by the same process of the same body employed to previously commit those amounts.

*Assigned* – This classification consists of all fund balances that are not in the general fund or classified as nonspendable, restricted or committed. In addition, general fund balances that the Organization intends to use for specific purposes are also classified as assigned. The Organization gives the authority to assign amounts to specific purposes to the Organization's controller and personnel under the supervision of the controller tasked with financial recording responsibilities.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements (Continued)**

*Unassigned* – This classification consists of all fund balances in the general fund that are not reported as nonspendable, restricted, committed or assigned.

**Cash**

The Organization considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents. All receipts and disbursements are recorded in the CMO's bank accounts. As a result, LEAD Public Schools does not maintain cash accounts. The CMO routinely maintains deposit balances in excess of federally insured limits with certain financial institutions.

**Accounts Receivable, LEAD Public Schools, Inc.**

This balance results from the CMO's use of concentrated cash accounts to control and aggregate cash balances for each of the charter schools which it operates. The balance consists of cash collected less payments made since the inception of operations.

**Capital Assets**

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 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. The Organization follows the practice of capitalizing all expenditures for property and equipment items over \$500. A significant amount of capital assets related to operation of the schools is owned by the CMO and are therefore not included in the accompanying financial statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Organization reports the following deferred outflow of resources related to the pensions: contributions made subsequent to the pension measurement date, difference between expected and actual experience, difference between projected and actual investment earnings, and changes in proportion of the net pension liability.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Organization also reports the following deferred inflow of resources related to pensions: differences between expected and actual experience and differences between projected and actual investment earnings.

**Grants**

The Organization received 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall net position of the Organization as of June 30, 2016.

**Income Taxes**

The Organization's schools are not-for-profit entities that are exempt from federal income taxes under the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and are similarly exempt from state income taxes.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan and the Teacher Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan and the Teacher Retirement Plan. Investments are reported at fair value.

**Estimates and Uncertainties**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgetary Comparison Statement**

The Organization is not required to adopt a legally binding budget; therefore no budgetary comparison statement of the Organization's funds has been presented.

**Subsequent Events**

The Organization has evaluated subsequent events for potential recognition and disclosure through December 28, 2016, the date the financial statements were available to be issued.

**NOTE 3 – CAPITAL ASSETS**

Capital assets consist of the following:

	<u>June 30, 2015</u>	<u>Government-Wide</u>		<u>June 30, 2016</u>
		<u>Additions</u>	<u>Deletions</u>	
Computer equipment	\$ 555,226	\$ 189,460	\$ -	\$ 744,686
Furniture and fixtures	134,867	32,970	-	167,837
Office equipment	77,857	25,217	-	103,074
Text books	37,038	-	-	37,038
Leasehold improvements	892,712	211,675	-	1,104,387
School buses	<u>306,512</u>	<u>-</u>	<u>-</u>	<u>306,512</u>
	2,004,212	459,322	-	2,463,534
Accumulated depreciation	<u>(989,514)</u>	<u>(262,059)</u>	<u>-</u>	<u>(1,251,573)</u>
	<u>\$ 1,014,698</u>	<u>\$ 197,263</u>	<u>\$ -</u>	<u>\$ 1,211,961</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Student instruction and services	\$ 235,853
Administration	<u>26,206</u>
Total governmental activities depreciation expense	<u>\$ 262,059</u>

**NOTE 4 – FEDERAL FUNDS**

The Organization has one direct federal award through the U.S. Department of Education. The remainder of federal monies were received as subrecipient funds through MNPS and the Achievement School District. Awards related to federal funding totaled \$1,545,231 for the year ended June 30, 2016.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 5 – OPERATING LEASES**

The facilities used to provide educational services for LEAD Academy are provided under a lease arrangement with St. Vincent De Paul Catholic Church entered into in August 2009 and terminated July 31, 2015 with the option to extend the lease for one year. LEAD Academy elected to exercise the option to extend the termination date to July 31, 2016. The lease requires an annual use fee of \$170,000 payable in equal monthly installments. Under the terms of the lease, the Organization paid rent expense of approximately \$170,000 for the year ended June 30, 2016. Effective June 15, 2016, this lease was terminated by LEAD Academy in accordance with the lease terms. Upon termination, LEAD Academy moved the grade levels at this location to Cameron College Prep.

The Organization also entered into a lease arrangement with MNPS for certain other educational facilities for LEAD Academy. The current lease terminates on June 30, 2018. The lease requires monthly payments of \$20,585 subject to annual increases of 2%. Additionally, the lease provides for a 50% rate reduction for tenant improvement expenditures made to the facility. Effective July 10, 2015, this lease was terminated by the Organization in accordance with the lease terms. Upon termination, LEAD Academy moved the grade levels at this location to Brick Church College Prep.

The Organization entered into a lease arrangement with MNPS for certain educational facilities for Cameron College Prep starting July 1, 2014 and expires June 30, 2021. Effective July 1, 2015, this lease was amended permitting the Organization to use a portion of the leased space for students from other schools. The amendment requires monthly rental payments of \$25,957 from Cameron College Prep and \$10,347 from LEAD Academy subject to annual increases of 2%. The amendment also gives the Organization the right to terminate the lease subject to 60 days written notice. Under terms of the lease, the Organization paid rent expense of \$458,016 during the year ended June 30, 2016.

As of June 30, 2016, future minimum operating lease payments required are as follows:

Years Ended June 30,	
2017	\$ 458,523
2018	453,244
2019	462,309
2020	471,555
2021	480,986
Thereafter	<u>-</u>
	<u>\$ 2,326,617</u>

**NOTE 6 – CONCENTRATIONS**

The Organization received approximately 90% 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 attendance. Gross BEP funding for the year ended June 30, 2016 was \$18,379,795.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 7 – RETIREMENT PLANS**

**Teacher Legacy Pension Plan of TCRS**

**General Information about the Pension Plan**

*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](http://www.treasury.tn.gov/tcrs).

*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 5 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 percent 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 (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 consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. 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.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 7 – RETIREMENT PLANS (Continued)**

**Teacher Legacy Pension Plan of TCRS (Continued)**

*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 percent 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, 2016 to the Teacher Legacy Pension Plan were \$423,614 which is 9.04 percent 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.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension liabilities.* At June 30, 2016, the Organization reported a liability of \$51,277 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability was based on the Organization's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Organization's proportion was 0.100406 percent. The proportion measured as of June 30, 2014 was 0.000000 percent.

*Pension expense.* For the year ended June 30, 2016, the Organization recognized a pension expense of \$217,964.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 41,151	\$ 798,130
Net difference between projected and actual earnings on pension plan investments	1,289,889	1,256,955
Changes in proportion of net pension liability (asset)	882,658	-



**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 7 – RETIREMENT PLANS (Continued)**

**Teacher Legacy Pension Plan of TCRS (Continued)**

	Deferred Outflows of Resources <u>(continued)</u>	Deferred Inflows of Resources <u>(continued)</u>
LEA's contributions subsequent to the Measurement date of June 30, 2015	<u>423,614</u>	<u>not applicable</u>
Total	<u>\$ 2,680,551</u>	<u>\$ 2,055,085</u>

The Organization's employer contributions of \$423,614, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	
2017	\$ (71,214)
2018	(71,214)
2019	(71,214)
2020	278,963
2021	93,292
Thereafter	-

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial assumptions.* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of living adjustment	2.5 percent

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 7 – RETIREMENT PLANS (Continued)**

**Teacher Legacy Pension Plan of TCRS (Continued)**

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 7 – RETIREMENT PLANS (Continued)**

**Teacher Legacy Pension Plan of TCRS (Continued)**

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate.* The following presents the Organization's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Organization's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
The Organization's proportionate share of the net pension liability (asset)	\$ 3,495,874	\$ 51,277	\$ (2,800,444)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**Payable to the Pension Plan**

At June 30, 2016, the Organization reported no payable for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

**Teacher Retirement Plan**

**General Information about the Pension Plan**

*Plan description.* Teachers with membership in the TCRS before July 1, 2014 of the Organization are provided with pensions through the Teacher Retirement 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.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 7 – RETIREMENT PLANS (Continued)**

**Teacher Retirement Plan (Continued)**

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](http://www.treasury.tn.gov/tcrs).

*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 5 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 percent 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 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. 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 percent 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 percent, 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 for the year ended June 30, 2016 to the Teacher Retirement Plan were \$115,423, which is 4.00 percent of covered payroll.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 7 – RETIREMENT PLANS (Continued)**

**Teacher Retirement Plan (Continued)**

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.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension assets.* At June 30, 2016, the Organization reported an asset of \$29,742 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. The Organization's proportion of the net pension asset was based on the Organization's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Organization's proportion was 0.651982 percent.

*Pension Expense.* For the year ended June 30, 2016, the Organization recognize pension expense of \$38,978.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2016, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 9,680
Net difference between projected and actual earnings on pension plan investments	2,404	-
LEA's contributions subsequent to the Measurement date of June 30, 2015	<u>115,422</u>	<u>not applicable</u>
Total	<u>\$ 117,826</u>	<u>\$ 9,680</u>

The Organization's employer contributions of \$115,423, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ended June 30, 2017.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 7 – RETIREMENT PLANS (Continued)**

**Teacher Retirement Plan (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	
2017	\$ (396)
2018	(396)
2019	(396)
2020	(396)
2021	(711)
Thereafter	(4,981)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial assumptions.* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of living adjustment	2.5 percent

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 7 – RETIREMENT PLANS (Continued)**

**Teacher Retirement Plan (Continued)**

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 7 – RETIREMENT PLANS (Continued)**

**Teacher Retirement Plan (Continued)**

*Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate.* The following presents the Organization's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Organization's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
The Organization's proportionate share of the net pension liability (asset)	\$ 5,274	\$ 29,742	\$ (55,423)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

**Payable to the Pension Plan**

At June 30, 2016, the Organization reported no payable for outstanding amounts of contributions to the pension plan required at the year ended June 30, 2016.

The Teacher Retirement Plan also includes a 401(k) component whereby employer contributions are made at 5 percent of covered payroll. Employer contributions to this plan component totaled \$150,495 for the year ended June 30, 2016.

**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 to this plan totaled \$55,722 for the year ended June 30, 2016.

**NOTE 8 – RELATED PARTY**

The Organization is composed of legally separate limited liability companies, wholly owned by LPS. On a consolidated basis, LPS's total equity is approximately \$4.9 million. Any annual operating deficits of the Organization are being financed by contributions received by LPS.

**NOTE 9 – RISK OF LOSS**

As of June 30, 2016, the Organization had cash and cash equivalents held by LPS subject to a risk of loss.



**LEAD PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016**

**NOTE 9 – RISK OF LOSS (Continued)**

*Cash and Cash Equivalents*

Custodial credit risk is the risk that in the event of bank failure, the Organization's deposits may not be returned to it. The Organization does not have a policy for custodial risk. As of June 30, 2016, the Organization was not exposed to significant custodial credit risk.

*Insurance*

The Organization is exposed to various risks of loss similar to a commercial business, such as general liability, errors and omissions, and other situations. The Organization purchases commercial insurance for the significant risks of loss. Settled claims have not exceeded the insurance coverage limits during the past three years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LEAD PUBLIC SCHOOLS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET**  
**TEACHER LEGACY PENSION PLAN OF TCRS**  
**For the Year Ended June 30\***

	<u>2016</u>	<u>2015</u>
The Organization's proportion of the net pension liability (asset)	0.100406%	0.000000%
The Organization's proportionate share of the net pension liability (asset)	\$ 51,277	\$ -
The Organization's covered payroll	\$ 4,685,995	\$ -
The Organization's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.094261%	0.000000%
Plan fiduciary net position as a percentage of the total pension liability	99.81%	100.08%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**LEAD PUBLIC SCHOOLS  
SCHEDULE OF CONTRIBUTIONS  
TEACHER LEGACY PENSION PLAN OF TCRS  
For the Years Ended June 30**

	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
Contractually required	\$ 423,614	\$ 339,787	\$ -
Contribution in relation to the contractually required contribution	<u>423,614</u>	<u>339,787</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Organization's covered payroll	\$4,685,995	\$3,758,706	\$ -
Contributions as a percentage of the Organization's covered payroll	9.04%	9.04%	0.00%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**LEAD PUBLIC SCHOOLS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET**  
**TEACHER RETIREMENT PLAN OF TCRS**  
**For the Year Ended June 30\***

	<u><b>2016</b></u>
The Organization's proportion of the net pension liability (asset)	0.651982%
The Organization's proportionate share of the net pension liability (asset)	\$ (29,742)
The Organization's covered payroll	\$ 2,885,517
The Organization's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-1.03%
Plan fiduciary net position as a percentage of the total pension liability	127.46%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**LEAD PUBLIC SCHOOLS  
SCHEDULE OF CONTRIBUTIONS  
TEACHER RETIREMENT PLAN OF TCRS  
For the Years Ended June 30**

	<b>2016</b>	<b>2015</b>
Contractually required	\$ 115,422	\$ 51,651
Contribution in relation to the contractually required contribution	<u>115,422</u>	<u>51,651</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
The Organization's covered payroll	\$ 2,885,517	\$ 1,290,126
Contributions as a percentage of the Organization's covered payroll	4.00%	4.00%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

## **OTHER INFORMATION**

**LEAD PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Year Ended June 30, 2016**

<b>Federal Grantor/ State Grantor/ Program Title/ Pass-through Grantor</b>	<b>CFDA#</b>	<b>Contract Number</b>	<b>Balance June 30, 2015</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Balance June 30, 2016</b>
<b>FEDERAL AWARDS</b>						
U.S. Department of Education - Office of Elementary and Secondary Education:						
Title I Grants to Local Educational Agencies:						
(Passed through Metro Nashville Public Schools)	84.010	N/A	\$ 83,074	\$ 327,715	\$ 645,913	\$ 401,272
(Passed through State of Tennessee Department of Education)	84.010	N/A	89,226	87,500	224,697	226,423
Total Title I Grants to Local Educational Agencies			172,300	415,215	870,610	627,695
ARRA - Race to the Top Grant (Passed through State of Tennessee Department of Education)	84.395	N/A	126,606	198,525	71,919	-
School Improvement Grant (Passed through State of Tennessee Department of Education)	84.377	N/A	350,937	355,054	229,117	225,000
Improving Teacher Quality (Passed through State of Tennessee Department of Education)	84.367A	N/A	29,125	10,500	-	18,625
Grants for Replication and Expansion of High-Quality Charter Schools	84.282M	N/A	-	373,585	373,585	-
Total Federal Awards			\$ 678,968	\$ 1,352,879	\$ 1,545,231	\$ 871,320

**NOTE 1 - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of LEAD Public Schools and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the State of Tennessee Department of Audit, Audit Manual. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. An audit in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was performed on the consolidated financial statements of the Charter Management Organization. A copy of that report is available upon request.





**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
LEAD Public Schools  
Nashville, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of LEAD Public Schools, Inc. as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise LEAD Public Schools' basic financial statements, and have issued our report thereon dated December 28, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered LEAD Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LEAD Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of LEAD Public Schools' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether LEAD Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Frasier Owen & Hunt, PLLC*

Nashville, Tennessee  
December 28, 2016

**LEAD PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2016**

**None**

**LEAD PUBLIC SCHOOLS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2016**

**None**



# Annual Charter School Report 2015-2016

*Respectfully submitted: Sept. 15, 2016*

LEAD Public Schools  
531 Metroplex Drive Suite A-200  
Nashville, TN 37211

[www.leadpublicschools.org](http://www.leadpublicschools.org)  
[www.facebook.com/LEADPublicSchools](https://www.facebook.com/LEADPublicSchools)  
[www.twitter.com/LEADSchools](https://www.twitter.com/LEADSchools)

**"READY FOR COLLEGE. READY FOR LIFE."**

## Introduction

LEAD Public Schools, founded in 2007, is a non-profit, tuition-free public charter school network in Nashville. We serve the needs of more than 2,100 students at five schools across Nashville and Davidson County at Brick Church, Cameron, LEAD Academy, LEAD Southeast and Neely's Bend. Our network's mission is to prepare *all of our students with the knowledge and skills to succeed in college and in life* and the network runs both fresh-start, open-enrollment charters and turnaround schools in zoned-enrollment neighborhoods.

In May of 2016, LEAD Academy graduated its third consecutive senior class, all of whom earned 100 percent college acceptance. The 2015-2016 school year began with the announcement that LEAD Academy High School and the former LEAD Academy Middle School were named Reward Schools for Growth, as was LEAD Southeast. This meant that since 2014, four out of six schools under the LEAD umbrella earned that Reward School designation (Cameron was named in 2014). Finally, Melissa Martens, a LEAD Academy math teacher, was honored with a Blue Ribbon Teacher Award, the first of our team of teachers to earn this designation.

LEAD takes great pride in its school and network culture centered on our Ethos: our students, staff members and families are all asked to lead their lives both in and outside of school with five tenets in mind: we lead because we are committed, courageous, disciplined, self-reliant and because we serve others. This character-based initiative serves as the foundation for the network's social and emotional programming, including crew, our daily advisory period in which leaders and peers discuss contemporary issues, on-campus experiences and work toward building cohesive and trusting relationships at all five of our schools in order to best support and enhance a student's academic experience and outcomes. At the beginning of the 2015-2016 school year, LEAD enrolled 1,954 students in six schools across five campuses. LEAD Middle was closed at the conclusion of the school year and students transferred to other locations. LEAD had 189 scheduled instructional days for the 2015-2016 school year.

Chief Executive Officer: Mr. Chris Reynolds

[chris.reynolds@leadpublicschools.org](mailto:chris.reynolds@leadpublicschools.org)

(615) 870-4995

Board of Directors Chairman: Mr. Dwayne Tucker

[dtucker615@gmail.com](mailto:dtucker615@gmail.com)

214-923-7062

For 2016-2017, LEAD is comprised of the following schools:



**Brick Church: A LEAD Public School**

2835 Brick Church Pike

Nashville, TN 37207

Mr. Dennis Wolff, School Director

(615) 806-6317 (Main Office)

(615) 806-6319 (Fax Number)

[dennis.wolff@leadpublicschools.org](mailto:dennis.wolff@leadpublicschools.org)

[www.brickchurchcollegeprep.org](http://www.brickchurchcollegeprep.org)

Brick Church: A LEAD Public School (formerly Brick Church College Prep) is a turnaround charter school operated by LEAD Public Schools and authorized by the Achievement School District with an emphasis on college-preparatory, personalized learning for all students in our care. LEAD began operating the fifth-grade in 2012 and “phased-in” an additional grade each year until fully-operating the school as a college-preparatory middle school serving grades 5-8 in 2015. Brick Church operates from 7:30 a.m. to 3:30 p.m., Monday through Friday and is the zoned middle school for the Whites Creek cluster of Metropolitan Nashville Public Schools (MNPS). The current enrollment is 334 students.



**Cameron: A LEAD Public School**

1034 First Avenue South

Nashville, TN 37210

Contact: Mr. Tait Danhausen, School Director

(615) 806-6320 (Main Office)

(615) 248-5577 (Fax Number)

[tait.danhausen@leadpublicschools.org](mailto:tait.danhausen@leadpublicschools.org)

[www.cameroncollegeprep.org](http://www.cameroncollegeprep.org)

Cameron: A LEAD Public School (formerly Cameron College Prep) is the first district/charter partnership in Tennessee and is a model for future school transformation

in Nashville and elsewhere. This groundbreaking transformation began when the district sought a charter partner (LEAD Public Schools) to help turnaround a chronically-low performing school: Cameron Middle School. Cameron serves students in grades 5-8 in South Nashville with an emphasis on college preparatory, personalized learning for all students in our care. There are no barriers to entry for zoned students – admission occurs all year long in all grades. In 2014, Cameron was named a Reward School for Growth and was a Level 5 school for growth in 2015. Cameron operates from 7:30 a.m. to 3:30 p.m., Monday through Friday and is the zoned middle school for the Glenclyff cluster of Metropolitan Nashville Public Schools (MNPS). The current enrollment is 665 students.



**LEAD Academy High School**

1034 First Avenue South

Nashville, TN 37210

Contact: Mr. Nic Frank, School Director

(615) 327-5422 (Main Office)

(615) 248-5577 (Fax Number)

[nic.frank@leadpublicschools.org](mailto:nic.frank@leadpublicschools.org)

**LEAD Academy High School**, located at 1034 First Avenue South in Nashville, is an open-enrollment charter high school that serves students in grades 9-12 with a college-preparatory, equitable education with an emphasis on personalized learning approach for all students in our care. LEAD Academy High School is a 2015 Reward School for Growth and its first three graduating senior classes have earned 100 percent acceptance to college. All LEAD students are encouraged to participate in community service and extra-curricular activities such as peer-mediation, debate, basketball, cross country, and student council. LEAD Academy operated from 7 a.m. to 3 p.m. Monday through Friday. The current enrollment is 367 students.





**LEAD Southeast: A LEAD Public School**

531 Metroplex Drive

Nashville, TN 37211

Contact: Mr. Chris Elliott, School Director

(615) 678-0543 (Main Office)

(615) 800-8272 (Fax Number)

[chris.elliott@leadpublicschools.org](mailto:chris.elliott@leadpublicschools.org)

[www.leadprepsoutheast.com](http://www.leadprepsoutheast.com)

**LEAD Southeast** was founded in 2013 as an open-enrollment charter school in Southeast Nashville and Antioch and, as of the 2016-2017 school year, will serve the needs of middle school students in grades 5 through 8. LEAD will be adding a grade at the conclusion of each school year through 2021 in order to be a high-quality, college-preparatory middle and high school for our families in Southeast Nashville with an emphasis on college-preparatory, personalized learning for all students in our care. Learn more about LEAD Southeast by visiting our website [leadprepsoutheast.org](http://leadprepsoutheast.org). LEAD Southeast operates from 7:30 a.m. to 3:30 p.m., Monday through Friday. The current enrollment is 491 students.



**Neely's Bend: A LEAD Public School**

1251 Neely's Bend Road

Madison, TN 37115

Contact: Mr. Marcus Moye, School Director

(615) 645-6461 (Main Office)

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**Neely's Bend: A LEAD Public School** is a middle school serving grades 5 and 6 in the Hunters Lane region of Nashville with an emphasis on college preparatory, personalized learning for all students in our care. Our LEAD Ethos, where students succeed because they are courageous, committed, disciplined, self-reliant and because they serve others, are the foundation of our school culture. Neely's Bend is the newest school in the LEAD Public Schools Network and the second "turnaround" school formed in partnership with MNPS and the ASD. LEAD Neely's Bend began as a fifth-grade school in the 2015-2016 year and will add a grade per year to eventually serve the Neely's Bend and Madison community as a 5-12 school in the year 2023. Any students zoned for Madison Middle, Neely's Bend Middle, or other Priority Middle Schools (bottom 5%) are eligible to attend. Neely's Bend

operates from 7:30 a.m. to 3:30 p.m., Monday through Friday. The current enrollment is 247 students.

Here is our report for the 2015-2016 school year.

### **Section I: Progress Toward School Goals**

LEAD Public Schools had a successful 2015-2016 school year that began with the state announcement that three of our campuses (LEAD Southeast, LEAD Academy Middle School and LEAD Academy High School) were named Reward Schools for Growth. The 2015-2016 school year also saw the network's first Blue Ribbon teacher, LAHS math teacher Melissa Martens, and the third consecutive senior class earn 100 percent acceptance to college. Network wide enrollment increased over 20% from the prior year with nearly 2000 students attending LEAD schools.

#### **Standardized Testing**

TNReady results are not available for the 2015-2016 school year. As in years past, we have used an array of assessments to drive our instructional practices. What follows is a breakdown of MAP testing and results for the end-of-year 2015-2016 testing window, as well as the academic successes achieved by LEAD students this past school year. For background, at LEAD turnaround schools 28 percent of our incoming fifth-graders are in the bottom 2 percent nationally, per the NWEA MAP test. At our other schools, between 10 and 20 percent of our incoming fifth-graders are in the bottom 2 percent nationally. LEAD schools enroll some of the most vulnerable students in the city and they typically have some of the largest academic and social/emotional deficits. Despite this challenge our students are showing that they can close the gap to their peers over time. While we are always striving to improve, the results below show tremendous growth in our schools.

#### ***Attainment***

##### **EOY Goal: 50% of LPS students will meet or exceed the national norm for the grade level**

- At the beginning of the year, 29 percent were on grade level in math. By the end of the year, 37 percent were on grade level.
- At the beginning of the year, 35 percent were on grade level in reading. By the end of the year, it increased to 40 percent.

#### ***Growth***

##### **EOY Stretch Goal: 70% of LPS students will grow 1.5 years (150% annual growth) (fall to spring).**

- Math: 41% of our network's students grew one-and-a-half years in math.

- Reading: 42% of our network's students grew one-and-a-half years in reading.

#### Additional Academic Results:

- 100% of the LEAD Academy High School students were accepted into a four-year college or university for the third year in a row.
- NWEA MAP data shows 72% of our students are progressing in mathematics with their peers nationally; 70% of our students are progressing in reading with their peers nationally.
- In analyzing our NWEA MAP data for grades 5th-8th, the goal is to decrease the amount of students in the bottom two quartiles and move them to the top. Every single school moved students in 2015-2016.
  - LSE 62% to 44%
  - LMS 55% to 50%
  - BC 76% to 71%
  - CCP 78% to 72%
  - NB 70% to 66%
- ACT average increased from 18.4 to 18.7.
- The LEAD Academy Class of 2016 earned \$1,079,592 in scholarships.
- The Classes of 2014 and 2015 are persisting in college at a rate of 71 percent.

#### Section II: Student Mobility

The following student mobility information lists the reasons students left the school during the last year, and why they left as broken out by LEAD campus. As requested, we have included the total number of students leaving and the reason(s) why.

##### Brick Church:

Brick Church: A LEAD Public School is a zoned-enrollment charter school in collaboration with Metro Nashville Public Schools and the Achievement School District. Brick Church accepts students during the entire school year just as regular district schools do. We enroll three types of students: zoned, zoned-option, and Priority Zone option. Brick Church remains susceptible to changes in our students' home addresses, leading to a higher mobility rate than our other campuses. After the 10th day of school, Brick Church had 62 students enroll over the course of the year, and 92 students withdraw. The faculty at Brick Church continue to work with individual families to identify the best academic environment for each student. Brick Church also plans to work with other community schools to collaborate on a strategy that will support feeder patterns will become the school of choice for the families in the surrounding community.

##### Cameron College Prep

Cameron College Prep (Cameron) is a zoned-enrollment charter school in collaboration with Metro Nashville Public Schools. Cameron accepts students during the entire school year just as regular district schools do. It operates a lottery if there are remaining spaces after it's current zoned students are enrolled. We are excited and encouraged to see that families are returning to Cameron, their neighborhood school, at rates that exceed enrollment in the pre-conversion years. Mobility, while still high, is also reduced from pre-conversion levels. After the 10th day of school, Cameron had 123 students enroll over the course of the year, and 105 students withdraw. Of the withdrawals, 33% report moving out of the city/state, 39% report having difficulty with transportation (indicating they may move out of the zone/bus route, but not the city/state) and only about 5% report they are leaving due to concerns about the school culture/discipline. The faculty at Cameron continue to work with individual families to identify the best academic environment for each student and hopes that Cameron will become the school of choice for the families in the surrounding community.

### **LEAD Academy**

LEAD Academy Middle School was an open-enrollment charter school that served grades 5-8 during the 2015-2016 school year. After the 10th day of school, the campus had 23 additional students enroll and had 77 students withdraw. LEAD Academy High School finished its last year at 1704 Heiman Street before moving to Cameron in the summer of 2016. For the 2015-2016 school year, LEAD Academy High had two students withdraw to attend another out of county or out of state school, six students withdraw due to transportation issues, two students withdraw due to an address change and one student drop-out. Sixty-seven students were projected to attend LEAD Academy but never physically attended. Thus, the student withdraw reason is unknown for those students. The LEAD Academy staff continues to focus on establishing supportive, trusting relationships with high school families in order to continue serving the needs of our students to ensure they are prepared with the skills necessary to see sustained success both in college and in life.

### **LEAD Prep Southeast**

LEAD Prep Southeast is an open-enrollment charter school that served grades 5-7 during the 2015-2016 school year. This campus continues to have a waitlist for enrollment, and we are excited to see the demand for our school in the Southeast Nashville/Antioch community. After the 10th day of school, the campus had 23 additional students enroll and had 31 students withdraw. Over the 2015-2016 school year, LEAD Prep Southeast had 11 students withdraw to attend another out of county or out of state school, 6 students withdraw due to issues with School Culture or Discipline, five students withdraw due to transportation issues, two students withdraw due to an address change and wanting to attend an in-county school closer to their new home and seven students for reasons unknown. Finally, this campus had zero students drop-out. We are excited about the high retention rates we are seeing at this campus, and we believe our continued involvement in the community will only further increase the number of students that choose to stay with us throughout the year.

### **Neely's Bend**

Neely's Bend: A LEAD Public School is a zoned-enrollment charter school partnering with Metro Nashville Public Schools and the Achievement School District. Neely's Bend may enroll scholars throughout the school year, and this campus may enroll up to 25% of their scholars from out-of-zone. The most common factors leading to withdrawal is family mobility. On the 10th day of school, 10 students were counted as "No-Shows" having not physically attended Neely's Bend at all while 6 scholars moved out of zone throughout the school year and parents were unable or unwilling to transport their children to/from the Neely's Bend campus. One student withdrew due to transportation issues, two scholars' families believed that LEAD was not a good fit for their children, and one student left due to bullying issues despite our best efforts to intervene and address parent concerns in all three instances. There are noticeable commonalities between families in at-risk situations and scholars who have missed more than 10 days of school or have withdrawn. There are noticeable commonalities between families in at-risk situations and scholars who have missed more than 10 days of school or have withdrawn. The staff at Neely's Bend continue to develop extracurricular supports that enhance the quality of the academic culture as well as diminish academic barriers for our scholars by partnering with local resources and maintaining consistent family engagement procedures to be aware of potential dangers to the scholars' academic experience and retention at Neely's Bend.

### **Section III: Operations and Finance**

LEAD Public Schools continues to be in a strong financial position as described in detail in our annual audits. LEAD has met or exceeded Metropolitan Nashville Public Schools (MNPS) and Achievement School District (ASD) Financial Performance Indicators, secured a clean audit, and has had multiple years of budget surpluses, all of which have resulted in a strong cash position.

LEAD has met financial compliance expectations, including submitting annual budgets and audited financial statements to authorizers and the state in a timely fashion.

Below is a preliminary, unaudited account of our revenue from the 2015-2016 school year, excluding per pupil funding. Our final audited financial results will be provided to the state by the end of the calendar year, as required.

Preliminary Unaudited 15-16 Revenue (excluding BEP and Federal allocation funding):

School Improvement Grant	229,117
Charter School Programs Federal Grant	459,160
Other Growth Philanthropy	508,161
Local Philanthropy	706,553
<b>Total Funding excluding BEP</b>	<b>1,902,991</b>

As the 2015-2016 school year began, Neely's Bend operated a fifth-grade as part of the network's partnership with the Achievement School District (ASD) and the phase-in turnaround approach used by LEAD. Additionally, LEAD Southeast grew to serve students in grades 5-7 at its Southeast Nashville location. Brick Church was a fully-grown 5-8 turnaround school, joining Cameron. LEAD Middle, operating out of the Brick Church campus, finished its final year in the network.

LEAD announced that LEAD Academy High School would be moved from the location at St. Vincent's on Heiman Street in North Nashville to shared space at Cameron: A LEAD Public School so that the high school students and families would be better served in a long-term home. The move put two Reward School programs in the same building with an as the 2016-2017 school year began.

#### **Section IV: Leadership Changes**

This section addresses staff additions and departures, as well as the Board of Director members who have joined the LEAD network from 2015-2016.

*Network Support Team (Central Office):* Nathan Madigan was hired as Chief Operating Officer and began in April of 2016, joining Chris Reynolds (CEO), Adrienne Useted (CFO) and Jay Brown (CAO). LaVoe Mulgrew was promoted from LEAD Academy Head of School to the Head of Schools for the entire network.

*Board of Directors:* Dr. Annette Little, Stan Ruta and Carter Paine all joined the Board of Directors since our last state report. They join Chairman Dwayne Tucker, Kim Ames, William Braddy III, the Honorable Judge Richard Dinkins, Don Taylor, Earl Lattimore, Jerome Oglesby and Jimmy Patton on the LEAD Board. Tara Scarlett changed from a board member to advisory member this year.

*Brick Church: A LEAD Public School:* School Director Dennis Wolff began in July 2015 after a promotion from the network's Resident School Director program. The Dean of Culture, Cherronda Briscoe, was appointed internally in the spring of 2016. The Dean of Instruction, Robyn Head, was promoted internally in August 2016.

*Cameron: A LEAD Public School:* Sanjana Balal, our former dean of culture, left the network this summer. School Director Tait Danhausen remains, along with the Dean of Instruction, Kate Ring.

*LEAD Southeast:* Courtney Hiltunen is our new Dean of Instruction, having been promoted internally. She joins the team of Chris Elliott, school director, and Emma Mac, dean of culture.

*LEAD Academy High School:* School Director Nic Frank is in his first year at the helm of the high school. He is joined by new Dean of Culture, Nate McDaniel and Janie Smith, the new Dean of Instruction. All three are internal promotions.

*Neely's Bend: A LEAD Public School:* Mr. Marcus Moyer began as school director in July 2016, replacing Shawn Jackson, who held the position for the 2015-2016 school year. Mr. Moyer was internally promoted through his work in the network's Resident School Director program. He is joined on his staff by Dean of Culture Jasmin Hopkins and Dean of Instruction Karen Charles. Ms. Charles became the DOI at the conclusion of the 2015-2016 school year – also an internal promotion.

## **Section V: Parent and Community Involvement**

Each of our LEAD campuses has a commitment to its students and families to provide a supportive environment. Included and integral to our students' academic success is a commitment to hosting monthly parent meetings at school, monthly volunteer opportunities for parents to support their student, and also monthly correspondence internally and externally communicating the various partnerships of our schools. For the 2015-2016 school year, LEAD invested in the Family Engagement Coordinator roles at all of our campuses in order to better serve our families.

Our school culture at all five campuses encourages active, positive and productive participation of both families and staff members in order to most optimally serve our students. Network-wide examples of this include parent steering committees at all five of our campuses and a commitment to Student-Led Conferences each year. SLCs allow our students to invite a family member to school to review their academic progress. These one-to-one meetings between the student and his or her parent and/or community volunteer, allow the student to describe, in detail, both their academic and social-emotional progress throughout the year.

At our middle schools, each year begins with the opportunity to “earn” a free uniform shirt by accumulating points prior to a schoolwide assembly, called a “Uniform Ceremony.” There, students are honored for their commitment to the LEAD Ethos (“I LEAD because I am... committed, courageous, disciplined, self-reliant and because I serve others”). These celebrations are for students and families alike and serve to reinforce LEAD commitment to communities and the neighborhood schools in which we serve.

At a minimum, each campus has a functioning parent group or regular occurring parent-focused event allowing parents the venue to play a role in the operations of our schools. In addition, monthly events are hosted that we not only invite current students and families, but also invite potential students and families and community members interested in learning more about our schools. All schools host holiday and/or cultural events to celebrate the many traditions and backgrounds of the families in which we serve. Listed below are some highlights of our parent and community involvement.

**Brick Church** reinvested in parent and community involvement in the 2015-2016 school year with initiatives centering on monthly volunteer opportunities for parents and

families; additionally, Brick Church families were an integral part in planning and executing campus events. Lastly, some of our parents volunteered to go recruiting during our summer enrollment drive. As for community partners, Brick Church partnered with Girls on the Run: Running group focused on encouraging young women to run daily and build healthy lifestyle habits to guarantee healthy living during middle school. Teachers, parents, and volunteers participate as coaches and work with the young women at Brick Church on various topics such as self-confidence, self awareness, and healthy living. Related Arts and Clubs: Brick Church partnered with Creative Soul, a music education organization to provide a daily creative outlet for students. We also partnered with local government as well as an abstinence group to provide weekly activities for a few of several affinity-based "clubs" as an extracurricular activity. The school hosted its first-ever "Career Day" in December, an opportunity for Nashville-based professionals to share their experiences with students in an open and positive forum.

**Cameron** has a robust parent and community involvement program. Throughout the year, Cameron connects with a variety of community partners for programs and events in our school. Examples include: The Nashville Basket Brigade supplies Cameron with over 150 free baskets of Thanksgiving food to give to our families in need around the holidays; and through the MNPS HERO program, students and families living in transition (living temporarily with family members due to eviction/unaffordability of housing, living in a hotel, car, or shelter, loss of housing, etc.) can enroll to receive resources in order to help stabilize the child's educational experience. Conexion Americas partnered with Cameron for their Padres Comprometidos program where they help teach Latino immigrant families about the US School System and how to be a positive advocate for their student's success. In addition to the network events listed above, Cameron hosted a Latin Family Dance Night where parents cooked authentic Latino food to sell and a local Latin Dance instructor hosted dance classes for all.

**LEAD Academy High School** held monthly parent committee meetings throughout the 2015-2016 school year and participated in several community partnership endeavors, including volunteering with the Angel Sixteen. Through this program, LEAD Academy High School seniors volunteered -- and modeled the "I LEAD because I serve others" Ethos -- through their work on the Salvation Army's "Angel Tree Project," a program for families who need assistance providing gifts and basic needs to their children at Christmas. The school and student volunteers sponsored a total of eight "Angels" -- two per grade level. The students raised money for gifts and donations to purchase the items for the families and on Tuesday, they went to the Salvation Army warehouse to sort and stock the items for the project. High school volunteers also participated in the annual Martin Luther King Jr. walk in Nashville on MLK Day, a further commitment to serving others in the community.

**LEAD Southeast** has an active and developing parent and community involvement program. In 2015-2016 LSE was in its third year as a school and 2nd year in the current location at 531 Metroplex Drive. The community has been very supportive of our school and we are excited to continue to develop community partnerships in the coming year as a major focus. Several examples of community partnerships include: Through the MNPS



HERO program, students and families living in transition (living temporarily with family members due to eviction/unaffordability of housing, living in a hotel, car, or shelter, loss of housing, etc.) can enroll to receive resources in order to help stabilize the child's educational experience; Well-Child hosts a clinic at LSE to perform Early and Periodic Screening, Diagnostic and Treatment exams (annual physical/check ups) to students in order to increase student access to medical care while eliminating the need to miss school. They also provide optometry services for students to get their eyes examined and receive free glasses. This is primarily for students with TennCare. LSE offers a year-long Relay for Life club where students are involved in raising money and then participate in the walk in order to raise money and awareness to fight back against cancer.

**Neely's Bend** kicked off its inaugural year as part of the LEAD network with a back-to-school barbecue and Family Night, the first in a foray of monthly parent meetings held at the school in order to foster an open and communicative environment between school leaders and staff members and family members. The school began hosting regular Movie Nights in the early Spring that carried through the end of the school year. The school hosted a visit from the Broad Foundation in which parents and students participated in a panel alongside leaders and teachers from Neely's Bend Middle Prep, the district's sister school. Additionally, a group from Neely's Bend participated in the Teacher Recognition event at the close of the school year, hosted by the Madison-Rivergate Chamber of Commerce.

## **Section VI: Promising Practices**

To fulfill LEAD's mission (*LEAD Public Schools prepares all of our students with the knowledge and skills to succeed in college and in life*), it is vital that LEAD students engage in a rigorous and coherent academic program, which ensures college and career readiness by emphasizing the TN Academic Standards in a student-centered environment.

Our four key instructional priorities act as promising practices at LEAD. They are:

**Instructional Priority 1: Increase complex-problem solving through task-based learning.** We believe all students need ample opportunities to solve complex math tasks. In previous years, we gave students more clues and structures to complete math tasks. Now, productive struggle is encouraged. The teacher has become more of a facilitator. This also means teachers must pre-work problems and plan for student misconceptions.

**Instructional Priority 2: Increase student-centered instruction through academic discourse.** We are looking for classrooms to include less guided practice and instead more time for students to discuss and grapple with concepts.

**Instructional Priority 3: Increase textual analysis through close reading.** We work to norm with teachers' grade level/content teams on each genre of the state writing rubric.

**Instructional Priority 4: Increase reading proficiency through targeted reading intervention.** MAP provides us with a starting point to begin diagnosing student deficiencies in reading and target our interventions. In any analysis, we consider student needs and how those needs will be addressed in intervention, but also core ELA instruction. Our staff holds the bar for college-ready steady, but design *training* for students (*aka targeted interventions*) helps them reach the college ready bar.

Additionally, LEAD has chosen to implement Frameworks for Instruction in each of its core content areas. Each framework includes a balance of instructional formats, strategies, and content. The instructional formats relate to the optimum way that people learn any new skill or information: modeling, sharing, guiding, and developing independence. This model provides a flexible structure for the teacher to assess what individual students need and to give the students the support to learn and practice strategies so that they can become strong readers, critical thinkers, problem solvers, and precise writers through a gradual release of responsibility. The framework in English Language Arts integrates reading and writing with a strong emphasis on close reading and writing from sources. The math model promotes deep conceptual understanding of mathematics fundamentals and flexible problem solving of complex, non-routine problems. Social Studies is driven by concept-based instruction with a strong emphasis on methods of inquiry, analysis, evaluation of primary and secondary sources, and effective communication of thoughts and ideas to take informed action. Through our framework for science, students develop the scientific habits of mind, inquiry and reasoning, as they learn new scientific concepts and skills.

### Effective Teaching

“Teaching is complex, and great practice takes time, passion, high-quality materials, and tailored feedback designed to help each teacher continuously grow and improve.” Vicki Phillips, Director of Education, College Ready-U.S. Program at the Bill & Melinda Gates Foundation, Measures of Effective Teaching (MET) Project Final Research Findings (2013).

LEAD Public Schools brings together research and experience to understand what effective instruction looks like. Our goal is to be the most disciplined about using research, reflection, and real-time data to understand what great teaching looks like in the classroom. We study the latest research to ensure that we are up-to-date on what is proven to work for underserved students. We have a three-pronged approach to professional development that dedicates time to developing teacher content knowledge, pedagogical content knowledge, and taxonomy of instructional moves. We take time – 2 weeks in the summer, biweekly content meetings, and quarterly data days - to reflect as a professional community on how we can improve as educators. And, we are rigorous in our use of data to understand if we are closing the achievement gap for all our students.

Effective teachers are accountable for moving their students along the path to mastery. All LEAD students are expected to meet rigorous learning standards in four areas: English Language Arts, Mathematics, Science, and Social Studies. Teachers of all grade levels use these standards to ensure that their students are progressing towards success in high school, college, and life.

## **Section VII: Action Steps**

In the beginning of the 2015-2016 school year, LEAD embarked on a strategic planning initiative that would set a list of seven strategic imperatives to guide the network over the next five years. A year later, LEAD has embarked on those imperatives in addition to growing the numbers of families and grades served in our schools. Neely's Bend is now operating a fifth- and sixth-grade through our partnership with the ASD; LEAD Southeast now serves the needs of students in grades five through eight and will open ninth-grades next fall. And, as noted in Section III of this report, LEAD Academy and Cameron now share space on First Avenue South – two Reward School programs serving middle and high school populations.

In addition to the information outlined throughout this report, here is a snapshot of LEAD as it ended the 2016 school year:

- LEAD Middle was the first charter school to actively recruit students with disabilities.
- LEAD High was the first charter high school in Nashville.
- Cameron was the first charter school to commit to a turnaround work and guarantee enrollment to every single child in the zone with zero barriers to enrollment.
- Brick Church was the first charter school in Nashville to create a life skills program and we are now expanding that throughout our network.
- LEAD Southeast was the first charter school to commit to a specific geography based on a location request from the district.
- Neely's Bend is the first charter school to have shared teaching staff and bus routes with the district.
- LEAD was the first school in Nashville to have 100% of its graduates accepted to a college, a feat realized for three consecutive years (2014, 2015 and 2016).
- LEAD was the first charter school to send a sports team to the state tournament.
- LEAD is the first charter network to have four (4) schools recognized as Reward Schools.
- And today, LEAD is the largest CMO in Nashville, serving more than 2,000 students and nearly 150 alumni graduates.

As we embark on the 2016-2017 school year, our action steps begin with a continued commitment to our instructional framework and instructional priorities as outlined in Section VI. Additionally, we continue to focus on establishing and maintaining strong family and community partnerships.

LEAD has served the needs of Nashville students for 10 years, effective August of 2016.

# **LEAD Academy Charter Renewal Application**

**2017-2027**



*Date of submission: March 31, 2016*

## **Section I - Executive Summary**

LEAD Academy was founded in 2007 to provide a rigorous, high-quality education for students primarily in North Nashville. Built on a belief that all students can learn, graduate from high school, and go to college, LEAD has delivered on its promise to students and families by consistently outperforming other district and state schools. The first three graduating classes (2014, 2015 and 2016) have fulfilled the school's original vision that 100 percent of our graduates would be accepted to a four-year college. LEAD graduates have been accepted to Belmont University, Middle Tennessee State University, the University of Tennessee at the Knoxville and Chattanooga campuses, Spelman College, Western Kentucky University, the University of Memphis and LaSalle University, among others. LEAD Academy will continue its founding mission to support, train, and educate the next generation of responsible citizens. Beginning in August of 2016, LEAD Academy will consist of grades 9-12 and provide a high school option for our Cameron middle school students.

Whereas LEAD Academy has traditionally served African-American students, Cameron's student body is more than 50 percent Hispanic, 25 percent black and 20 percent white, and also hosts one of the highest EL populations of any school in the city (nearly 40%). These demographic influences will contribute to LEAD Academy becoming more diverse over the next ten years. In its new location, 1034 First Avenue South at Cameron, LEAD Academy will continue to open its doors to students from all over the Nashville community as room permits. While the demographics of our student population are changing, LEAD's promise is not: we will continue to provide a high-quality, college-preparatory educational experience for mostly underserved Nashville students in historically at-risk neighborhoods. LEAD Academy's core values are embodied in the school's Ethos, comprised of five components: courage, commitment, discipline, self-reliance and service to others. All of the school's programming -- both academic and behavioral -- is built on the LEAD Ethos. Students and adults are expected to exemplify these values in everything they do. LEAD Academy is the founding school in what has become LEAD Public Schools network, a charter management organization that serves the needs of 2,000 students across Nashville in five schools: Cameron, LEAD Southeast, Brick Church, Neely's Bend, and of course, LEAD Academy. LEAD Academy High and Middle schools, LEAD Southeast and Cameron have all earned Reward School status for growth over the last two years. Additionally, four of our five campuses scored a Level 5 on the TVAAS in 2015.

Finally, over the course of LEAD Academy's existence, the school and network have consistently met MNPS Financial Performance Indicators, secured a clean audit, and have had multiple years of budget surpluses, resulting in a strong cash position. For these reasons and the reasons outlined herein, we seek charter renewal for LEAD Academy from 2017 through 2027.

## **Section II - Academic Performance**

### *Academic Performance Framework*

LEAD Academy has achieved a three-year average of Excelling on the MNPS Academic Performance Framework. In both 2014 and 2015, LEAD achieved Excelling, increasing total points earned from 53.12 in 2013 to 76.57 in 2015. In 2014-15, LEAD Academy has named a Tennessee Reward School. LEAD has consistently outperformed district schools and many state schools in most content areas as evidenced on the End of Course exams from 2012-2015. In 2015, 43 percent of LEAD Academy students scored proficient on their English III exam compared to 41.7 percent in the state and 29.8 percent in MNPS. On the Algebra II exam in 2015, 65 percent of LEAD Academy students scored proficient versus 54.2 statewide and 40.4 percent in MNPS. Finally, based on Academic Performance Framework data, LEAD Academy High School was the third highest performing high school in the district in both 2014 and 2015 (please see attached charts in Appendix, A).

LEAD Academy follows the MNPS and Tennessee graduation requirements for a regular diploma. In addition, students must earn four credits for College Seminar Classes and Senior Capstone and take four extra elective classes. LEAD Academy does not accept nor provide summer school credit or credit recovery for failed courses. Students must make up any lost credit due to failure by retaking the class during the school year at LEAD Academy High School. All three graduating classes (2014, 2015 and 2016) have achieved the school's goal of 100 percent acceptance to a four-year college. As LEAD enters its 11th year of operation, the school will continue its mission to ensure that all seniors are admitted to a four-year school.

### *Assessment Data*

LEAD puts a high premium on using data to drive student learning and as a means for closing the student achievement gap. The school has both a Dean of Instruction and Data and Assessment Coordinator to facilitate the use of data with teachers and students. LEAD teachers and leaders have time built into the school calendar to build strong data practices, including to calibrate grading of targeted written work to a common rubric and exemplar, to analyze assessment data, and to use this data to adjust daily, quarterly, and yearly planning. LEAD students also have time built into their calendar to reflect on their own data, in order to identify areas of strength and growth. LEAD Academy administers an array of assessments to obtain essential data used in designing unit and lesson plans, as well as in determining what classes to schedule students into and what additional interventions they may need. In addition to participating in TCAP, LEAD has regularly administered the EPAS assessments, and in 2014-15 piloted the ACT Aspire suite of assessments in the 9th and 10th grades. LEAD uses this data to gauge student readiness for college academics and adjusts coursework and instruction accordingly.

LEAD students in grades 5-8 take NWEA MAP assessments three times a year to provide data that LEAD uses to benchmark our students against all test takers nationwide. Eighth grade MAP scores for incoming 9th graders are one criterion used for class scheduling. Students performing below grade level or scoring below the 50th percentile in reading, for example, would be placed in an English Content Area Reading class where they would receive additional ELA support using Achieve 3000 and other intervention strategies. Similarly, a student performing below grade level or scoring below the 50th percentile in math receives additional support in a Math CAR classes that use ST Math as the anchor blended learning tool. Students in those classes track their own growth and are celebrated for their accomplishments. Students are also encouraged to reflect on their own data and then potentially opt in to English and Math CAR courses if they would like extra support with the subject. Eighth grade MAP scores are also used to help determine percentage of freshmen on track to graduate, a data point LEAD has prioritized as an indicator of high school success.

LEAD teachers regularly use data from formative and summative assessments to inform their instructional practices. Specifically, teachers use daily exit tickets to adjust instruction, meeting the needs of their students in real time. Furthermore, LEAD teachers administer Network Interim Assessments and semester exams aligned to Common Core and Tennessee Academic Standards. Students are expected to know and own their own data and to use it for setting individual academic goals. Students receive Progress Reports every two weeks which they review in crew (advisory) and seminar classes, then create bi-weekly action plans to ensure they are working toward meeting their academic goals. At the end of the first semester, students participate in Student-Led Conferences in which they explain their data, progress, and goals with their parent/guardian and, in many cases, with community and business leaders.

### *Curriculum*

LEAD Academy's academic program is defined by its rigorous curriculum and student-centered learning. All students will meet college entrance requirements by graduation and will be proficient in the core subject areas of English language arts, math, science, and social studies. In addition, LEAD places a strong emphasis on world language and visual arts. LEAD teachers teach to the CCSS college readiness standards, using Understanding by Design planning strategies as the foundation for unit planning and rigorous lesson plans. LEAD has adopted Engage New York curriculum for our ELA classes and College Preparatory Math (CPM) for math instruction, both of which develop conceptual learning in our students and prepare them for TNReady assessments. LEAD Public Schools' Instructional Model for English Language Arts is grounded in textual analysis: students are required to do repeated close readings of grade-level complex texts in order to make meaning. This instructional component is designed to ensure all students are provided opportunities to access complex texts through multiple short cycles of Read-Write-Discuss-Revise, moving from teacher-led close reading to independent textual

analysis. EngageNY serves as the primary curricular resource because of its strong alignment to the Common Core and its selection of high quality and appropriately rigorous texts.

LEAD Public Schools' Instructional Model for Mathematics is grounded in task-based learning: students solve complex problems (tasks) in order to make meaning of concepts and connect them to mathematics procedures. This instructional component is defined by four phases of a lesson: Launch, Explore, Summary, and Generalization and Application. Each phase is designed to ensure all students are provided opportunities to access complex tasks, develop multiple approaches to solving a task, and engage in mathematical discourse with their peers and teacher about their solution paths. These phases also exist to shift from teacher-led instruction to collaborative, and independent problem-solving. College Preparatory Math's Core Connections serve as the curricular resource because of its strong alignment to the Common Core and its selection of high quality and appropriately rigorous tasks.

In order to fulfill LEAD's mission, it is vital that our students engage in a rigorous and coherent social studies program, which ensures college and career readiness by integrating the Literacy Standards as outlined by the Common Core State Standards with the content of the Tennessee State Standards for social studies. LEAD's social studies program includes a strong emphasis on methods of inquiry; analysis and evaluation of primary and secondary sources, and effective communication of thoughts and ideas to take informed action (Chicago Public Schools, 2012; National Council for Social Studies 2013). LEAD students take at least three science courses, including, but not limited to: Biology, Chemistry and Physics. While the school is currently awaiting Tennessee's revisions of state science standards before developing our science frameworks, science teachers have embraced inquiry, as well as writing, within science instruction. For example, students regularly participate in science labs that are aligned to current standards. These labs demand complex thinking and high-quality writing from all students. Science teachers also use the ACT College Readiness Science standards to guide the work they do with students until Tennessee finalizes new standards.

### *Instructional Leadership*

LEAD Academy believes that outstanding teachers are the most important factor in student achievement. Toward that end, LEAD seeks teachers who possess a passion for their work, believe every child can learn, and are deeply committed to improving their practice. LEAD continues to recruit, plan for, and hire, whenever possible, a diverse population of teachers and staff who reflect the demographics of our student population. LEAD Academy has developed a robust instructional support model that provides every teacher with instructional coaching resources, on-going professional development both in and outside the school setting, and an extensive summer training period called LEAD University (LEAD U). The school's instructional leadership is driven by the LEAD Public Schools' network-level Academic Team. The overarching work of the Academic Team is to develop high-impact strategies and clear plans



for school support that ensure teachers and leaders are equipped with the knowledge, skills and resources needed to: 1) provide outstanding instruction to all students; 2) coalesce and coordinate “the power of the network” to execute the work with shared responsibility to accomplish what is needed; and 3) strengthen leadership and collaboration across all teachers and leaders. The Academic Team provides support and training that drive toward a central vision, ensuring that teachers and leaders have the capacity to provide high-quality instruction that will result in improved outcomes and college- and career-based opportunities for students.

### *Professional Development*

High-quality teacher professional development plays a critical role in student success. LEAD recognizes that just as students learn in different ways, teachers do, too, and they deserve exemplary professional development delivered in a variety of formats. These include at least three “Sustaining Saturday” PD sessions on Saturday mornings throughout the year and upwards of 23 PD afternoons built into the schedule on Wednesdays. Additionally, LEAD hosts an intensive PD workshop, named LEAD University (LEAD U), each July. The LEAD modes of professional development are as follows:

- **Content Team**

LEAD content team are made up of teachers who teach the same content. The purpose of LEAD content teams is to provide dedicated space for teachers to focus on the “concrete task of teaching, assessment, observation, and reflection, looking at how students learn specific content in particular context” (Darling-Hammond, 2010, pp.226-227). While in content teams, teachers study the very material they intend to teach, analyzing text, working problems, writing questions, considering assessments, and anticipating student responses.

- **Individual Instructional Coaching (TEAMwork)**

Instruction is the key to improved student learning. Traditional forms of professional development such as workshops and conferences, however, do little to impact instructional practice (Darling-Hammond L., Wei, R.C., Andree A., Richardson, N., Orphanos S., 2009). Instructional coaches can provide a long-term impact on instruction through continued use of the instructional strategies even after the work with the coach was over. (Garet, et al.’s, 2001).

All LEAD teachers have an instructional coach they engage with on a regular basis. This coaching is intended to improve practice and is not directly tied to evaluation. LEAD instructional Coaches use methods of cognitive coaching to empower teachers to reflectively engage in improving their practice. They also follow a cycle of professional learning (Tobia, 2007) outlined below:

- Observe/Investigate: Coaches observe using the TEAM rubric and highlight indicators observed.
  - Targeted Feedback: Coaches share feedback from the observation. The intention is for teachers to improve their practice by implementing new strategies to improve practice.
  - Plan: Coaches collaborate with teacher to craft a plan of action around one TEAM goal.
  - Implementing/Do: Implement the plan. Plans sometimes include reading a professional article or resource but often include co-planning and co-teaching.
  - Measure/Reflect: The coach and teacher reflect using evidence to determine whether the work needs to continue or if a new coaching cycle is set to begin.
- LEAD U and Sustaining Saturdays
 

LEAD teachers begin each school year attending two weeks of intensive Professional Development known as LEAD U. During this time, teachers have the opportunity to work with their colleagues in many areas, as well as do extensive planning for their own instruction. In addition, LEAD conducts three Sustaining Saturday workshops that continue the work of LEAD U during the school year. Both LEAD faculty and outside experts conduct Sustaining Saturday workshops.

### *At-Risk Students*

LEAD Academy employs practices and procedures that ensure at-risk students are identified. Through years of collaboration, LEAD has adopted S-team policies and practices from MNPS for the use of identifying at-risk students. LEAD works closely with MNPS school psychologists to ensure that proper S-team practices are being followed and the RTI2 standards are being met.

LEAD Academy uses a variety of methods to identify students who are at-risk. NWEA MAP data is analyzed for all incoming 9th graders, as well as their middle school report cards, behavior reports, and attendance data. Access scores are reviewed for all English Language Learners. In the event that a student is identified as having an educational disability, LEAD follows all state laws regarding identification and eligibility for Special Education services. Once a student qualifies for Special Education services, LEAD works with the IEP team to ensure that services are provided in the least restrictive educational environment. This includes:

- Implementation of RTI2
 

While full implementation of RTI2 is not required for high schools until the 2016-17 school year, LEAD is working to make sure courses/interventions are in place to meet the

needs of diverse learners. Interventions currently in place include Achieve 3000, ST Math, as well as additional tutoring during and after school. School leaders are currently attending State RTI2 workshops as they begin to develop the course of academic study for the 2016-17 school year.

- School monitors the progress of at-risk students  
All students are assigned to a small group advisory called Crew. Each week in Crew, students work closely with a mentor teacher to review their current grades and benchmark data from interventions that apply. In addition to student ownership of grades, grade level teams meet once per week and review school data through the Illuminate online grading system. Students who are failing or are at risk of failing are assigned an intervention based on the area of need. Students in the intervention classes (Math CAR/English CAR) are tracked based on the progress they are making in Achieve 3000 (lexile growth) and/or STMath (syllabus progress). Finally, students participate in twice-year Student Led Conferences during which they review their academic as well as behavioral information with parents/guardians. SLCs provide students the opportunity to take responsibility for their own learning and behavior and allow parents to be accountable as well for how their students are performing in school.
- English Language Learners:  
LEAD Academy follows closely the requirements set forth by the state for English Language Learners. LEAD employs teachers who have the proper ELL endorsement to provide services directly to EL students and to provide classroom teachers with best practices for serving the students' needs. Finally, EL teachers at LEAD Academy work closely with the state WIDA standards to ensure that EL students are progressing and getting appropriately scaffolded English instruction.
- Professional Development  
LEAD offers teachers a variety of professional development aimed at the goal of meeting the needs of a diverse population of learners. Professional development opportunities are offered during the summer as well as weekly PD sessions.

### **Section III – Operations and Governance**

#### *Mission and Key Design Elements*

LEAD Academy has kept an unwavering focus on its mission, vision, and key design elements since its founding. Our mission is to support, educate and train the next generation of responsible citizens, and our vision is to graduate 100 percent of our students and send them to a four-year college or university. Staff and students collaboratively pursue this vision with a shared culture built upon our five-part Ethos of Courage, Commitment, Discipline, Self-

Reliance, and Service to Others. Original key design elements included a rigorous academic model, an advisory structure for social and emotional learning, and authentic experiences including expeditionary learning opportunities, community service and college trips. All of these endeavors drive LEAD's work and have evolved successfully at LEAD Academy and across the network. During the first charter approval period LEAD Academy has earned reward status for both the high school and middle school grades and all three graduating classes have earned 100 percent college acceptance.

#### *Commitment to Diversity*

As noted in our diversity statement on file with MNPS, LEAD operates both open- and zoned-enrollment charter schools in various geographic regions of Davidson County, Tennessee. These regions draw families from a diverse range of socio-economic backgrounds. LEAD's commitment to diversity includes, but is not limited to, certain key components of our network and school model: LEAD will continue to provide transportation to students at both open-enrollment and zoned-enrollment charter schools; LEAD schools do not create academic entry barriers that could prevent entry to low-performing students; LEAD's student population percentage that receives special education services is representative of the prevailing percentages for the Metro Nashville Public School district; LEAD is committed to pursuing a diverse faculty that is reflective of Nashville's broad diversity; LEAD's enrollment efforts span the whole of Davidson County and occur across multiple forms of media, including physical mail, online advertising, radio advertising, and phone calls; this messaging is also provided in multiple languages; and LEAD's enrollment outreach includes neighborhood canvassing and presentations in diverse communities throughout Davidson County.

#### *Parents and Students*

Parents and students remain engaged, satisfied, and supportive of the school and are well-informed on matters relating to their child as well as the school as a whole. LEAD conducts student-led conferences (SLCs) twice per year during which students communicate their successes and challenges and are able to review their academic progress with family members and community volunteers. In addition, LEAD surveys students and families at various times of the year and hosts multiple school events to bring the school community together. LEAD Academy consistently posts high TELL Survey ratings. Student enrollment has grown steadily each year and the high school annually has a waiting list of students seeking to enroll. Student attrition is low compared to other charter schools and is dramatically lower than MNPS high school attrition rates.

#### *Organizational Capacity*

LEAD has exceptional organizational capacity at both the school level and the network level. The LEAD model is executed under the direction of the Chief Academic Officer in close collaboration with the School Director. The administrative structure of the school includes

instructional coaches, a dean of instruction, a dean of students, and college counseling support among other roles. The school director reports to the head of school who reports to the chief academic officer. Additional supports exist for various functions: finance, operations, data, curriculum, fundraising, etc. at the network level. Internal evaluations of school quality is done each year as part of our network oversight and support to the school. Students with special education or EL needs are supported by specially certified staff. LEAD's complaint policy is in the student handbook that is made available to all parents and is available on each school's website. Enrollment is strong and LEAD has a network wide diversity statement that guides our work the school and aligns with the MNPS diversity plan and initiatives. LEAD Academy and LEAD Public Schools have had no adverse findings of compliance with health, safety, fire code, etc. during the life of the school and have had a long term home at St. Vincent's for nine years. Future facilities for this school will be shared at our Cameron campus.

### *Board Oversight*

The school is governed by an experienced Board of Directors with expertise in a range of industries including public education, law, business, entrepreneurial growth, and community engagement, and includes a parent representative (please see our list of board members in Appendix, B, as well as how to access our annual report online in Appendix, C). The Board of Directors regularly requests and receives reports on academic, financial, operational, compliance, and strategic results that are documented in approved minutes to meetings and posted publicly on LEAD's website. The Board establishes academic, financial, and enrollment goals each year and tracks against this progress regularly. The Board has successfully ensured that long-term executive leadership is in place and that effective succession planning is occurring. Board trainings are conducted annually and the Board holds leadership accountable for delivering and reporting on academic outcomes. Various public events are conducted each year where staff, students, and parents have opportunities to interact with board members.

### *Governance*

The Board undergoes annual training, evaluates the CEO and provides effective governance and approval of key strategic initiatives, annual budgets, contract approvals. The Board reviews compensation of senior level leaders each year and supports management in evaluating contract proposals, bids, and other vendor relationships ensuring there is value in exchange for contracts. When necessary, the board takes active involvement in key issues such as facilities identification, renovation, or in the case of performance issues, corrective action. The nominating function of the Board results in a broad range of expertise and effective fundraising and community relationship capacity in addition to parent engagement and legal, compliance support as needed. The Board has legal representation and utilizes it as necessary. Board members have clear expectations and orientation for their roles and participate in various committees to further support the school. A conflict of interest policy is in place and annual conflict affidavits are signed by each board member. The student and staff handbooks each have

complaint procedures documented and the Board is available to ensure due process is given to any and all complaints. The Board holds all meetings in accordance with the state's Open Meetings law and records minutes for all meetings and posts the publicly on our website.

#### *Legal Requirements*

LEAD Academy has a strong record of compliance with the terms of its charter and applicable state and federal laws, rules and regulations including but not limited to reporting in a timely manner, teacher licensing, open meetings, conflict of interest, and audits. The school has received clean audits in each year of its existence and maintains effective HR, purchasing, technology, and other related policies. Legal support is provided by Sherrard & Roe PLC and regularly reviews contract language, HR materials, charter contracts, leases, etc. The school has no record of litigation over its lifespan. Were such a situation to occur, LEAD Academy has legal representation available at all times. Additional reviews of internal processes and other policies are also conducted by our legal advisors.

### **Section IV- Budget and Finance**

#### *LEAD's History of Financial Health*

LEAD Academy has aligned its resources not only to support a high-quality academic program, but also to ensure continued opportunities for college counseling and alumni support, as well as to support students in their academic growth and staff in their professional development. This is only possible given LEAD's proven track record of financial strength. In the past 10 years, LEAD has met or exceeded MNPS Financial Performance Indicators, secured a clean audit, and has had multiple years of budget surpluses, resulting in a strong cash position. LEAD has met financial compliance expectations, including submitting annual budgets and audited financial statements to MNPS and the state in a timely fashion. LEAD has also maintained robust internal controls and a comprehensive set of fiscal policies and procedures. LEAD's CFO and CEO both have strong backgrounds in accounting and finance, as do many members of the Board of Directors. In addition, LEAD is supported by WSquared, an external accounting vendor that provides financial accounting services to a number of charter schools.

#### *Critical Financial Levers*

Enrollment and attendance are essential to both student and financial success, that LEAD monitors these metrics on a daily dashboard sent to all network leaders. Average Daily Membership (ADM) is reviewed monthly and reconciled with MNPS data if necessary. In the event of enrollment variances above or below budget LEAD is able to respond effectively and make necessary adjustments. In the 2015-16 School Year, 97 percent of LEAD Academy High School's expenses are covered by recurring revenue (BEP, IDEA and Title 1 funding). As the school continues to increase in enrollment, LEAD expects to see continued economies of scale in

personnel and facilities costs. As it approaches full enrollment, LEAD Academy High School expects to cover 100 percent of its expenses covered by recurring state and federal revenue.

As a combined network, recurring revenue covers 87 percent of expenses; federal growth grants (School Improvement Grant and Charter School Program) cover 3 percent of expenses and the remaining 10 percent of expenses are covered by other philanthropic sources. In the long term, LEAD anticipates raising approximately \$500 per student per year to support its academic programs. Given the existing fundraising level of \$1,100 per student per year, the network believes this is a reasonable level of fundraising in the future. LEAD's full-time Director of Development, in collaboration with the Fundraising Committee of the Board of Directors, is currently executing a five-year development plan. The team shares progress toward goals on a monthly basis. LEAD maintains a healthy cash balance (current cash on hand is equivalent to roughly 70 days of expenses). Cash flow is monitored and reported to LEAD's Board Finance Committee on a monthly basis. In addition, LEAD has access to a line of credit through Capstar Bank. While LEAD has never accessed this LOC and do not foresee a need to do so in the future, this line of credit provides additional liquid reserves should the network require it.

#### *Challenges: Past and Future*

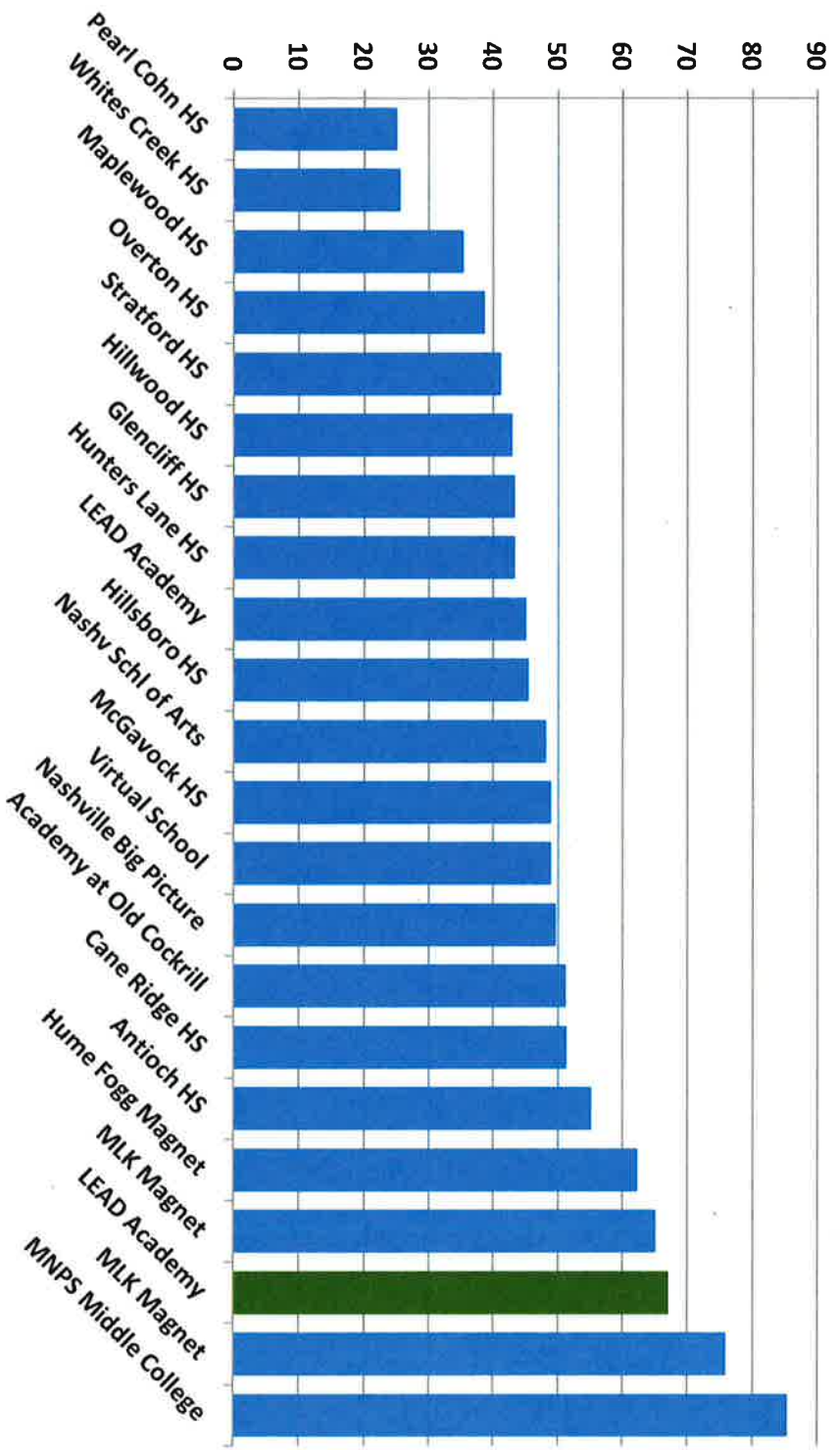
During the current charter term, LEAD has navigated some financial challenges due to the lack of an adequate facility to support planned enrollment. In the current fiscal year, LEAD Academy is not projected to meet its budgeted enrollment goal. This year is the first year of the 9th grade at the Cameron facility and the number of students from Cameron middle grades who would enroll at LEAD High was overestimated. By the 10th day of school, LEAD had identified this challenge and took swift action to reallocate personnel resources across the network to minimize the budget risk to LEAD High. These actions have been successful and the network now anticipates a year-end projection of being off budget by only 3.5 percent. Additional network-wide challenges have included securing funding for a multi-year construction project for LEAD Southeast, as well as replacing a vacant CFO position in 2015.

Should LEAD Academy receive renewal, the network anticipates a few challenges, namely around access to adequately maintained or renovated facilities. The Cameron facility which, if maintained, is a suitable facility. However, it has a long history of foregone maintenance expenses and growing capital repairs as identified by the district. LEAD has already begun discussions with MNPS executive staff about the need to work together collaboratively for a long term capital strategy for this facility. Similar to MNPS, another challenge we face is increasing transportation costs, for which LEAD is currently evaluating multiple outsourcing opportunities - including coordinating transport with MTA. Finally, the risk of an authorizer fee, which would reduce LEAD's recurring revenue, would require LEAD Public Schools to tighten expenditures at LEAD Academy.

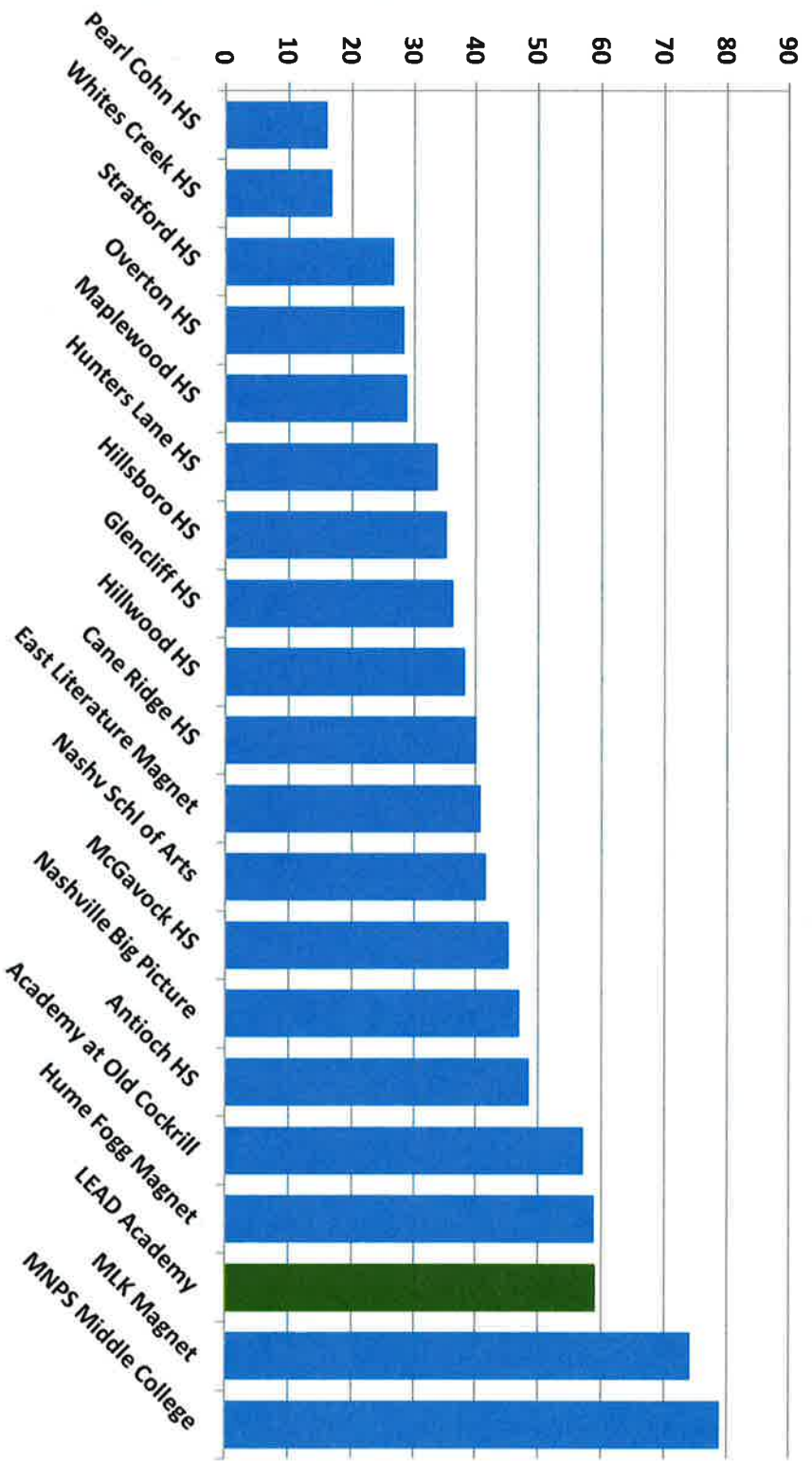
## **Appendix A**



## 2015 MNPS Academic Performance Framework 3 Year APF Scores: All High Schools



## 2014 MNPS Academic Performance Framework 3 Year APF Scores: All High Schools



## **Appendix B**

## **LEAD Board of Directors**

**Dwayne Tucker, Chairman**  
**Kim Ames, Director**  
**William Braddy, III, Director**  
**Judge Richard Dinkins, Director**  
**Earl Lattimore, Director**  
**Dr. Annette Little, Director**  
**Jerome Oglesby, Director**  
**Jimmy Patton, Director**  
**Stanley L. Ruta, Director**  
**Tara Scarlett, Director**  
**Donald B. Taylor, Director**

*\*Complete bios can be found online at: <http://www.leadpublicschools.org/board-members>*

## **Appendix C**

## References:

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The 2015 LEAD Annual Report is available for viewing online via this link:  
[http://www.leadpublicschools.org/\\_cache/files/beb92777-2429-4f27-92c4-d7ae14c2ce7b/FB28CFACB6B217445E003A1BB7FDB779.lead-annual-report-final.pdf](http://www.leadpublicschools.org/_cache/files/beb92777-2429-4f27-92c4-d7ae14c2ce7b/FB28CFACB6B217445E003A1BB7FDB779.lead-annual-report-final.pdf)

## Assurances

As the authorized representative of the sponsor, I hereby certify that the information submitted in this application for a charter for LEAD Academy is true to the best of my knowledge and belief, realizing that any misrepresentation could result in disqualification from the application process or revocation after award; and if awarded a charter, the school:

1. Will operate as a public, nonsectarian, non-religious public school, with control of instruction vested in the governing body of the school under the general supervision of the chartering authority and in compliance with the charter agreement and the Tennessee Public Charter Schools Act;
2. Will follow all federal, state, and local laws and regulations that pertain to the operation of a public school, unless waived according to T.C.A. § 49-13-105;
3. Will provide special education services for students as provided in Tennessee Code Annotated Title 49, Chapter 10, Part B of the Individuals with Disabilities Act; Title II of the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973.
4. Will adhere to all provisions of federal law relating to students who are limited English proficient (LEP), including Title VI of the Civil Rights Act of 1964 and the Equal Educational Opportunities Act of 1974, that are applicable to it;
5. Will follow all federal and state laws and constitutional provisions prohibiting discrimination on the basis of disability, race, creed, color, national origin, religion, ancestry, or need for special education services;
6. Will comply with all provisions of the Tennessee Public Charter Schools Act, including, but not limited to
  - a. Employing individuals to teach who hold a license to teach in a public school in Tennessee;
  - b. Complying with Open Meetings and Open Records laws (T.C.A. §§ 8-44-101 et seq; 10-7-503,504) (guidance is available from the Office of Open Records Counsel, <https://www.comptroller.tn.gov/openrecords/>);
  - c. Not charging tuition, except for students transferring from another district to the school pursuant to the local board's out-of-district enrollment policy and T.C.A. §49-6-3003;
  - d. Following state financial (budgeting and audit) procedures and reporting requirements according to T.C.A. § 49-13-111, 120, and 127)
  - e. Requiring any member of the governing body, employee, officer, or other authorized person who receives funds, has access to funds, or has authority to make expenditures from funds, to give a surety bond in the form prescribed by T.C.A. § 8-19-101; and
7. Will, at all times, maintain all necessary and appropriate insurance coverage.



Signature

Chris Reynolds

Printed Name of Authorized Signer

CEO, LEAD Public Schools

Title of Authorized Signer

LEAD Academy  
New Charter School Application Budget Template  
Year 2 Through 10 Budget

Revenue Assumptions

Annual Revenue Increase

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2026-27
0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

State Revenues

Assumption

Assumption Notes

Basic Education Program	\$9,425	3,487,250	4,161,373	4,854,935	5,321,980	5,401,810	5,482,837	5,565,079	5,648,556	5,733,284	5,819,283	Assuming 1.5% increase over prior year
BEP Transportation Component	\$0	-	-	-	-	-	-	-	-	-	-	N/A- budgeting for transportation within tot
BEP Capital Outlay	\$0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	Assuming constant capital outlay to prior ye
Other	\$0	-	-	-	-	-	-	-	-	-	-	-
Other	\$0	-	-	-	-	-	-	-	-	-	-	-

Federal Revenues

Title I	\$550	193,600	242,839	283,312	310,566	315,225	319,953	324,753	329,624	334,568	339,587	Assuming similar to current
Title II	\$0	-	-	-	-	-	-	-	-	-	-	-
Title III	\$0	-	-	-	-	-	-	-	-	-	-	-
NSLP	\$0	-	-	-	-	-	-	-	-	-	-	-
E-Rate	\$0	-	-	-	-	-	-	-	-	-	-	N/A- e-rate is budgeted at CMO Central Offi
CSP Startup Grant	\$0	-	-	-	-	-	-	-	-	-	-	N/A- all fundraising & philanthropy is budge
IDEA Funding	\$800	33,600	52,780	61,577	67,500	68,513	69,541	70,584	71,642	72,717	73,808	Assuming similar to current
Other	\$0	-	-	-	-	-	-	-	-	-	-	-

School Activity Revenues

Other	\$0	-	-	-	-	-	-	-	-	-	-	-
Other	\$0	-	-	-	-	-	-	-	-	-	-	-
Other	\$0	-	-	-	-	-	-	-	-	-	-	-
Other	\$0	-	-	-	-	-	-	-	-	-	-	-
Other	\$0	-	-	-	-	-	-	-	-	-	-	-

Fundraising & Philanthropy

Other	\$0	-	-	-	-	-	-	-	-	-	-	N/A- all fundraising & philanthropy is budge
Other	\$0	-	-	-	-	-	-	-	-	-	-	-
Other	\$0	-	-	-	-	-	-	-	-	-	-	-
Other	\$0	-	-	-	-	-	-	-	-	-	-	-
Other	\$0	-	-	-	-	-	-	-	-	-	-	-

Total Revenues

#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####
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Compensation

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2026-27

Administrative Staff

Assumption Notes



[illegible]

Employer Benefits & Taxes

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2026-27

Assumption Notes

Social Security	113,553	126,444	152,088	166,284	168,764	171,282	173,837	176,431	179,063	181,735	-
Medicare	26,557	29,572	35,569	38,889	39,469	40,058	40,655	41,262	41,878	42,503	-
State Unemployment	8,991	9,963	11,907	12,879	12,879	12,879	12,879	12,879	12,879	12,879	-
Disability/Life Insurance	-	-	-	-	-	-	-	-	-	-	Employee paid
Workers Compensation Insurance	10,623	11,829	14,228	15,556	15,788	16,023	16,262	16,505	16,751	17,001	-
Other Fringe Benefits	-	-	-	-	-	-	-	-	-	-	n/a
Medical Insurance	266,400	298,152	356,328	385,416	385,416	385,416	385,416	385,416	385,416	385,416	MNPS bills for Medical, Dental and Vision to
Dental Insurance	-	-	-	-	-	-	-	-	-	-	See above
Vision Insurance	-	-	-	-	-	-	-	-	-	-	See above
TCRS Certified Legacy	64,558	71,745	43,775	48,703	49,434	50,175	50,928	51,692	52,467	53,254	-
TCRS Certified Hybrid	65,430	72,715	133,100	148,084	150,305	152,560	154,848	157,171	159,528	161,921	-
TCRS Classified Legacy	-	-	-	-	-	-	-	-	-	-	N/A- covered by Other Retirement
TCRS Classified Hybrid	-	-	-	-	-	-	-	-	-	-	N/A- covered by Other Retirement
Other Classified Retirement	15,840	16,078	16,319	16,564	16,812	17,064	17,320	17,580	17,844	18,111	-
Other Retirement	-	-	-	-	-	-	-	-	-	-	-

Total Employer Benefits & Taxes

571,951	636,496	763,313	832,374	838,867	845,457	852,146	858,935	865,826	872,821
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## Operating Expenses

### Annual Expense Increase

### Contracted Services

[illegible]

### Assumption Notes

Note: Many contracted services (finance, leg

## Supplies & Materials

Professional Development Supplies	\$0
Conferences	\$0
Athletic Supplies, Transportation & Fees	\$0
Student & Office Supplies	\$0
Copier Lease, Paper, Printing	\$0
Textbooks and Curriculum Fees	\$0
Staff Cell Phones	\$0
Instructional Software (Achieve 3000, Smartboard)	\$0
Data & Analytics (Schoolzilla, Illumination)	\$0
Teacher Supplies	\$0
Classroom Equipment	\$0
Student Laptops	\$275
Other	\$0
Other	\$0

Note: Staff laptops are currently capitalized

### Facility Related Expenses

[illegible]Rent rate per MNPS lease

[illegible]

# METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



MEGAN BARRY  
MAYOR

OFFICE OF THE MAYOR  
METROPOLITAN COURTHOUSE  
NASHVILLE, TENNESSEE 37201  
PHONE: (615) 862-6000  
EMAIL: [mayor@nashville.gov](mailto:mayor@nashville.gov)

December 21, 2016

Mr. Chris Henson  
Chief Operating Officer  
Metropolitan Board of Education  
2601 Bransford Avenue  
Nashville, TN 37204

Dear Chris:

As we discussed, the City is very interested in the Board of Education declaring the Brookmeade Elementary School property on Davidson Drive as surplus as the first step in a land swap transaction to create a new neighborhood park in the West Meade area. It is my understanding that there are no current plans for that property.

Parks Director Tommy Lynch has been working with Mike Shmerling to acquire approximately 14 acres on Harding Pike for a neighborhood park. As you know from past efforts, Mr. Shmerling owns this property and is interested in swapping that land for the Brookmeade property. As the school property in all likelihood has a higher value, Mr. Shmerling would agree to pay the difference which funds would go to the MNPS.

We would appreciate the Board's consideration of this request at its earliest convenience.

Sincerely,

A handwritten signature in blue ink, which appears to read "Richard M. Riebeling".

Richard M. Riebeling  
Chief Operating Officer

Copy: Mayor Megan Barry  
Council Member Mina Johnson  
Tommy Lynch, Parks Director

# Hillwood High School Presentation

January 2017



METRO  
NASHVILLE  
PUBLIC  
SCHOOLS

# Opening Remarks

# Purpose of Tonight's Meeting

- Revisit the need for a new Hillwood High School
- Present the work that has been done on this project since 2014 and provide a summary of feedback that has been collected
- Review the three options for a new Hillwood High School
- Collect feedback on these three options (Public Participation later this evening)



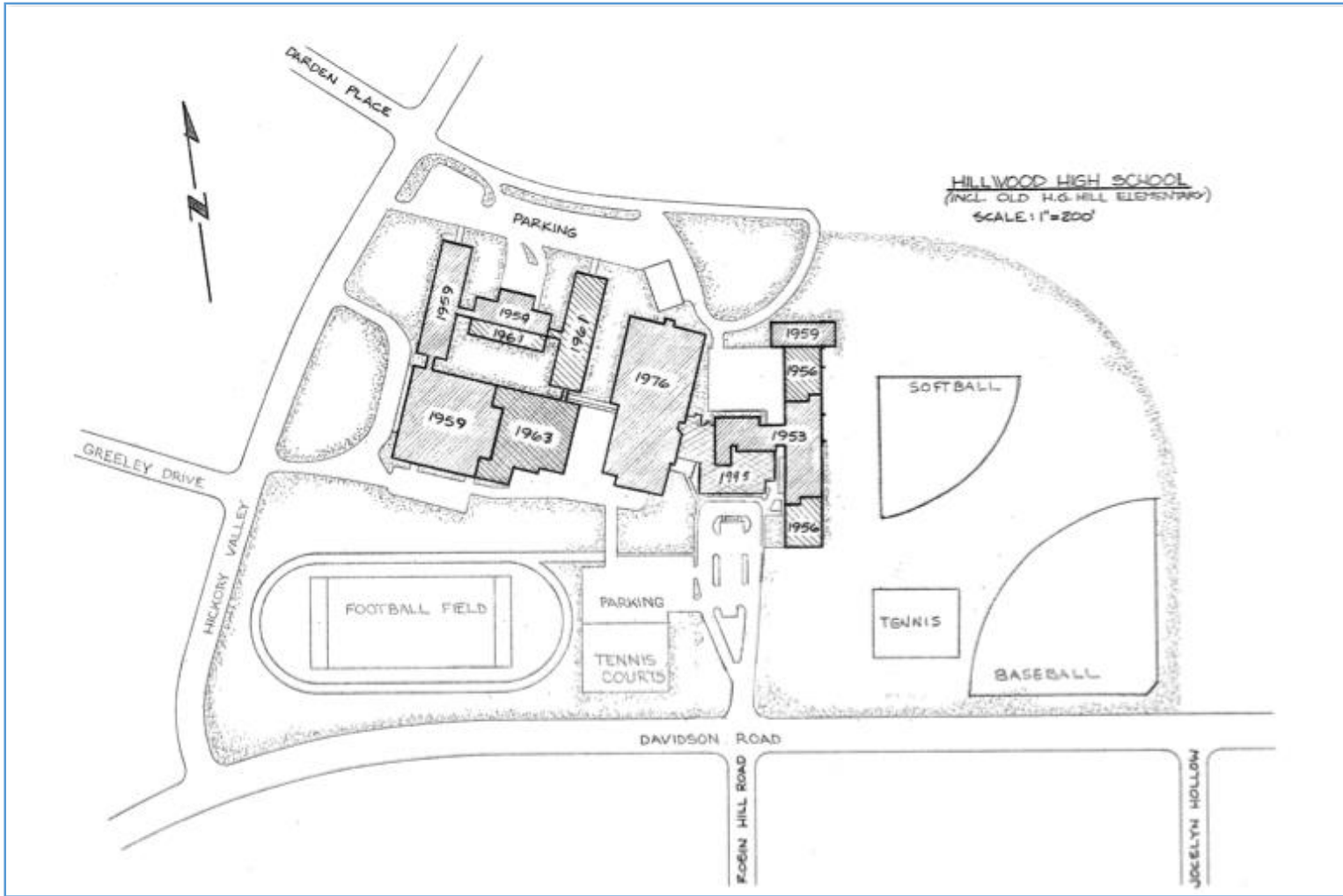
# Current Conditions of Hillwood High School

David Proffitt, Director of Facilities Planning and Construction  
Chris Weber, Director of Student Assignment

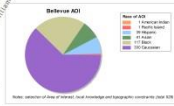
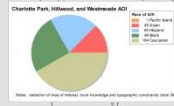
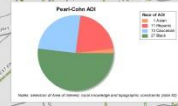
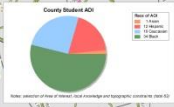
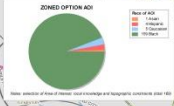
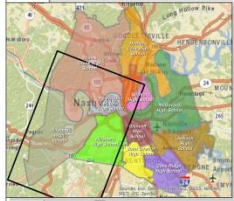
# Building Conditions

- Facility Assessment Score of 69.9
  - Average facility assessment score in the district is 81.5
  - Renovation of existing building would require complete building shell reconstruction.
- Configuration of existing school building
  - 12 building areas constructed over 42 years
  - Some portions not originally designed as a high school learning spaces. Configuration not conducive to modern educational practices.
- Cost to renovate exceeds 85% of the cost of a new building.

# Building Conditions



# Hillwood Cluster - HS Student Race



0 1.5 3 Miles

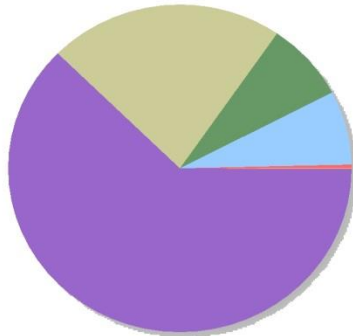
Produced by the Metropolitan Nashville Public Schools  
Student Assignment Services  
April 2016

Print Date: 1/16/2017  
Document Path: D:\GIS\Public\Boundary\_Powerline\_MIT\HillwoodLyn\_Hillwood\_SouthPark\_1016.mxd

## Hillwood Cluster - HS Student Race



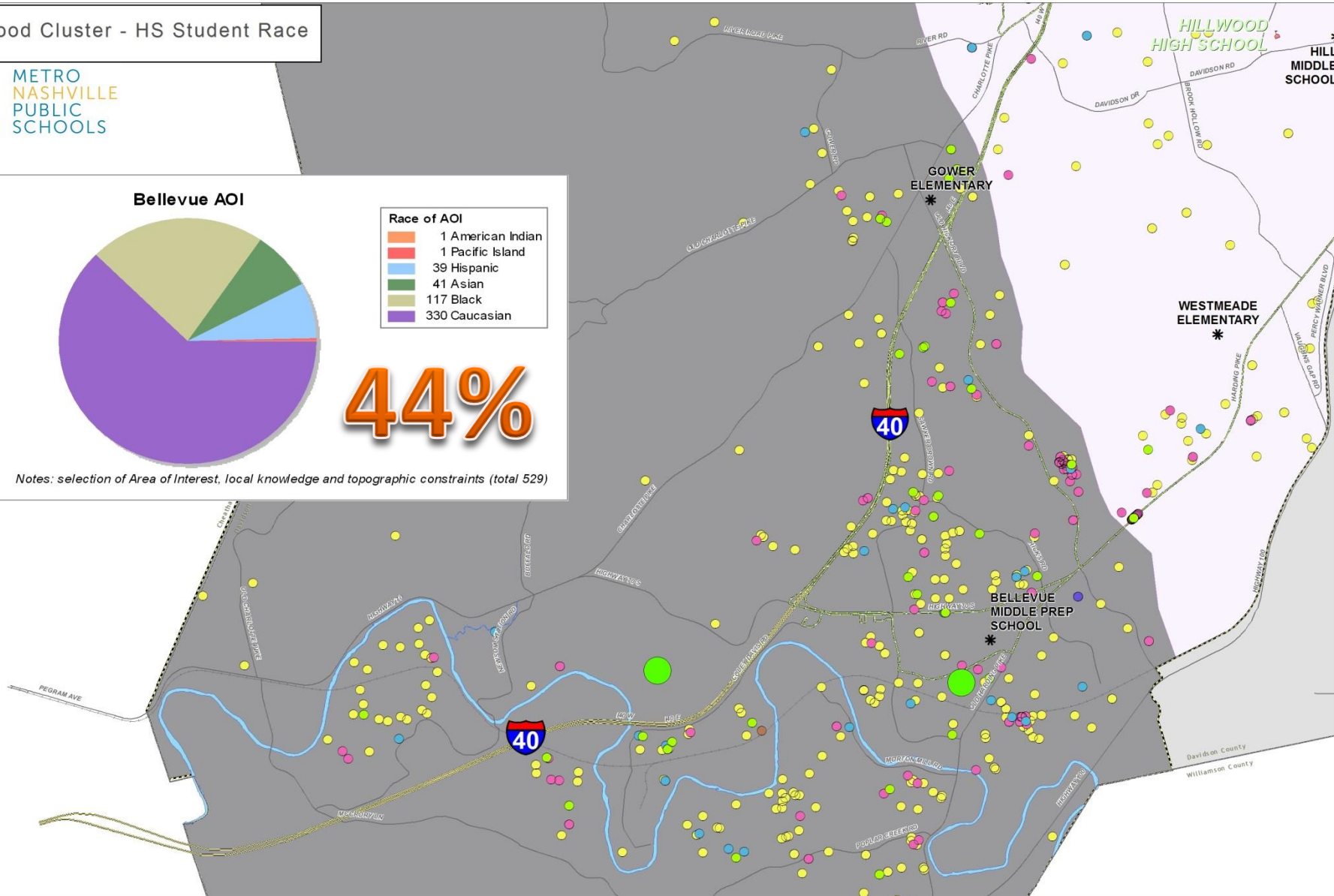
Bellevue AOI



**44%**

Notes: selection of Area of Interest, local knowledge and topographic constraints (total 529)

Race of AOI	
<span style="color: orange;">■</span>	1 American Indian
<span style="color: red;">■</span>	1 Pacific Island
<span style="color: lightblue;">■</span>	39 Hispanic
<span style="color: darkgreen;">■</span>	41 Asian
<span style="color: olive;">■</span>	117 Black
<span style="color: purple;">■</span>	330 Caucasian

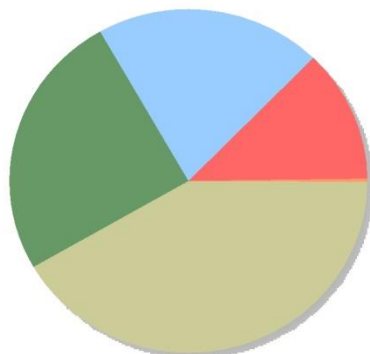




## Hillwood Cluster - HS Student Race



### Charlotte Park, Hillwood, and Westmeade AOI



33%

Notes: selection of Area of Interest, local knowledge and topographic constraints (total 392)

GOWER ELEMENTARY \*

WESTMEADE ELEMENTARY \*

HILL MIDDLE SCHOOL

HILLWOOD HIGH SCHOOL

NASHVILLE BIG PICTURE HIGH SCHOOL  
MNPS MIDDLE COLLEGE HIGH SCHOOL

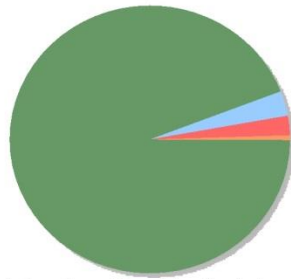
CHARLOTTE PARK ELEMENTARY \*

NASHVILLE PREP \* COCKRILL ELEMENTARY \*  
BASS TRANSITION \* BASS ALC \*  
BASS ADULT \* THE COHN LEARNING CENTER \*  
SYLVAN PARK ELEMENTARY SCHOOL \*  
ACADEMY at OLD COCKRILL PARK \*  
MNPS VIRTUAL HIGH SCHOOL

## Hillwood Cluster - HS Student Race



Zoned Option AOI



14%

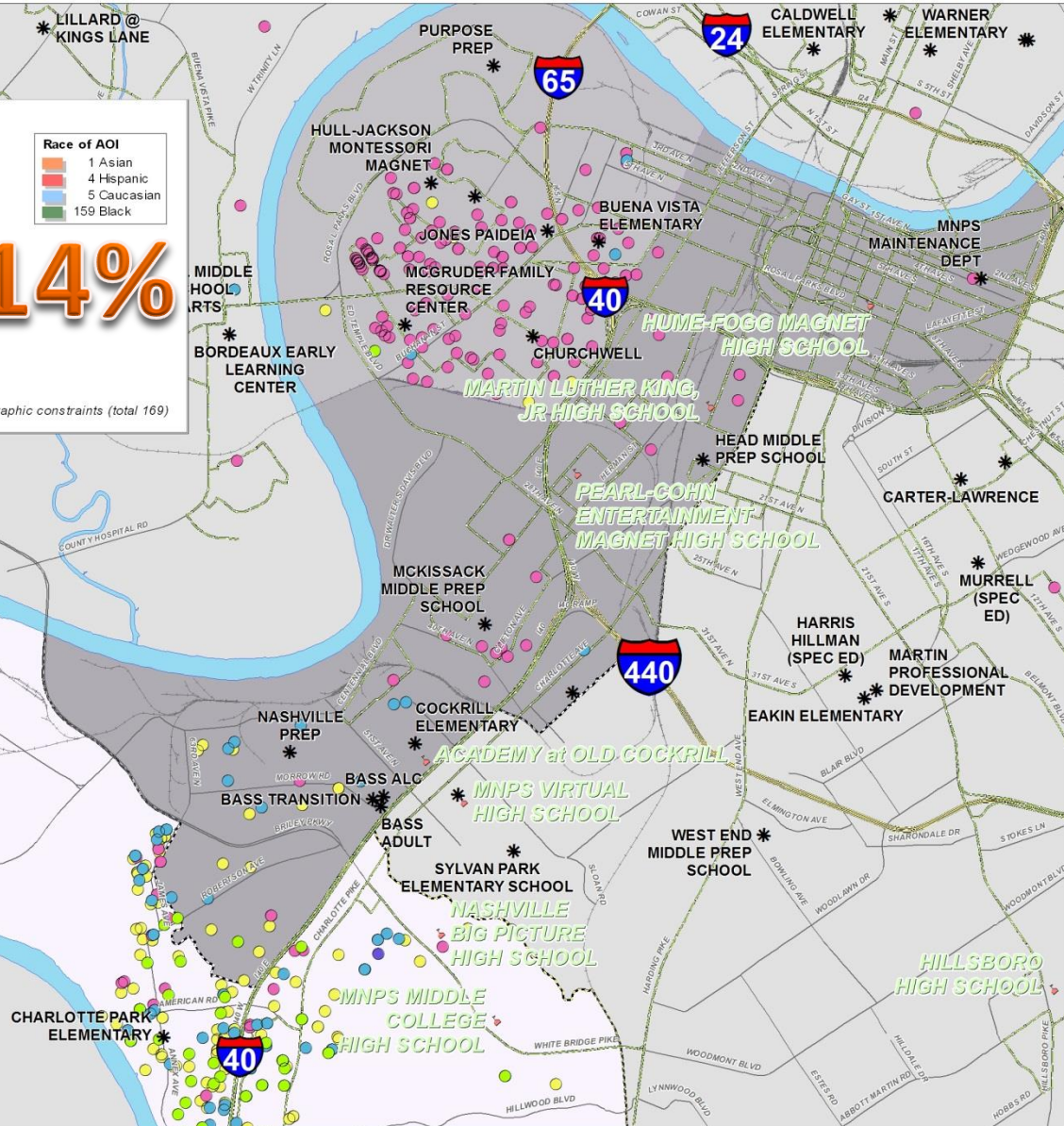
Notes: selection of Area of Interest, local knowledge and topographic constraints (total 169)

Pearl-Cohn AOI



4%

Notes: selection of Area of Interest, local knowledge and topographic constraints (total 52)



## Hillwood HS\Hope Park Church Study

1 Mile Radius														
Hope Park								Hillwood						
Tier	Zoned		Other MNPS		Private		Total	Zoned		Other MNPS		Private		Total
ES	163	79.1%	7	3.4%	36	17.5%	206	8	4.8%	15	9.0%	144	86.2%	167
MS	51	48.6%	28	26.7%	26	24.8%	105	6	4.3%	10	7.2%	123	88.5%	139
HS	42	43.3%	28	28.9%	27	27.8%	97	8	3.1%	10	3.8%	242	93.1%	260
Total	256	62.7%	63	15.4%	89	21.8%	408	22	3.9%	35	6.2%	509	89.9%	566

1.5 Mile Radius														
Hope Park								Hillwood						
Tier	Zoned		Other MNPS		Private		Total	Zoned		Other MNPS		Private		Total
ES	290	69%	13	3%	115	28%	418	60	18.7%	39	12.1%	222	69.2%	321
MS	96	37%	66	25%	101	38%	263	40	15.1%	33	12.5%	192	72.5%	265
HS	78	27%	83	29%	125	44%	286	36	9.1%	37	9.4%	321	81.5%	394
Total	464	48%	162	17%	341	35%	967	136	13.9%	109	11.1%	735	75.0%	980

### Notes

1 and 1.5 mile straight-line radius from Hillwood HS and Hope Park Church

1.5 mile radius for Hillwood HS was clipped at the cluster line with Hillsboro HS

Zoned - Attend zoned elementary, middle or high School

Other MNPS - Attend a optional school, open enrollment, magnet or charter

Private - Attend a private elementary, middle or high School

Private school data is from 2015-16



# Project Summary

Chris Henson  
Chief Operating Officer

# Project Summary

- Under consideration since 2014
  - Original site study completed in October 2014
- Community meetings
  - February 2015
    - Approx. 100 attendees
    - Takeaways: Explore all options to avoid selling the Hillwood campus to a developer, including renovating the existing high school
  - November 2015
    - Collected approx. 300 individual comments at four meetings
    - Takeaways: The community is divided on the best way to modernize Hillwood to benefit all students
  - July 2016 (hosted by Board Member Amy Frogge)
    - Nearly 200 attendees
    - Purpose: Announce Hope Park Church site as an option for relocation

# Project Summary

- In November 2015, Metro Schools provided four options to the Board:
  1. Renovate the existing Hillwood High School
  2. Build a new high school on the current Hillwood campus
  3. Relocate to the Bellevue Middle campus and build a new high school
  4. Relocate to the Bellevue Middle campus and build a new high school, a new middle school, and a new elementary school
- Board approved capital improvement budget request for design and planning two options:
  - Build new high school on current Hillwood Campus
  - Relocate to Bellevue Middle campus and build a new high school
- Hope Park Church site announced as an option in July 2016

# Hillwood High School Options

David Proffitt, Director of Facilities Planning and Construction  
Chris Weber, Director of Student Assignment



# OPTION 1: REBUILD ON HILLWOOD HS CAMPUS





# Rebuild on Hillwood HS Campus

- **Estimated cost:** \$76.6 million (no land purchase required)
- **Student capacity:** 1,600 students
- **Student assignment and transportation implications:** High school would remain centrally located to current Hillwood High School population (including those with a zoned option from a Pearl-Cohn cluster); nearest MTA stop is on Harding Pike

# Rebuild on Hillwood HS Campus

- **Construction considerations:**
  - Phased renovation
  - Students remain in current building during construction
  - Current building demolished after students relocate to new facility
- **Land use implications:** No existing municipal facilities would be impacted.
- **Additional considerations:**
  - Two-story high school
  - New tennis courts and soccer field
  - Baseball and softball fields would be displaced for two years.
  - Allows for potential of Westmeade ES to relocate to Bellevue MS campus

# OPTION 2: RELOCATE TO BELLEVUE MS





# Relocate to Bellevue MS

- **Estimated cost:** \$81 million (no land purchase required)
- **Student capacity:** 1,600
- **Student assignment and transportation implications:** High school would be closer to potential student population growth in the cluster and farther for students from Pearl-Cohn cluster; better MTA access

# Relocate to Bellevue MS

- **Land use implications:**

- The following would remain:
  - Red Caboose Park
  - Bell Garden would be reconfigured
- Relocate Bellevue Community Center (additional \$5 million)
- Relocate Fire Station 37 (additional \$4.5 million)
- Build a new parking garage to accommodate the new high school
- Colice Jeanne no longer used for through traffic

- **Construction considerations:**

- Hillwood students remain in current building during construction
- Current Hillwood High School available for other potential community use

# Relocate to Bellevue MS

- **Additional considerations:**
  - Three-story high school
  - Two-story parking deck
  - Baseball field would be located on an off-site facility
  - Eliminates possibility of relocating Westmeade Elementary to this campus

# OPTION 3: RELOCATE TO HOPE PARK



# Relocate to Hope Park Church

- **Estimated cost:** \$90.8 million (land purchase + building costs)
- **Student capacity:** 1,600
- **Student assignment and transportation implications:** High school would be closer to potential student population growth in the cluster and farther for students from Pearl-Cohn cluster; the closest MTA bus stop on US-70S, east of the I-40 underpass

# Relocate to Hope Park Church

- **Land use implications:**

- Some modifications would be made to US-70S to add right turn lanes into the campus entrance

- **Construction considerations:**

- Hillwood students remain in current building during construction
- Current Hillwood High School available for other potential community use

# Relocate to Hope Park Church

- **Additional considerations:**
  - Three-story high school
  - All new sports facilities on site
  - Allows for potential of Westmeade Elementary to be relocated to Bellevue Middle campus
  - Ample parking
  - Site allows for potential Metro Parks partnership to create a new park

# Diversity Study

Chris Weber  
Director of Student Assignment



# Student Diversity Study

- Conducted by Leonard B. Stevens in June 2016
- Findings
  - Current Hillwood students live in roughly equal proportions north and south of the current school.
    - 51% - Charlotte Park and Pearl-Cohn areas
    - 44% - Bellevue
    - 5% - Other areas
  - Without zoned option students, Hillwood enrollment would be smaller and less diverse (50% white, 27% black).
  - Relocating the school to the south end of the cluster would move it farther away from its black students and closer to areas of white students.

# Student Diversity Study

- Summary of conclusions:
  - District needs to consider where all students live who are entitled to attend Hillwood HS.
  - District should seek to locate the school where it is reasonably central to all students.
  - District should give significant weight to how a school location impacts the school's diversity.
  - District should make a decision that affirms its commitment to preserve, support and further diversity.
  - This project is an opportunity for the district to reevaluate how to strengthen attractiveness of the Hillwood cluster to zoned and zoned option families.

# Student Diversity Study

- Overall recommendation: Rebuild Hillwood High School at its present site.
- Justification:
  - Data and enrollment projections do not suggest that a relocation would benefit a majority of the students.
  - No study has been conducted to support the idea that relocating to Bellevue would attract more zoned students.
  - Relocation poses a high risk of losing diversity.

# Traffic Study on Hope Park

David Proffitt  
Director of Facilities Planning and Construction

# Traffic Study on Hope Park

- Conducted by RPM Transportation Consultants, Inc. in July 2016
- Purpose: Analyze the traffic impact of building a new school at the Hope Park Church site
- Conclusion: Traffic impact would be manageable by implementing several recommendations:
  - Extend 40mph speed limit on US-70S by 1,050 feet
  - Install school entrance warning assemblies on US-70S
  - Restrict on-street parking on Hooten Hows Road
  - Add turn lanes on US-70S
  - Other similar improvements to improve traffic conditions in surrounding area

# Community Feedback

Janel Lacy  
Director of Communications

# Feedback on Option #1: Rebuild on Hillwood HS

- In favor
  - School is more accessible to students who live in the north end of the cluster
  - Least expensive option to build a new school
  - No impact on municipal facilities
  - Keeps the school and all athletic facilities on one campus
- Opposing
  - Only accessible by car – long bus rides and limited options for walking to school
  - Far away from students who live in Bellevue
  - Similar costs to relocating the school

# Feedback on Option #2: Relocate to Bellevue MS Campus

- In favor
  - Closer to students who live in Bellevue
  - Will attract more families who are relocating to Williamson County
  - No swing space needed during construction
  - Better public transportation options
- Opposing
  - Farther away from families in Charlotte Park and Pearl-Cohn areas
  - Affects Colice Jeanne Road
  - Athletic fields will be separate from school and will make it too hard for some students to participate



# Feedback on Option #3: Relocate to Hope Park Church

- In favor
  - Closer to students who live in a growing area of the Hillwood cluster
  - Increases opportunity for Bellevue area parents to be involved at the school
- Opposing
  - Farther away from families in Charlotte Park and Pearl-Cohn areas
  - More difficult for students who use MTA to travel to and from school

# Board Discussion

Jana Carlisle  
Chief of Staff

# Considerations



	MNPS Project	School Board District	Project Type	(1) Fiscal Year 2017-2018	(2) Fiscal Year 2018-2019	(3) Fiscal Year 2019-2020	(4) Fiscal Year 2020-2021	(5) Fiscal Year 2021-2022	(6) Fiscal Year 2022-2023	Years 7-10 2023-2027
1	Bellshire Elementary Renovation	1	Renovation	\$13,530,000						
2	Cane Ridge/Antioch Cluster Elementary School (Una, Cole, Paragon Mills)		Land	\$1,250,000						
3	Goodlettsville Elementary Renovation and Addition	3	Add (3) CR	\$13,020,000						
4	Haywood Elementary	2	Renovation	\$17,570,000						
5	Hillsboro High Renovation and Addition	8	Replace (1600)	\$48,830,000						
6	Hillwood High School Land	9	Land	\$7,800,000						
7	J E Moss Elementary Addition/Partial Renovation	6	Add (6) CR	\$8,470,000						
8	Lakeview Elementary	6	Renovation	\$17,350,000						
9	Nashville School of the Arts	5	Land	\$10,000,000						
10	Percy Priest Elementary Addition/Partial Renovation	8	Add (10) CR	\$10,440,000						
11	Robert E. Lillard Elementary	1	Renovation	\$14,950,000						
12	Thomas A. Edison Elementary Addition	6	Add (16) CR	\$9,340,000						
13	Antioch Cluster Middle Land		Land		\$2,000,000					
14	Cane Ridge/Antioch Cluster Early Learning Center Land		Land		\$1,250,000					
15	Cane Ridge/Antioch Cluster Elementary School (Una, Cole, Paragon Mills)		New (800)		\$25,890,000					
16	Dodson Elementary	4	Add (4) CR		\$6,460,000					
17	East Nashville Middle at Bailey	5	Renovation		\$19,880,000					
18	Fall-Hamilton E.O. Elementary	5	Renovation		\$9,460,000					
19	H G Hill Middle	9	Add (11) CR		\$10,920,000					
20	Hillwood High (at Hope Park)	9	Replace (1600)		\$82,980,000					
21	Hillwood High (Option 2A - Build New at Hillwood)	9	Replace (1600)		\$81,280,000					
22	Nashville School of Arts	5	New (1000)		\$81,950,000					
23	Overton Cluster Elementary		New (800)		\$25,890,000					
24	South Nashville High School Design Only		New (1600)		\$4,770,000					
25	South Nashville High School Land		Land		\$2,750,000					
26	Westmeade Elementary	9	Replace (800)		\$25,890,000					
27	Antioch Cluster Middle		New (1000)			\$30,190,000				
28	Bellevue Middle Addition	9	Add (12) CR			\$5,810,000				
29	Cane Ridge High Addition	6	Add (12) CR			\$7,000,000				
30	Cane Ridge/Antioch Cluster Early Learning Center		New (200)			\$14,370,000				
31	Cora Howe School	5	Renovation			\$8,690,000				
32	Glenn Elementary	5	Renovation			\$8,490,000				
33	Goodlettsville Middle School Build-out 3rd Floor	3	Add (13) CR			\$2,670,000				
34	Hillwood Cluster ES Land (McCrory Lane Area)		Land			\$1,500,000				
35	Johnson ALC	5	Renovation			\$10,820,000				
36	McGavock Elementary	4	Renovation			\$9,900,000				
37	Murrell School	5	Renovation			\$9,580,000				

## Text Color Legend

■ Renovation Projects
 ■ Additions/New School Projects which increase Capacity
 ■ Land/Other

## Shading Color Legend

■ Priority Schools
 ■ Items to be Discussed

	MNPS Project	School Board District	Project Type	(1) Fiscal Year 2017-2018	(2) Fiscal Year 2018-2019	(3) Fiscal Year 2019-2020	(4) Fiscal Year 2020-2021	(5) Fiscal Year 2021-2022	(6) Fiscal Year 2022-2023	Years 7-10 2023-2027
38	Overton Cluster Middle		New (1000)			\$30,450,000				
39	South Nashville High School		New (1600)			\$84,140,000				
40	The Academy @ Old Cockrill	1	Renovation			\$7,870,000				
41	Two Rivers Middle	4	Renovation			\$24,740,000				
42	Westmeade Early Learning Center Repurpose	9	New (20) CR			\$13,970,000				
43	Whites Creek High	1	Renovation			\$47,040,000				
44	Bass Adult	1	Renovation				\$17,930,000			
45	Dodson Elementary	4	Renovation				\$13,900,000			
46	Donelson Middle	4	Renovation				\$27,280,000			
47	DuPont Elementary	4	Renovation				\$14,640,000			
48	Gateway Elementary	3	Add (7) CR				\$6,310,000			
49	Glenclyff High	7	Renovation				\$52,070,000			
50	Gra-Mar Middle	3	Renovation				\$24,190,000			
51	Granbery Elementary	2	Renovation				\$15,580,000			
52	Hillwood Cluster ES (McCrory Lane Area)	9	New (800)				\$27,460,000			
53	J T Moore Middle Addition	8	Add (8) CR				\$4,220,000			
54	Lockeland Elementary	5	Renovation				\$8,510,000			
55	Maplewood High	3	Renovation				\$54,500,000			
56	Taylor Stratton Elementary	3	Add (9) CR				\$6,260,000			
57	The Cohn Learning Center	9	Renovation				\$26,240,000			
58	Bellevue Middle Renovation	9	Renovation					\$21,540,000		
59	Charlotte Park Elementary	9	Renovation					\$18,560,000		
60	Cumberland Elementary	1	Renovation					\$14,920,000		
61	DuPont Tyler Middle	4	Renovation					\$17,590,000		
62	McGavock High School	4	Renovation					\$113,920,000		
63	Neelys Bend Elementary Addition	3	Add (8) CR					\$9,220,000		
64	Paragon Mills Elementary	6	Renovation					\$16,680,000		
65	Apollo Middle	6	Renovation						\$36,720,000	
66	Gower Elementary	9	Renovation						\$17,970,000	
67	Harris-Hillman Sp. Ed.	8	Renovation						\$9,280,000	
68	J T Moore Middle	8	Renovation						\$28,060,000	
69	Pearl-Cohn High	5	Renovation						\$62,150,000	
70	Shwab Elementary	5	Renovation						\$15,270,000	
71	Tulip Grove Elementary	4	Renovation						\$18,320,000	
72	Warner Elementary E.O.	5	Renovation						\$19,590,000	
73	Alex Green Elementary	1	Renovation							\$13,810,000
74	Amqui Elementary	3	Renovation							\$18,440,000
75	Andrew Jackson Elementary	4	Renovation							\$17,180,000

## Text Color Legend

■ Renovation Projects
 ■ Additions/New School Projects which increase Capacity
 ■ Land/Other

## Shading Color Legend

■ Priority Schools
 ■ Items to be Discussed

	MNPS Project	School Board District	Project Type	(1) Fiscal Year 2017-2018	(2) Fiscal Year 2018-2019	(3) Fiscal Year 2019-2020	(4) Fiscal Year 2020-2021	(5) Fiscal Year 2021-2022	(6) Fiscal Year 2022-2023	Years 7-10 2023-2027
76	Antioch High	6	Renovation							\$76,150,000
77	Big Picture High School (M. Vaught Bldg.)	9	Renovation							\$18,550,000
78	Brick Church Middle	1	Renovation							\$23,800,000
79	Buena Vista Elem. E.O.	1	Renovation							\$15,140,000
80	Caldwell Elementary	5	Renovation							\$14,390,000
81	Cane Ridge High	6	Renovation							\$82,140,000
82	Carter-Lawrence Elementary	5	Renovation							\$15,140,000
83	Cockrill Elementary	1	Renovation							\$17,650,000
84	Cole Elementary	2	Renovation							\$19,400,000
85	Croft Middle	7	Renovation							\$29,150,000
86	Dan Mills Elementary	3	Renovation							\$17,070,000
87	Dupont Hadley Middle	4	Renovation							\$24,600,000
88	Eakin Elementary	8	Renovation							\$23,990,000
89	East Nashville Magnet High	5	Renovation							\$58,640,000
90	Glenclyff Elementary	7	Renovation							\$15,410,000
91	Glendale Elementary	8	Renovation							\$12,670,000
92	H G Hill Middle	9	Renovation							\$22,690,000
93	Harpeth Valley Elementary	9	Renovation							\$22,490,000
94	Hattie Cotton Elementary	5	Renovation							\$15,500,000
95	Haynes Middle	1	Renovation							\$21,490,000
96	Head Middle	5	Renovation							\$17,450,000
97	Henry Maxwell Elementary	6	Renovation							\$14,880,000
98	Hickman Elementary	4	Renovation							\$16,530,000
99	Hull-Jackson Elem. Montessori	1	Renovation							\$18,070,000
100	Hunters Lane High	3	Renovation							\$72,290,000
101	I. T. Creswell Middle	1	Renovation							\$29,260,000
102	Inglewood Elementary	5	Renovation							\$15,500,000
103	J E Moss Elementary	6	Renovation							\$23,440,000
104	J. F. Kennedy Middle	6	Renovation							\$30,380,000
105	Jere Baxter Middle	3	Renovation							\$23,880,000
106	Joelton Elementary	1	Renovation							\$14,490,000
107	John B Whitsitt Elementary	7	Renovation							\$15,570,000
108	Jones Paideia Magnet	1	Renovation							\$14,930,000
109	Margaret Allen Middle	4	Renovation							\$20,820,000
110	Martin Center	8	Renovation							\$11,810,000
111	McGruder Center	1	Renovation							\$9,030,000
112	McKissick Middle	1	Renovation							\$30,480,000
113	Meigs Middle Magnet	5	Renovation							\$22,490,000

## Text Color Legend

■ Renovation Projects
 ■ Additions/New School Projects which increase Capacity
 ■ Land/Other

## Shading Color Legend

■ Priority Schools
 ■ Items to be Discussed

	MNPS Project	School Board District	Project Type	(1) Fiscal Year 2017-2018	(2) Fiscal Year 2018-2019	(3) Fiscal Year 2019-2020	(4) Fiscal Year 2020-2021	(5) Fiscal Year 2021-2022	(6) Fiscal Year 2022-2023	Years 7-10 2023-2027
114	Mt. View Elementary	6	Renovation							\$19,940,000
115	Napier Elementary	5	Renovation							\$17,380,000
116	Old Center Elementary	3	Renovation							\$11,700,000
117	Operations Building		Renovation							\$12,190,000
118	Park Avenue Elementary	5	Renovation							\$23,820,000
119	Percy Priest Elementary	8	Renovation							\$12,890,000
120	Print Shop		Renovation							\$1,590,000
121	Robertson Academy	8	Renovation							\$5,670,000
122	Stanford Elementary	4	Renovation							\$12,610,000
123	Stokes Bldg.	8	Renovation							\$7,750,000
124	Supply Center		Renovation							\$14,830,000
125	Sylvan Park Elementary	9	Renovation							\$16,010,000
126	Taylor Stratton Elementary	3	Renovation							\$17,660,000
127	Thomas A. Edison Elementary	6	Renovation							\$16,370,000
128	Tom Joy Elementary	3	Renovation							\$19,550,000
129	Una Elementary	7	Renovation							\$21,680,000
130	West End Middle	8	Renovation							\$26,370,000
131	Wright Middle	7	Renovation							\$33,490,000
	<b>Site Specific Projects</b>			<b>\$172,550,000</b>	<b>\$300,090,000</b>	<b>\$317,230,000</b>	<b>\$299,090,000</b>	<b>\$212,430,000</b>	<b>\$207,360,000</b>	<b>\$1,288,290,000</b>
	<b>Previously Funded Projects</b>									
131	Antioch High Addition	6	Add (20) CR	In Progress						
132	Cane Ridge Area Elementary New	6	New (800)	In Progress						
133	Crieve Hall Elementary	2	Add (8) CR	In Progress						
134	East Nashville Magnet Bleachers and Concessions	5	Stadium Upgrade	In Progress						
135	Glenclyff High Track and Concessions	7	Stadium Upgrade	In Progress						
136	Hillsboro High Renovation and Addition	8	Replace (1600)	In Progress						
137	Hume-Fogg Magnet High	5	Renovation	In Progress						
138	John Overton High	2	Add/Reno (20) CR	In Progress						
139	Maplewood High Renovation/St. Thomas Health Clinic	3	Renovation	In Progress						
140	Martin Luther King Jr. Magnet High	5	Add (12) CR	In Progress						
141	Martin Luther King Jr. Magnet High	5	Reno/Add (5) CR	In Progress						
142	McMurray Middle	2	Renovation	In Progress						
143	Nashville School of Arts Design Only	5	Design	In Progress						
144	Norman Binkley Elementary	7	Addition and Reno.	In Progress						
145	Pennington Elementary	4	Add/Reno (8) CR	In Progress						
146	Pennington Elementary Renovation	4	Renovation	In Progress						
147	Rosebank Elementary	5	Renovation	In Progress						
148	Tusculum Elementary	2	Replace (800)	In Progress						

## Text Color Legend



Renovation Projects



Additions/New School Projects which increase Capacity



Land/Other

## Shading Color Legend



Priority Schools



Items to be Discussed

	MNPS Project	School Board District	Project Type	(1) Fiscal Year 2017-2018	(2) Fiscal Year 2018-2019	(3) Fiscal Year 2019-2020	(4) Fiscal Year 2020-2021	(5) Fiscal Year 2021-2022	(6) Fiscal Year 2022-2023	Years 7-10 2023-2027
<b>Leased Facilities</b>										
149	Brick Church Middle (LEAD)	1	Renovation							15,000,000
150	Cameron College Prep (LEAD)	5	Renovation							22,000,000
151	Dalewood (East End)	5	Renovation							19,000,000
152	Ewing Park Middle (KIPP)	1	Renovation							14,000,000
153	Kirkpatrick Elementary (KIPP Conversion)	5	Renovation							11,000,000
154	McCann (Nashville Prep)	1	Renovation							7,000,000
155	Neelys Bend Middle (Conversion)	3	Renovation							18,000,000
156	Old Brick Church (Nash. Acad. of Computer Science)	1	Renovation							7,000,000
157	Old Hickman (Spectrum) Ironwood	7	Renovation							7,000,000
158	Old Jere Baxter (Liberty Collegiate Academy)	3	Renovation							9,000,000
	<b>Leased Facilities</b>									<b>\$129,000,000</b>
<b>District Wide Projects</b>										
159	Office of School Improvement Small Projects	School Space Upgrade		\$2,155,000						
160	Music Makes Us Space Improvements	Music Space Upgrade		\$3,500,000						
161	Central Services Furniture & Equipment	Central Services		\$196,000	\$202,000	\$175,000	\$180,000	\$185,000	\$191,000	\$785,000
162	Upgrade Sound Systems All Stadiums and Gyms	Support Services		\$600,000						
163	School Safety and Security	Safety and Security		\$541,000	\$182,000	\$185,000	\$187,000	\$188,000	\$198,000	\$849,000
164	Security Vehicles	Safety and Security		\$330,000	\$225,000	\$228,000	\$235,000	\$240,000	\$245,000	\$1,030,000
165	Athletic Facility Upgrade	Maintenance		\$999,000	\$674,000	\$294,000	\$204,000	\$694,000	\$682,000	\$2,780,000
166	School Site Improvements	Maintenance		\$937,000	\$771,000	\$766,000	\$620,000	\$590,000	\$600,000	\$2,920,000
167	Electrical Upgrades	Maintenance		\$7,055,000	\$1,628,000	\$774,000	\$1,591,000	\$225,000	\$9,000	\$400,000
168	Plumbing Upgrades	Maintenance		\$617,000	\$1,027,000	\$715,000	\$800,000	\$1,000,000	\$1,000,000	\$4,000,000
169	HVAC Upgrades	Maintenance		\$31,782,000	\$31,506,000	\$40,000,000	\$35,000,000	\$31,000,000	\$28,500,000	\$60,000,000
170	Interior Building Improvements	Maintenance		\$3,172,000	\$589,000	\$2,094,000	\$1,949,000	\$1,746,000	\$1,749,000	\$2,700,000
171	Exterior Building Improvements	Maintenance		\$4,820,000	\$1,099,000	\$2,795,000	\$3,435,000	\$1,125,000	\$1,325,000	\$5,300,000
172	Roof Repair/Replacement	Maintenance		\$2,752,000	\$1,930,000	\$2,150,000	\$1,795,000	\$2,500,000	\$300,000	\$1,200,000
173	Paving Upgrades	Maintenance		\$1,437,000	\$129,000	\$200,000	\$17,300	\$200,000	\$15,000	\$400,000
174	Environmental Remediation	Maintenance		\$400,000						
175	Facility Infrastructure Improvement Projects	Technology		\$7,917,000	\$5,287,000	\$4,314,000	\$4,836,000	\$4,712,000	\$4,933,000	\$20,753,000
176	Personal Computing Replacement Projects	Technology		\$9,468,000	\$9,468,000	\$9,468,000	\$9,468,000	\$9,692,000	\$9,692,000	\$39,703,000
177	Infrastructure Replacement / Projects	Technology		\$9,588,000	\$9,629,000	\$9,629,000	\$9,629,000	\$9,629,000	\$9,629,000	\$38,681,000

## Text Color Legend

■ Renovation Projects
 ■ Additions/New School Projects which increase Capacity
 ■ Land/Other

## Shading Color Legend

■ Priority Schools
 ■ Items to be Discussed



	MNPS Project	School Board District	Project Type	(1) Fiscal Year 2017-2018	(2) Fiscal Year 2018-2019	(3) Fiscal Year 2019-2020	(4) Fiscal Year 2020-2021	(5) Fiscal Year 2021-2022	(6) Fiscal Year 2022-2023	Years 7-10 2023-2027
178	ADA Compliance		Construction	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$4,500,000
179	Casework, Furniture, Lab Upgrades		Construction	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$3,600,000
180	Entry Vestibules		Construction	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$1,200,000
181	Emergency Construction and Contingency		Construction	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$12,000,000
182	Football Field Restorations		Construction	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,500,000
183	Pre-K and K-4 Playgrounds		Construction	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$1,125,000
184	Auditorium Seating and Carpet Upgrades		Construction	\$550,000	\$510,000	\$400,000				
185	Martin Professional Development Center Parking (turf)		Construction	\$400,000						
186	Waverly-Belmont Elementary School Parking		Construction	\$400,000						
187	Consolidation and Renovation of Admin. Areas		Construction	\$500,000						
188	Auditorium Lighting Upgrades		Construction	\$2,000,000	\$600,000	\$400,000	\$400,000			
189	Bus and Fleet Vehicle Replacement		Transportation	\$9,414,000	\$7,316,000	\$7,358,000	\$7,407,000	\$7,445,000	\$7,489,000	\$38,144,000
	<b>District Wide Projects</b>			<b>\$109,305,000</b>	<b>\$80,547,000</b>	<b>\$89,720,000</b>	<b>\$85,528,300</b>	<b>\$78,946,000</b>	<b>\$74,332,000</b>	<b>\$243,570,000</b>
	<b>Grand Total</b>			<b>\$281,855,000</b>	<b>\$380,637,000</b>	<b>\$406,950,000</b>	<b>\$384,618,300</b>	<b>\$291,376,000</b>	<b>\$281,692,000</b>	<b>\$1,660,860,000</b>
	<b>2017-2027 Grand Total</b>									<b>\$3,687,988,300</b>

## Text Color Legend

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 ■ Additions/New School Projects which increase Capacity
 ■ Land/Other

## Shading Color Legend

■ Priority Schools
 ■ Items to be Discussed

## STRATEGIC PLANNING DATES – Draft 1/9/17

DATE	GROUP	ACTIONS
January 11 <sup>th</sup>	Leadership Team (Dr. Joseph plus four direct reports)	<ul style="list-style-type: none"> <li>Flesh out major projects for year one of strategic plan (budget year 17-18)</li> <li>Identify major projects for future years of strategic plan</li> <li>Review strategic plan process</li> <li>Identify objectives and preliminary list of KPIs</li> </ul>
January 17 <sup>th</sup>	Board Work Session – Newly scheduled	<ul style="list-style-type: none"> <li>Finalize mission, vision, values (based on feedback shared at December board meeting)</li> <li>Share list of likely strategic levers (to be discussed more in depth later)</li> <li>Discuss and consider student and school characteristics (draft already shared with board in December)</li> </ul>
January 18-19	(Survey tool)	<ul style="list-style-type: none"> <li>Send out school and student characteristics for feedback</li> </ul>
January 19 <sup>th</sup>	Leadership Team (Dr. Joseph plus four direct report)	<ul style="list-style-type: none"> <li>Continue work on KPIs, objectives, and budget</li> <li>Plan Chiefs and Direct Reports' retreat(s)</li> <li>Possibly work with Council of Great City Schools and UPD – <b>Batch project discussions afternoon of 1/19 &amp; 1/20</b></li> </ul>
January 24 <sup>th</sup>	Board meeting	<ul style="list-style-type: none"> <li>Vote to approve revised mission, vision and values</li> <li>(Vote also on capital needs budget)</li> </ul>
February 1 <sup>st</sup>	Chiefs and Direct Reports' Retreat <i>[note continues after project update meeting]</i>	<ul style="list-style-type: none"> <li>Work on strategic levers, KPIs, objectives, and actions</li> <li>Plan February 9<sup>th</sup> Chiefs &amp; Direct Reports' Retreat</li> <li><i>Consider also how these will be used as part of MNPS consolidated application to state and school improvement plans</i></li> </ul>
February 6 <sup>th</sup>	Leadership Team (Dr. Joseph plus four direct reports)	<ul style="list-style-type: none"> <li>Consider feedback on characteristics; revise</li> <li>Continue work on KPIs, objectives, actions, budget</li> <li>Plan February Chiefs and Direct reports meeting</li> </ul>
February 7 <sup>th</sup>	Special board meeting -- NEW	<ul style="list-style-type: none"> <li><b>Transition Team Full Report Release – SPECIAL PRESENTATION TO BOARD</b></li> </ul>
February 9 <sup>th</sup>	Chiefs and Direct Reports' Retreat	<ul style="list-style-type: none"> <li>Continue work on strategic levers, KPIs, objectives, and actions</li> <li><i>Consider also how these will be used as part of MNPS consolidated application to state and school improvement plans</i></li> </ul>
February 14 <sup>th</sup>	Board Work session NEW (was scheduled as regular board meeting)	<ul style="list-style-type: none"> <li>Finalize characteristics based on feedback</li> <li>Discuss and refine strategic levers, objectives, and KPIs</li> <li><b>Bring in outside facilitation to work on this (Andrew or Mike???)</b></li> </ul>
February 15-16 <sup>th</sup>	(Survey tool)	<ul style="list-style-type: none"> <li>Send out strategic levers, KPIs, objectives for feedback</li> </ul>
February 28 <sup>th</sup>	Regular Board Meeting	<ul style="list-style-type: none"> <li>Vote on characteristics</li> </ul>



DATE	GROUP	ACTIONS
March 13 <sup>th</sup>	Leadership Team Meeting (Dr. Joseph plus four direct reports)	<ul style="list-style-type: none"> <li>Consider feedback on levers, KPIs, objectives</li> <li>Continue work on actions</li> <li>Plan March 14<sup>th</sup> board work session</li> <li>Plan March 16<sup>th</sup> Chiefs &amp; Direct Reports' Retreat</li> </ul>
March 14 <sup>th</sup>	Board Work session NEW (was regular board meeting)	<ul style="list-style-type: none"> <li>Finalize KPIs, strategic levers, objectives based on feedback</li> </ul>
March 16 <sup>th</sup>	Chiefs and Direct Reports' Retreat	<ul style="list-style-type: none"> <li>Share final compiled strategic plan – all elements</li> <li>2 hrs</li> </ul>
March 28 <sup>th</sup>	Board Meeting	<ul style="list-style-type: none"> <li>Dr. Joseph presents entire strategic plan</li> <li>Board votes to approve strategic plan</li> </ul>
March 14 <sup>th</sup> – April	Communications	<ul style="list-style-type: none"> <li>Production of Strategic Plan</li> </ul>

#### **Notes:**

January 18<sup>th</sup> Public information session on Hillwood

January 19<sup>th</sup> Public information session on Hillwood

February 1<sup>st</sup>: Chiefs & Direct Reports' Project Update Meeting (1.5 hrs)

February **xxx** Budget meetings (Dr. Joseph and Direct Reports with Glenda and Bryan) throughout February – alternating ELT dates; and/or Saturday, 2/4 and 2/25

March 3 & 4<sup>th</sup> Board retreat with outside facilitation in Nashville

**xxx:** Budget task force release

March 7<sup>th</sup> Budget & Finance Committee meeting/work session at which Dr. Joseph's presents his budget proposal (unless we use this date as a public hearing)

March 9<sup>th</sup>: Dr. Joseph presents budget at Administrators & Supervisors (A&S) meeting

April 11<sup>th</sup>: Board vote to approve budget

w/o 4/11: Present budget to Mayor

## **Coalition of Large School Systems (CLASS) 2017 Legislative Priorities and Concerns**

### Vouchers

- CLASS opposes sending public school funds to private schools

### Funding

- Salary adequacy – CLASS supports closing the \$10K gap in BEP salary component and average teacher salary
- Positions unfunded through BEP – CLASS supports including the cost of all teaching positions in determining the cost of the BEP - the at least 12% of positions statewide are paid for 100% by districts with no BEP support
- BEP equity – elimination of CDF will remove adjustment for higher cost of living for teachers and higher cost of operating school districts in urban areas – CLASS supports a replacement of the CDF with a cost of living adjustment
- Chairman Sargent minimum BEP bill
- ELL funding – CLASS supports full funding of the statutory ratios (1:20 for teachers 1:200 for translators)
- Property tax equalization after reappraisal

### Charter schools

- Authorizer fee – CLASS supports legislation that gives districts the same ability to recover cost of charter schools as the ASD and the State Board of Education
- Legislation to change charter school funding formula? CLASS will oppose any effort to provide more funding to charter schools than traditional schools
- Legislation to change requirements regarding vacant and underutilized properties? CLASS will oppose any effort to require districts to provide facilities to charter schools

- OPEB – districts should be allowed to assess a fee to charter schools for OPEB Liabilities calculated on a per student basis

### Achievement School District

#### CLASS supports:

- Better definition of when ASD schools return to district
- Formal rules and regulations for operation of ASD
- More lead time on notice to district of takeover
- Parental input into turn around model for priority schools
- Prohibit newly created ASD schools (non-takeover)
- ASD responsible for deferred maintenance of facilities

### ESSA, Assessments and Accountability

- Implementation of ESSA – concerned about any unfunded mandates or added requirements to an already crowded school day
- A-F assessment
- Two districts (Knox, MNPS) have passed resolutions opposing use of 2017 TN Ready data for teacher evaluations
- ACT as an alternative to TN Ready assessment
- TVAAS revamp

**Metropolitan Nashville Public Schools**  
**Sales Tax Collections**  
**As of January 20, 2017**

**General Purpose Fund**

<b>MONTH</b>	<b>2016-2017 Projection</b>	<b>TOTAL 2016-2017 COLLECTIONS</b>	<b>\$ Change For Month - FY17 Projection</b>	<b>% Change For Month - FY17 Projection</b>	<b>% Increase / Decrease Year To-Date</b>
September	\$15,149,207.10	\$13,685,452.67	(\$1,463,754.43)	-10.70%	-10.70%
October	17,468,687.47	17,781,640.71	\$312,953.24	1.76%	-3.66%
November	18,452,034.19	18,366,166.97	(\$85,867.22)	-0.47%	-2.48%
December	18,283,897.07	18,297,006.50	\$13,109.43	0.07%	-1.80%
January	17,450,138.35	17,478,658.08	\$28,519.73	0.16%	-1.40%
February	23,166,339.24				
March	15,663,174.35				
April	16,521,184.08				
May	18,871,626.04				
June	17,995,043.76				
July	18,269,673.45				
August	20,062,894.89				
<b>TOTAL</b>	<b>\$217,353,900.00</b>	<b>\$85,608,924.93</b>	<b>(\$1,195,039.26)</b>		<b>-1.40%</b>

**Debt Service Fund**

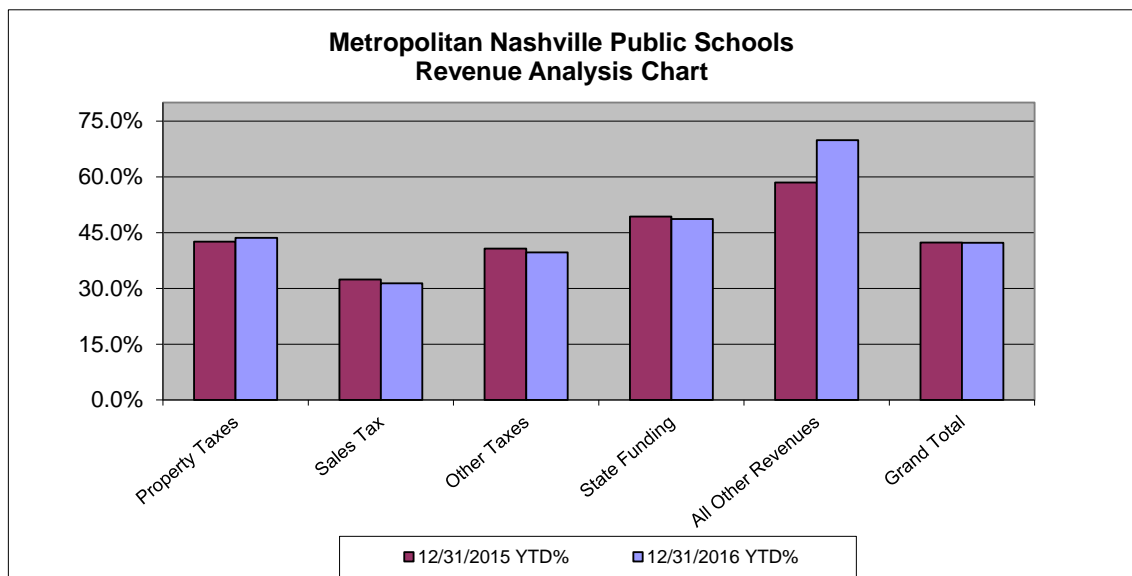
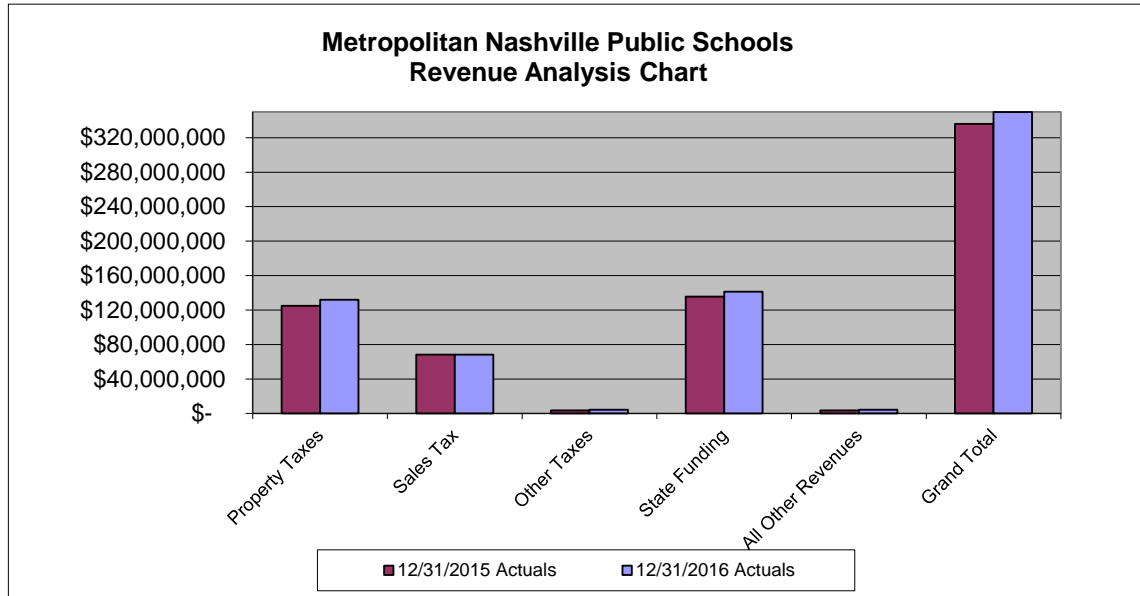
<b>MONTH</b>	<b>2016-2017 Projection</b>	<b>TOTAL 2016-2017 COLLECTIONS</b>	<b>\$ Change For Month - FY17 Projection</b>	<b>% Change For Month - FY17 Projection</b>	<b>% Increase / Decrease Year To-Date</b>
September	\$3,082,071.68	\$2,912,597.41	(\$169,474.27)	-5.82%	-5.82%
October	3,553,964.67	3,784,365.92	\$230,401.25	6.09%	0.91%
November	3,754,024.32	3,908,767.34	\$154,743.02	3.96%	2.03%
December	3,719,817.21	3,894,048.31	\$174,231.10	4.47%	2.69%
January	3,550,190.91	3,719,883.85	\$169,692.94	4.56%	3.07%
February	4,713,138.96				
March	3,186,637.14				
April	3,361,197.27				
May	4,858,411.39				
June	4,680,072.74				
July	3,716,923.44				
August	4,081,750.26				
<b>TOTAL</b>	<b>\$46,258,200.00</b>	<b>\$18,219,662.83</b>	<b>\$559,594.04</b>		<b>3.07%</b>

**Metropolitan Nashville Public Schools  
General Purpose Fund # 35131  
Monthly Budget Accountability Report  
December 31, 2016**

	<b>FY16 Annual Budget</b>	<b>FY16 YTD Actuals Through Dec</b>	<b>FY16 YTD % Through Dec</b>	<b>FY17 Annual Budget</b>	<b>FY17 YTD Actuals Through Dec</b>	<b>FY17 YTD % Through Dec</b>	<b>FY17 YTD Budget Available Dec</b>
<b>REVENUES:</b>							
Charges, Commissions, & Fees	\$ 1,230,000	\$ 1,476,846	120.07%	\$ 1,230,000	\$ 2,025,424	164.67%	\$ (795,424)
Other Governments & Agencies	274,940,000	135,646,851	49.34%	290,479,100	141,297,713	48.64%	149,181,387
Taxes, Licenses, & Permits	512,950,800	196,768,484	38.36%	530,711,400	204,355,224	38.51%	326,356,176
Fines, Forfeits, & Penalties	1,200	450	37.50%	1,200	500	41.67%	700
Transfers From Other Funds and Units	2,500,000	781,518	31.26%	2,500,000	896,076	35.84%	1,603,924
All Other Revenues	2,378,000	1,315,447	55.32%	2,378,000	1,348,276	56.70%	1,029,724
<b>TOTAL REVENUES</b>	<b>\$ 794,000,000</b>	<b>\$ 335,989,596</b>	<b>42.32%</b>	<b>\$ 827,299,700</b>	<b>\$ 349,923,213</b>	<b>42.30%</b>	<b>\$ 477,376,487</b>
<b>EXPENSES:</b>							
Salaries:							
Regular Pay	\$ 425,619,251	\$ 203,767,648	47.88%	\$ 436,329,400	\$ 209,742,210	48.07%	\$ 226,587,190
Overtime	975,700	1,003,015	102.80%	980,300	828,177	84.48%	152,123
All Other Salary Codes	6,670,949	4,716,365	70.70%	8,009,600	4,129,622	51.56%	3,879,978
<b>Total Salaries</b>	<b>433,265,900</b>	<b>209,487,028</b>	<b>48.35%</b>	<b>445,319,300</b>	<b>214,700,009</b>	<b>48.21%</b>	<b>230,619,291</b>
 Fringes	 147,401,600	 71,293,844	 48.37%	 148,170,500	 71,079,406	 47.97%	 77,091,094
Other Expenses:							
Utilities	26,448,479	11,034,653	41.72%	26,628,100	12,516,480	47.00%	14,111,620
Professional and Purchased Services	43,763,995	19,394,967	44.32%	45,532,790	23,183,806	50.92%	22,348,984
Travel, Tuition, and Dues	2,580,031	870,395	33.74%	2,961,822	1,034,763	34.94%	1,927,059
Communications	3,324,780	1,449,077	43.58%	3,525,375	1,266,250	35.92%	2,259,125
Repairs and Maintenance Services	4,814,675	1,968,620	40.89%	5,629,111	2,388,710	42.43%	3,240,401
Internal Service Fees	1,856,600	956,171	51.50%	2,370,300	1,185,702	50.02%	1,184,598
Transfers To Other Funds and Units	86,449,521	35,349,530	40.89%	103,413,800	52,218,361	50.49%	51,195,439
All Other Expenses	60,094,419	31,547,285	52.50%	59,748,602	26,623,466	44.56%	33,125,136
<b>Total Other Expenses:</b>	<b>229,332,500</b>	<b>102,570,698</b>	<b>44.73%</b>	<b>249,809,900</b>	<b>120,417,538</b>	<b>48.20%</b>	<b>129,392,362</b>
<b>TOTAL EXPENSES</b>	<b>\$ 810,000,000</b>	<b>\$ 383,351,570</b>	<b>47.33%</b>	<b>\$ 843,299,700</b>	<b>\$ 406,196,953</b>	<b>48.17%</b>	<b>\$ 437,102,747</b>

**METROPOLITAN NASHVILLE PUBLIC SCHOOLS**  
**Revenue Analysis**  
**FY2015 and FY2016**

Description	FY16 YTD Actuals through Dec 2015	FY16 Annual Revenue Budget	YTD %	FY17 YTD Actuals through Dec 2016	FY17 Annual Revenue Budget	YTD %
Property Taxes	\$ 124,916,656	\$ 293,426,500	42.6%	\$ 131,925,500	\$ 302,518,200	43.6%
Local Option Sales Tax	68,326,620	210,866,400	32.4%	68,130,267	217,353,900	31.3%
Other Taxes, License, Permits	3,525,208	8,657,900	40.7%	4,299,458	10,839,300	39.7%
State Funding	135,646,851	274,940,000	49.3%	141,297,713	290,479,100	48.6%
All Other Revenues	3,574,260	6,109,200	58.5%	4,270,277	6,109,200	69.9%
<b>Grand Total</b>	<b>\$ 335,989,596</b>	<b>\$ 794,000,000</b>	<b>42.3%</b>	<b>\$ 349,923,213</b>	<b>\$ 827,299,700</b>	<b>42.3%</b>





**Metropolitan Nashville Public Schools**  
**General Purpose Fund #35131**  
**Expenditures by Function**  
**For the Fiscal Year Ending June 30, 2017**

Function #	Function Name	FY2017 Budget	FY2017 YTD Actuals @ Dec. 31, 2016	% Spent
<b>ADMINISTRATION</b>				
1100	OFFICE OF DIRECTOR OF SCHOOLS	\$ 589,000	\$ 320,861	54.5%
1110	BOARD OF EDUCATION	416,600	172,566	41.4%
1150	CHIEF FINANCIAL OFFICER	383,500	179,730	46.9%
1190	ALIGNMENT NASHVILLE	200,000	200,000	100.0%
1200	HUMAN CAPITAL	6,110,000	2,780,289	45.5%
1205	EMPLOYEE RELATIONS	575,900	264,846	46.0%
1250	CHIEF OF STAFF	530,100	149,304	28.2%
1300	EMPLOYEE BENEFITS	799,900	466,335	58.3%
1400	CHIEF OPERATING OFFICER	240,400	52,468	21.8%
1500	PURCHASING	845,600	384,919	45.5%
1600	FISCAL SERVICES	1,810,500	734,711	40.6%
1625	SCHOOL AUDIT	697,600	295,395	42.3%
1700	STUDENT ASSIGNMENT SERVICES	1,150,500	584,237	50.8%
1750	FAMILY INFORMATION CENTER	715,800	329,736	46.1%
1800	COMMUNICATIONS	1,636,800	632,981	38.7%
	<b>TOTAL ADMINISTRATION</b>	<b>\$ 16,702,200</b>	<b>\$ 7,548,379</b>	<b>45.2%</b>
<b>LEADERSHIP AND LEARNING</b>				
2050	CHIEF OF SCHOOLS	3,705,400	1,867,643	50.4%
2055	OFFICE OF PRIORITY SCHOOLS	329,600	236,013	71.6%
2059	OFFICE OF CHARTER SCHOOLS	398,600	193,193	48.5%
2060	STUDENT SUPPORT SERVICES	2,046,600	918,561	44.9%
2080	CHIEF ACADEMIC OFFICER	2,105,800	585,235	27.8%
2109	FEDERAL PROGRAMS AND GRANTS	294,200	114,756	39.0%
2112	CENTRAL SCHOOL COUNSELING SERVICES	464,500	119,174	25.7%
2125	IN-SCHOOL SUSPENSION	890,600	449,191	50.4%
2126	HOMEBOUND PROGRAM - REGULAR EDUCATION	169,100	64,358	38.1%
2136	GIFTED/TALENTED PROGRAM	2,863,900	1,356,169	47.4%
2137	ADVANCED ACADEMICS	1,193,100	590,950	49.5%
2160	PSYCHOLOGICAL SERVICES	4,582,700	2,048,075	44.7%
2170	RESEARCH, ASSESSMENT, AND EVALUATION	2,416,900	1,061,768	43.9%
2171	CENTRAL LIBRARY INFORMATION SERVICES	744,700	393,945	52.9%
2174	INFORMATION MANAGEMENT AND DECISION SUPPORT	4,446,900	2,141,425	48.2%
2178	INFORMATION TECHNOLOGY	13,599,000	6,572,352	48.3%
2180	TEXTBOOKS	3,093,100	122,647	4.0%
2200	DISTRICT STAFF DEVELOPMENT	2,652,400	878,560	33.1%
2203	LEARNING TECHNOLOGY	3,349,300	2,242,952	67.0%
2215	PRINCIPAL LEADERSHIP ACADEMY	140,000	-	0.0%
2232	LITERACY PROGRAM	6,895,000	2,789,054	40.5%
2240	SUPPLEMENTARY TEACHER PAY	467,500	338,951	72.5%
2282	STEM (SCIENCE TECHNOLOGY ENGINEERING MATHEMATICS)	848,000	178,228	21.0%
2310	PRINCIPALS	48,256,800	24,879,854	51.6%
2311	COUNSELING SERVICES	15,134,300	6,939,062	45.8%
2312	LIBRARY SERVICES	11,527,200	5,324,641	46.2%
2313	SUBSTITUTES - REGULAR/CTE	7,478,500	2,779,133	37.2%
2314	HEALTH SERVICES	5,101,400	1,811,872	35.5%
2315	SUBSTITUTES - SPECIAL EDUCATION	963,100	285,702	29.7%
2316	SCHOOL FUNDING ALLOCATION	9,590,100	4,070,103	42.4%
2320	REGULAR TEACHING	266,948,000	132,181,015	49.5%
2321	PRE-K INSTRUCTION	5,990,400	2,645,910	44.2%
2322	CLASSROOM PREPARATION DAY	665,200	633,684	95.3%
2323	ENGLISH LANGUAGE LEARNER - SUPERVISION	1,888,800	934,614	49.5%
2324	ENGLISH LANGUAGE LEARNER	17,576,500	5,475,248	31.2%
2328	PRE-K MODEL CENTERS	5,300,000	2,296,658	43.3%
2332	SMALLER LEARNING COMMUNITIES (SLC)	492,700	234,298	47.6%
2334	INSTRUCTIONAL SUPPORT - OTHER	12,088,500	6,707,612	55.5%
2335	PUPIL SUPPORT - OTHER	1,359,700	449,292	33.0%
2336	VANDERBILT MATH & SCIENCE PROGRAM	1,145,000	515,000	45.0%

**Metropolitan Nashville Public Schools**  
**General Purpose Fund #35131**  
**Expenditures by Function**  
**For the Fiscal Year Ending June 30, 2017**

Function #	Function Name	FY2017 Budget	FY2017 YTD Actuals @ Dec. 31, 2016	% Spent
2350	MUSIC MAKES US	892,200	282,144	31.6%
2371	CAMPUS SUPERVISORS	3,093,400	1,418,190	45.8%
2395	HOMEWORK HOTLINE	80,000	44,928	56.2%
2505	CAREER & TECHNICAL EDUCATION SUPERVISION	297,000	147,203	49.6%
2520	CAREER & TECHNICAL EDUCATION	5,603,500	3,897,127	69.5%
2555	METROPOLITAN GOVERNMENT IT CHARGES	2,184,500	1,092,250	50.0%
2600	ALTERNATIVE LEARNING PROGRAMS	3,259,500	1,290,539	39.6%
2650	NON-TRADITIONAL SCHOOLS	7,617,700	3,548,246	46.6%
2710	STUDENT ASSIGNMENT PLAN	5,661,200	1,111,214	19.6%
2711	SPECIAL EDUCATION GUIDANCE	160,700	82,103	51.1%
2805	SPECIAL EDUCATION SUPERVISION	1,051,000	418,010	39.8%
2810	SPECIAL EDUCATION PRINCIPALS	646,300	318,109	49.2%
2820	SPECIAL EDUCATION TEACHING	66,396,100	33,028,101	49.7%
2999	CAREER LADDER	1,500,000	90,139	6.0%
	<b>TOTAL LEADERSHIP AND LEARNING</b>	<b>\$ 567,646,200</b>	<b>\$ 270,195,204</b>	<b>47.6%</b>
<b>ATTENDANCE AND SOCIAL SERVICES</b>				
3100	ATTENDANCE SERVICES	313,300	155,202	49.5%
3210	CLUSTER BASED STUDENT SUPPORT	6,003,100	2,837,932	47.3%
3250	FAMILY & COMMUNITY SERVICES	1,446,700	641,148	44.3%
3260	COMMUNITY ACHIEVES	1,597,900	518,022	32.4%
	<b>TOTAL ATTENDANCE AND SOCIAL SERVICES</b>	<b>\$ 9,361,000</b>	<b>\$ 4,152,304</b>	<b>44.4%</b>
<b>TRANSPORTATION</b>				
4110	TRANSPORTATION SUPERVISION	3,341,400	1,872,796	56.0%
4130	OPERATION OF SCHOOL BUSES	13,507,700	7,274,159	53.9%
4131	OPERATION OF SPECIAL EDUCATION BUSES	7,557,000	4,029,044	53.3%
4137	BUS MONITORS	6,188,400	3,059,850	49.4%
4160	MAINTENANCE OF VEHICLES	5,296,500	3,130,128	59.1%
4319	MTA BUS PASSES	994,300	454,507	45.7%
	<b>TOTAL TRANSPORTATION</b>	<b>\$ 36,885,300</b>	<b>\$ 19,820,483</b>	<b>53.7%</b>
<b>OPERATION OF PLANT</b>				
5120	PORTABLE MOVING	455,000	379,304	83.4%
5212	CUSTODIAL AND CARE OF GROUNDS	20,730,800	12,253,559	59.1%
5220	UTILITY SERVICES, NATURAL GAS	2,996,200	483,595	16.1%
5230	UTILITY SERVICES, WATER & SEWER	2,965,900	1,627,086	54.9%
5240	UTILITY SERVICES, ELECTRICITY	20,669,400	10,369,588	50.2%
5250	UTILITY SERVICES, TELEPHONES	1,317,000	384,239	29.2%
5260	UTILITY SERVICES, WASTE DISPOSAL	925,100	453,149	49.0%
5280	RADIO TRANSMISSION	282,600	141,300	50.0%
5315	FIXED ASSET AND INVENTORY CONTROL	2,636,700	1,266,491	48.0%
5320	DELIVERY & MAIL SERVICES	932,900	299,981	32.2%
5325	SAFETY AND SECURITY	3,095,400	1,329,055	42.9%
5326	ATHLETIC EVENT SECURITY	605,000	151,620	25.1%
	<b>TOTAL OPERATION OF PLANT</b>	<b>\$ 57,612,000</b>	<b>\$ 29,138,967</b>	<b>50.6%</b>
<b>MAINTENANCE OF BUILDINGS</b>				
6110	MAINTENANCE SUPERVISION	689,500	192,602	27.9%
6120	CONSTRUCTION SUPERVISION	552,900	294,762	53.3%
6300	MAINTENANCE OF FACILITIES	18,520,100	9,148,659	49.4%
	<b>TOTAL MAINTENANCE OF BUILDINGS</b>	<b>\$ 19,762,500</b>	<b>\$ 9,636,024</b>	<b>48.8%</b>
<b>FIXED CHARGES</b>				
7130	UNEMPLOYMENT COMPENSATION	500,000	-	0.0%
7210	RENTAL LAND AND BUILDING	56,100	32,705	58.3%
7311	RETIREE GROUP INSURANCE-CERTIFICATED	21,145,000	10,913,236	51.6%
7315	EMPLOYEE DEATH BENEFITS	74,000	46,250	62.5%
7316	EMPLOYEE INJURIES ON THE JOB REIMBURSEMENT	3,121,000	1,560,500	50.0%

Metropolitan Nashville Public Schools  
General Purpose Fund #35131  
Expenditures by Function  
For the Fiscal Year Ending June 30, 2017

Function #	Function Name	FY2017 Budget	FY2017 YTD Actuals @ Dec. 31, 2016	% Spent
7318	RETIREMENT SICK LEAVE PAY-CERTIFICATED	1,830,100	152,174	8.3%
7319	RETIREMENT SICK LEAVE PAY-SUPPORT	208,100	32,351	15.5%
7320	BUILDINGS AND CONTENTS INSURANCE	1,032,900	516,450	50.0%
7325	INSURANCE RESERVE	14,700	3,000	20.4%
7340	LIABILITY INSURANCE	1,290,600	679,371	52.6%
7499	GUARANTEED PENSION PAYMENT	4,285,000	2,142,500	50.0%
7777	PROPERTY TAX REFUND	6,735,500	320,766	4.8%
7900	LEGAL SERVICES	192,000	96,000	50.0%
	<b>TOTAL FIXED CHARGES</b>	<b>\$ 40,485,000</b>	<b>\$ 16,495,303</b>	<b>40.7%</b>
<b>ADULT AND COMMUNITY SERVICES</b>				
8119	DISTRICT DUES	76,100	25,056	32.9%
8320	ADULT EDUCATION PROGRAM	448,600	231,937	51.7%
	<b>TOTAL ADULT AND COMMUNITY SERVICES</b>	<b>\$ 524,700</b>	<b>\$ 256,993</b>	<b>49.0%</b>
	<b>OPERATING TRANSFER TO CHARTER SCHOOLS FUND</b>	<b>\$ 92,721,000</b>	<b>\$ 47,660,493</b>	<b>51.4%</b>
	<b>REIMBURSABLE PROJECTS</b>	<b>\$ 1,599,800</b>	<b>\$ 1,292,804</b>	<b>80.8%</b>
	<b>GRAND TOTAL:</b>	<b>\$ 843,299,700</b>	<b>\$ 406,196,953</b>	<b>48.2%</b>