Annual Financial Report

Tennessee Public Charter Schools
Operated By

RePublic Schools Nashville

Year Ended June 30, 2015

Nashville Preparatory Charter School
Nashville Academy of Computer Sciences
Liberty Collegiate Academy
RePublic High School

RePublic Schools Nashville
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June 30, 2015

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Board of Directors

John Baird - Chair
Wendy Thompson - Vice Chair
Allyn Gibson - Secretary
Waymon Tipton - Treasurer
Leah Granderson - Board Member
Riney Green - Board Member
Henderson Hill - Board Member
Aaron Kaalberg - Board Member
Axson West - Board Member
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Leadership Team

Ravi Gupta – Chief Executive Officer
Abigail Rockey - Regional Director
Glenn Turtel – Chief Financial Officer
Linda Lentz - Managing Director

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
RePublic Schools Nashville
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of RePublic Schools Nashville as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise RePublic Schools Nashville's 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.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Organization'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 Organization'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 the RePublic Schools Nashville, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2015, RePublic Schools Nashville adopted new accounting guidance, *Governmental Accounting Standards Board 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 (Unaudited), Schedule of the Proportionate Share of the Net Pension Liability (Asset), and Schedule of Employer Contributions as listed in the table of contents 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 RePublic Schools Nashville's 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Tennessee Comptroller of the Treasury's *Audit Manual* and is also not a required part of the basic financial statements. The Introductory Section, Combining Statement of Net Position, Combining Statement of Activities, Combining Balance Sheet – Government Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and State Financial Assistance, Combining Statement of Net Position, Combining Statement of Activities, Combining Balance sheet – Governmental Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds are the responsibility of management and were derived from and relate 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, Combining Statement of Net Position, Combining Statement of Activities, Combining Balance Sheet – Governmental Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section 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 January 28, 2016, on our consideration of RePublic Schools Nashville's internal control over financial reporting and on 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 the RePublic Schools Nashville internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
January 28, 2016

Our discussion and analysis of RePublic Schools Nashville's (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 inflow of resources by $2,444,492.
- Net position increased by $1,486,431 during the year.
- Outlays for new capital assets totaled $4,034,511.
- Total revenues of $11,359,445 were comprised of federal pass-through funds (12%), district funds (71%), and charitable contributions and grants (16%) for the year ended June 30, 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 its specific financial activities.

REPORTING THE ORGANIZATION AS A WHOLE

In general, the users of these financial statements want to know if the Organization is in a better or worse financial position as a result of the year's activities. The Statement of Net Position as well as the Statement of Activities reports will indicate the overall benefit or detriment of the Organization throughout the year of operation. These statements include information regarding all assets and liabilities using the accrual basis of accounting. Under the accrual basis, all of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. The statements start on page 12.

The Statement of Net Position reports the Organization's total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources. 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 and also assists in determining the Organization's financial health during the year. Reviewers of these reports will want to consider both non-financial factors and financial data before arriving at a conclusion regarding the overall health of the Organization.

FUND FINANCIAL STATEMENTS

The Organization's fund financial statements, which are comprised of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, begin on page 14. These statements 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 15 and 17.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The Organization's assets and deferred outflows of resources exceeded the Organization's liabilities and deferred inflows of resources at the close of the fiscal year, resulting in a net position of $2,444,492. The Organization's net position includes $1,608,738 of cash, with $987,865 available to meet the Organization's ongoing activities.

As of June 30, 2015, the Organization had invested a total of $5,187,379 in capital assets. This investment includes instructional and support furniture, instructional computers for teachers and students, classroom and building technology, renovations to three facilities that are being rented, and the land and building for RePublic High School. The Organization expects additional capital asset investments in the 2015-16 school year, as student enrollment is expected to increase by approximately 300 scholars, due to the opening of RePublic High School ("RHS") with the ninth grade, the addition of the sixth grade at the Nashville Academy of Computer Sciences ("NACS") and increased enrollment at the other campuses.

The Organization currently leases facility space from Metro Nashville Public Schools for three of its schools: Nashville Prep ("NP") in West Nashville, Liberty Collegiate Academy ("LCA") in East Nashville and Nashville Academy of Computer Sciences ("NACS") in North Nashville. Each of the leases allows the respective school to use the building for approximately ten years. The Organization also entered into a lease agreement for modular classrooms at NP under a long-term lease. Finally, the Organization agreed to lease the building for RHS from RePublic High School, LLC, a single member LLC with RePublic Schools Nashville as the single member, under a 15 year lease.

The Organization has a $200,000 line of credit from Pinnacle Financial Partners that expired early in the 2014-15 fiscal year. The Organization had a separate line of credit from Pinnacle Financial Partners with a commitment that declines over time. The initial line of credit was for $750,000. On July 21, 2014, the line of credit automatically decreased to $670,000 and decreased on July 21, 2015 to $590,000. In addition, the Organization had a line of credit of $400,000 to finance leasehold improvement at NP. The outstanding balance at the completion of the leasehold improvements converts to an amortizing term loan with a balloon payment in the future.

A schedule of the Organization's net position as of June 30, 2015 and 2014 is as follows:

June 30,	**2015**	(As Restated) 2014
ASSETS		
Current assets	**$ 1,764,746**	$ 1,148,101
Capital assets, net	**5,187,379**	1,601,376
TOTAL ASSETS	**6,952,125**	2,749,477
DEFERRED OUTFLOWS OF RESOURCES	**553,755**	205,932
LIABILITIES		
Current liabilities	**1,210,807**	1,323,229
Long-term liabilities	**2,773,900**	674,119
TOTAL LIABILITIES	**3,984,707**	1,997,348
DEFERRED INFLOWS OF RESOURCES	**1,076,681**	-
NET POSITION		
Net investment in capital assets	**1,975,019**	887,966
Restricted	**804,180**	-
Unrestricted	**(334,707)**	70,095
TOTAL NET POSITION	**$ 2,444,492**	$ 958,061

The 2014 column has been restated for the implementation of *Governmental Accounting Standards Board Statement No. 68*, as further described in Note 2 to the financial statements. Management believes that the addition of this liability does not reflect a change in the financial health of RePublic Schools Nashville.

Changes in Net Position

The Organization's total net position increased $1,486,431 during the fiscal year ended June 30, 2015. The increase in net position indicates that the Organization had more incoming revenues than outgoing expenses during the year. Total revenues generated from government grants, governmental funds, and contributions were $1,317,788 during the year ended June 30, 2015. Contributions from individuals and organizations were $1,778,655 during the year ended June 30, 2015. These contributions proved to be crucial to the Organization's academic success. Finally, District funding and capital grants during the year totaled $8,246,380.

Total expenses were $9,873,014 during the year ended June 30, 2015. The majority of these expenses are related to the Organization's implementation of the charter organization, employee compensation, instruction and occupancy. The change in net position was $1,486,431. The increases in revenue from contributions, district funding, and federal grants more than offset the Organization's expenses.

A schedule of the Organization's revenues and expenses for the years ended June 30, 2015 and 2014 is as follows:

For the Years Ended June 30,		**2015**		(As Restated) 2014
REVENUES				
Contributions	$	**1,778,655**	$	660,782
District funding		**8,079,380**		5,503,525
Operating grants		**1,317,788**		906,228
Capital grants		**167,000**		118,933
Charges for services		**14,546**		14,785
Other		**2,076**		3,247
TOTAL REVENUES		**11,359,445**		7,207,500
EXPENSES				
Salaries, wages and benefits		**5,003,920**		3,530,598
Food service		**638,721**		442,404
Instructional		**694,444**		647,910
Rent and occupancy		**691,446**		353,438
Office		**67,286**		81,822
Organizational development		**64,496**		81,572
Other		**32,124**		63,789
Professional services and fees		**896,446**		249,354
Staff development		**334,063**		306,113
Transportation		**926,671**		539,885
Depreciation		**448,503**		259,019
Interest		**74,894**		29,138
TOTAL EXPENSES		**9,873,014**		6,585,042
CHANGE IN NET POSITION	$	**1,486,431**	$	622,458

The 2014 column has been restated for the implementation of *Governmental Accounting Standards Board Statement No. 68*, as further described in Note 2 to the financial statements. Management believes that the addition of this liability does not reflect a change in the financial health of RePublic Schools Nashville.

The schedule is for the Organization as a whole, not for the governmental funds.

FINANCIAL ANALYSIS OF THE ORGANIZATION'S FUNDS

The Organization's funds, as presented on the Balance Sheet on page 14, report a combined fund balance of $342,943. The Organization's funds are held in both the general fund, the chief operating fund of the Organization, and capital projects fund, which is for the Organization's high school facility.

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 government-wide. For the year ended June 30, 2015, the differences consist of outlays of capital assets, depreciation expense, net pension liability, deferred outflow of resources for pensions, deferred inflows of resources for pensions, and proceeds from and repayments of the Organization's long-term note payable, which are not reported in the Organization's funds.

ORGANIZATION ACTIVITIES

The Organization recruits students from Davidson County, primarily North Nashville, Bordeaux, Antioch and East Nashville. The Organization operates several open enrollment public schools and accept students from a wide range of academic and socioeconomic backgrounds. The Organization believes that every student, regardless of background, can and will graduate from a four year college. Everything the Organization does is in service of our true north: college graduation. Our rigorous academic program and strict discipline system prepare our scholars to be successful in college and beyond.

Instruction

RePublic Schools Nashville's schools have longer school days and longer school years, allowing our students to receive substantially more instruction than their counterparts in traditional public schools. RePublic Schools Nashville's students attend school from approximately 7:30am - 5:00pm. We offer two hours of math instruction and three hours of literacy instruction each day. Our students also receive an hour of small group tutoring each day, allowing us to target academic deficiencies. RePublic Schools Nashville implemented an innovative computer science program in all of its schools with the goal of all students taking the AP computer science exam in high school.

Testing Performance

RePublic Schools Nashville's schools exceeded the performance of Metro Nashville Public Schools ("MNPS") and other Nashville area charter schools in the 2014-2015 school year, as measured by the Tennessee Comprehensive Assessment Program ("TCAP"). Both Nashville Prep and Liberty Collegiate Academy, the Organization's two founding schools, were named Reward Schools by the Tennessee Department of Education, ranking in the top 5% in the state in both growth and absolute performance in the 2013-2014 school year. Liberty Collegiate Academy achieved Reward School status in both growth and absolute performance again in the 2014-2015 school year. In 2013

Stanford's CREDO study ranked Nashville Prep and Liberty Collegiate Academy the top two performing charter schools in Tennessee based on student growth.

STUDENT ENROLLMENT FACTORS AND NEXT YEAR'S BUDGET

Enrollment for the year ending June 30, 2016 is projected to be 1,217 in the Organization's Schools, representing an increase of approximately 300 scholars as a result of the opening of RePublic High School, the addition of a grade at Nashville Academy of Computer Sciences and smaller increases at the Organization's other schools. Operating revenues are budgeted at approximately $14 million, with the vast majority coming from local, state and federal government funding sources. For expenditures, student and staff related expenses are expected to increase with the additional student enrollment and campus. Operating expenses are budgeted at $13 million, resulting in an operating surplus of approximately $1 million. This operating surplus is expected to be used to fund additional capital expenditures and debt payments.

CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide RePublic Schools Nashville families, Davidson County taxpayers, local and national donors, creditors, authorities over grant funding and agencies tasked with oversight of Metro Nashville's public schools with a general overview of RePublic Schools Nashville's finances and written accountability of the Organization's fiscal activities.

If you have questions about this report or need additional financial information, contact RePublic School, Inc.'s chief financial officer, Glenn Turtel, by telephone at (615) 921-8440 or by email at gturtel@republiccharterschools.org.

June 30,	2015
	Governmental Activities
ASSETS	
Cash	$ 987,865
Restricted cash	620,873
Receivables	117,905
Prepaid expenses	24,653
Other assets	13,450
Capital assets, net	5,187,379
TOTAL ASSETS	6,952,125
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	553,755
TOTAL DEFERRED OUTFLOWS OF RESOURCES	553,755
LIABILITIES	
Accounts payable	802,705
Accrued expenses	372,297
Net pension liability	35,805
Long-term liabilities:	
Due within one year	90,494
Due in more than one year	2,683,406
TOTAL LIABILITIES	3,984,707
DEFERRED INFLOWS OF RESOURCES	
Contributions received for future periods	246,801
Pensions	829,880
TOTAL DEFERRED INFLOWS OF RESOURCES	1,076,681
NET POSITION	
Net investment in capital assets	1,975,019
Restricted - capital projects	804,180
Unrestricted	(334,707)
TOTAL NET POSITION	$ 2,444,492

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

RePublic Schools Nashville
Statement of Activities

For the Year Ended June 30,			**2015**
		FUNCTION	
GOVERNMENTAL ACTIVITIES	TOTALS	STUDENT INSTRUCTION	ADMINISTRATION
EXPENSES			
Salaries, wages and benefits	$ 5,003,920	$ 4,379,537	$ 624,383
Food service	638,721	638,721	-
Instructional	694,444	694,444	-
Rent and occupancy	691,446	653,921	37,525
Office	67,286	-	67,286
Organizational development	64,496	7,659	56,837
Other	32,124	-	32,124
Professional services and fees	896,446	372,533	523,913
Staff development	334,063	334,063	-
Transportation	926,671	926,671	-
Depreciation	448,503	419,351	29,152
Interest	74,894	-	74,894
TOTAL EXPENSES	9,873,014	8,426,900	1,446,114
PROGRAM REVENUES			
Charges for services	14,546	14,546	-
Operating grants	1,317,788	1,317,788	-
Capital grants	167,000	167,000	-
NET PROGRAM EXPENSES	8,373,680	$ 6,927,566	$ 1,446,114
GENERAL REVENUES			
District funding	8,079,380		
Contributions	1,778,655		
Other	2,076		
TOTAL GENERAL REVENUES	9,860,111		
CHANGE IN NET POSITION	1,486,431		
NET POSITION, BEGINNING OF YEAR (AS RESTATED)	958,061		
NET POSITION, END OF YEAR	$ 2,444,492		

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

June 30,			2015
	GENERAL FUND	CAPITAL PROJECT FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash	$ 900,901	$ 86,964	$ 987,865
Restricted cash	-	620,873	620,873
Receivables	117,905	-	117,905
Prepaid expenses	24,653	-	24,653
Other assets	13,450	-	13,450
TOTAL ASSETS	$ 1,056,909	$ 707,837	$ 1,764,746
LIABILITIES			
Accounts payable	$ 364,245	$ 438,460	$ 802,705
Accrued expenses	372,297	-	372,297
TOTAL LIABILITIES	736,542	438,460	1,175,002
DEFERRED INFLOWS OF RESOURCES			
Contributions received for future periods	246,801	-	246,801
TOTAL DEFERRED INFLOW OF RESOURCES	246,801	-	246,801
FUND BALANCES			
Nonspendable	24,653	-	24,653
Restricted	183,307	620,873	804,180
Unassigned	(134,394)	(351,496)	(485,890)
TOTAL FUND BALANCES	73,566	269,377	342,943
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,056,909	$ 707,837	$ 1,764,746

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

RePublic Schools Nashville
Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities

June 30,		2015
TOTAL GOVERNMENTAL FUND BALANCES	$	**342,943**
Capital assets used in governmental activities		**5,187,379**
Pension amounts not reported above:		
Net pension liability		**(35,805)**
Deferred outflows of resources for pensions		**553,755**
Deferred inflows of resources for pensions		**(829,880)**
Long-term note payable used in governmental activities		**(2,773,900)**
NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION	$	**2,444,492**

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

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

June 30,			2015
	GENERAL FUND	CAPITAL PROJECT FUND	TOTAL
GENERAL REVENUES			
District funding	$ 8,079,380	$ -	$ 8,079,380
Operating grants	1,317,788	-	1,317,788
Capital grants	167,000	-	167,000
Charges for services	14,546	-	14,546
Contributions	1,178,655	600,000	1,778,655
Other	191	1,885	2,076
TOTAL GENERAL REVENUES	10,757,560	601,885	11,359,445
EXPENDITURES			
CURRENT			
Salaries, wages, and benefits	5,339,469	-	5,339,469
Food service	638,721	-	638,721
Instructional	694,444	-	694,444
Rent and occupancy	691,446	-	691,446
Office	67,286	-	67,286
Organizational development	64,496	-	64,496
Other	32,124	-	32,124
Professional services and fees	872,782	23,664	896,446
Staff development	334,063	-	334,063
Transportation	926,671	-	926,671
TOTAL CURRENT EXPENDITURES	9,661,502	23,664	9,685,166
DEBT SERVICE			
Repayments of note payable	532,429	-	532,429
Interest	26,798	48,096	74,894
TOTAL DEBT SERVICE EXPENDITURES	559,227	48,096	607,323
CAPITAL OUTLAYS	1,025,108	3,009,403	4,034,511
TOTAL EXPENDITURES	11,245,837	3,081,163	14,327,000
EXCESS OF EXPENDITURES OVER REVENUES	(488,277)	(2,479,278)	(2,967,555)
OTHER FINANCING SOURCES (USES)			
Proceeds from note payable	-	2,560,000	2,560,000
Transfers in	3,795	188,655	192,450
Transfers out	(192,450)	-	(192,450)
TOTAL OTHER FINANCING SOURCES (USES)	(188,655)	2,748,655	2,560,000
CHANGE IN FUND BALANCE	(676,932)	269,377	(407,555)
FUND BALANCE, BEGINNING OF YEAR	750,498	-	750,498
FUND BALANCE, END OF YEAR	$ 73,566	$ 269,377	$ 342,943

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30,		2015
NET CHANGE IN FUND BALANCE AS REPORTED IN THE GOVERNMENTAL FUND STATEMENTS	$	(407,555)
Capital outlays - not reported as expenses on the Statement of Activities		4,034,511
Principal repayments on long-term note payable - not reported as expenditures on the Statement of Activities		532,429
Proceeds from long-term note payable - not reported as revenues on the Statement of Activities		(2,560,000)
Depreciation expense - reported as an expense on the Statement of Activities		(448,503)
Expenditures for pensions in the governmental funds consists of contributions made, whereas in the government-wide statement, pension expense is calculated in accordance with *GASB Statement No. 68*		335,549
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES	$	1,486,431

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

NOTE 1: NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Organization

RePublic Schools Nashville (the "Organization") was incorporated on August 9, 2010, as a Tennessee nonprofit corporation. Pursuant to the Tennessee Public Charter School Act of 2002 (the "Act"), the Organization has been approved to operate public charter schools. 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 the necessary outcomes of education.

The Organization has entered into Charter School Agreements with the Metropolitan Board of Public Education of Nashville and Davidson County to operate the following public charter schools, which are located in Nashville, Tennessee:

Nashville Prep ("NP"), which has fifth through eighth grades
Nashville Academy of Computer Sciences ("NACS"), which has fifth grade
Liberty Collegiate Academy ("LCA"), which has fifth through eighth grades
RePublic High School ("RHS"), which is opening with the ninth grade in August 2015.

RePublic High School, LLC ("LLC") was formed in December 2014 as a Tennessee nonprofit limited liability company, and is wholly-owned by the Organization. The LLC was created primarily to own real estate that is utilized by RePublic High School for its high school facility. The LLC is presented as a blended component unit within the governmental funds. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, requires blending when 1) a component unit's governing body is substantively the same as the governing body of the primary government, 2) a component unit provides services entirely, or almost entirely, to the primary government, or 3) a component unit's total debt outstanding, including leases, is expected to be repaid entirely, or almost entirely, with resources of the primary government. The LLC meets all three of these criteria.

Basis of Accounting

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

The Organization, in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments* ("GASB 34"), is considered a special purpose governmental organization 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.

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 fund financial statements are presented on the modified accrual basis of accounting. Revenues under the modified accrual basis are recognized when measurable and available and expenditures are recognized when the related liability is incurred. Accordingly, revenues are recorded when collectable within the current year or within 60 days after the end of the year.

Since the governmental fund financial statements are presented on a different basis than the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the government-wide financial statements.

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. Data from fiduciary funds, if any, are not incorporated in the government-wide financial statements.

The government-wide Statement of Net Position and Statement of 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.

GASB 63 requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

> *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 the outstanding balances, if any, of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement 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.
>
> *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.

Unrestricted – This component of net position consists of net positions 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 consist primarily of district Basic Education Program ("BEP") funding and contributions 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 costs 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 balances, revenues and expenditures.

The emphasis on fund financial statements is on the major funds. Nonmajor funds by category, if any, are summarized in a single column. GASB 34 sets forth minimum criteria for the determination of major funds. The Organization's major funds includes the General Fund, which is also the Organization's primary operating fund and accounts for all financial resources of the Organization, and the Capital Project Fund, which accounts for all activity related to the LLC. All of the Organization's financial resources were accounted for in the General Fund and Capital Project Funds as of June 30, 2015.

The governmental fund's focus is upon the determination of financial resources, their balances, sources and uses, rather than upon net income. The Organization has implemented Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 classifies governmental fund balances as: nonspendable, restricted, committed, assigned or unassigned based on the level of constraints on the fund balances. When expenditures are 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 expenditures have been incurred for purposes in which committed, assigned, or unassigned 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.

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 fund balances that the Organization intends to use for specific purposes not classified as nonspendable, restricted or committed. The Organization gives the authority to assign amounts to specific purposes to each school's principal and personnel, under supervision of the chief financial officer, tasked with financial recording responsibilities.

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

Interfund Transactions

Interfund transactions are reflected as loans, services, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "Due to (from) Other Funds", the current portion of interfund loans.

Services, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide presentation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Management's Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that such estimates have been based on reasonable assumptions and are appropriate. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other services have been reported on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among student instruction and administration.

Cash and Cash Equivalents

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.

Custodial Risk of Cash and Cash Equivalents

As of June 30, 2015, the Organization's cash and cash equivalents were deposited in two financial institutions. The Organization routinely maintains deposit balances in excess of federally insured limits. The uninsured balance at June 30, 2015 was approximately $1,485,000. One financial institution that the Organization utilizes maintains deposits with is a member of the Tennessee Bank Collateral Pool, which helps the Organization to mitigate custodial risk. The other financial institution that the Organization maintains deposits with is a member of the National Credit Union Administration which insures members' shares for up to $250,000. The Organization does not have formal policies that address its exposure to custodial credit risk.

Restricted Cash

Certain cash balances are classified as restricted cash on the Statement of Net Position because their use is limited by applicable debt agreements.

Receivables

Receivables represent amounts due from grants or funding sources which have been approved but not received. All receivables are reported at estimated collectible amounts. The allowance for uncollectible accounts was zero at June 30, 2015.

Capital Assets

Capital assets are recorded at acquisition cost, if purchased, or the fair value on the date received, if donated, less accumulated depreciation. 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. The Organization follows the practice of capitalizing all expenditures for capital assets items over $500.

Estimated useful lives of capital assets are as follows:

Buildings	39 years
Equipment	3 to 7 years
Leasehold improvements	Life of lease, up to 15 years

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 School reports the following deferred outflow of resources relating 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 the proportion of the net pension liability.

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 reports the following deferred inflow of resources relating to pensions: Differences between expected and actual experience and differences between projected and actual investment earnings. The Organization also reports as deferred inflows of resources contributions and grants which have time requirements for future periods.

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 are 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 financial position of the Organization as of June 30, 2015.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Accounting principles generally accepted in the United States of America require management to evaluate the tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service ("IRS"). Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2015, there were no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization's federal information returns for tax years after June 30, 2012 are subject to examination by the IRS.

Budgetary Comparison Statement

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

Recent Accounting Pronouncements and Restatement of Net Position

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, *An Amendment of GASB Statement No. 27*, which is intended to improve the decision-usefulness of information and enhance the value for assessing accountability by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The new standard also intends to improve the financial reporting by state and local governments for pensions and by improving the transparency about the pension plan through new note disclosures and supplementary information. The provisions of Statement No. 68 are effective in fiscal year 2015.

The statement resulted in the Organization recognizing the net pension liability on the Statement of Net Position for its pension plan. The statement requires retroactive application through restatement of beginning net position. This adjustment resulted in a decrease in the unrestricted net position on the Statement of Net Position. Additionally, the new standard computes the annual actuarially determined contribution in a new manner. Other measurement changes include recognizing annual pension expense in-lieu-of pension cost.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. This Statement amends GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement were required to be applied simultaneously with the provisions of Statement No. 68.

The impact on the financial statements of the adoption of these accounting pronouncements is restatement of beginning net position, as follows:

June 30,		2014
Unrestricted net position, beginning of year, as previously reported	$	1,605,545
GASB 68 adjustment to record net pension liability and related deferred outflows of resources		(647,484)
Unrestricted net position, beginning of year, as restated	$	958,061

NOTE 3: CAPITAL ASSETS

Capital assets activity for governmental activities for the year ended June 30, 2015 was as follows:

	Balance at June 30, 2014	Additions	Disposals	**Balance at June 30, 2015**
Land	$ -	$ 120,000	$ -	**$ 120,000**
Construction in progress	-	2,864,968	-	**2,864,968**
Equipment	572,246	600,459	-	**1,172,705**
Furniture and fixtures	222,504	199,529	-	**422,033**
Leasehold improvements	1,145,554	249,555	-	**1,395,109**
	1,940,304	4,034,511	-	**5,974,815**
Accumulated depreciation	(338,933)	(448,503)	-	**(787,436)**
	$ 1,601,371	$ 3,586,008	$ -	**$ 5,187,379**

Construction in progress includes a high school facility and related improvements that will be placed in service during the year ended June 30, 2016. The remaining estimated costs of the construction in progress at June 30, 2015 were approximately $430,200.

Depreciation expense was charged to governmental activities for the year ended June 30, 2015 as follows:

Student instruction	**$**	**419,351**
Administration		**29,152**
Total	**$**	**448,503**

NOTE 4: LONG-TERM DEBT

Long-term debt consists of the following:

June 30,		**2015**
Line of credit for $400,000 which is designated for facilities, requires monthly principal and interest payments totaling $4,441, accrues interest at 6.0%, secured by substantially all assets, and matures in June 26, 2018	**$**	**213,611**
Note payable for RePublic High School, LLC for $2,560,000, interest only payments through August 1, 2015, monthly principal and interest installments commencing on September 1, 2015 which will be based upon a twenty-five year amortization schedule, accrues interest at 4.05%, secured by real estate and guarantees by RePublic Schools Nashville, Inc. and RePublic Schools, Inc, and matures on July 1, 2022 when the remaining principal becomes due		**2,560,000**
Capital lease for two copiers totaling $37,199, requires monthly lease payments totaling $827, and expires in July 2015		**289**
Note payable with a vendor for $23,488, accrued interest at 5%, unsecured, and matured on February 1, 2015 when the remaining principal became due		**-**
Line of credit for $670,000 which is designated for operations, accrued interest at 6%, secured by substantially all assets, and matures in July 2016		**-**
		2,773,900
Less: current portion		**(90,494)**
	$	**2,683,406**

Future maturities of long-term debt are as follows:

For the Years Ending June 30,	Principal	Interest
2016	$ 90,494	$ 97,308
2017	106,696	109,594
2018	194,492	104,289
2019	67,770	95,231
2020	70,566	92,435
2021-2023	2,243,882	183,082
	$ 2,773,900	$ 681,939

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Balance at June 30, 2014	Borrowings	Repayments	**Balance at June 30, 2015**	Amounts Due Within One Year
Line of credit - facilities	$ 252,604	$ -	$ 38,993	**$ 213,611**	$ 40,012
Note payable (LLC)	-	2,560,000	-	**2,560,000**	50,193
Capital lease	10,237	-	9,948	**289**	289
Note payable to vendor	23,488	-	23,488	**-**	-
Line of credit - operations	460,000	-	460,000	**-**	-
	$ 746,329	$ 2,560,000	$ 532,429	**$ 2,773,900**	$ 90,494

NOTE 6: LEASES

The Organization entered into lease agreements for facilities with Metro Nashville Public Schools for Nashville Prep, Nashville Academy of Computer Sciences, and Liberty Collegiate Academy. The leases require monthly rent payments, are subject to annual rent increases, and expire from June 30, 2015 to June 30, 2023. The Organization is entitled to rent credits against the payment of rent in an amount equal to the Organization's improvement expenditures up to 50% of the total cost of the lease.

The Organization entered into an operating lease agreement for modular classrooms located at Nashville Prep. The lease requires monthly rent payments, and expires on June 30, 2023.

The Organization leases copier equipment under operating leases, require monthly payments, and expire from December 2015 to July 2017.

Total rent expense for all leases for the year ended June 30, 2015 totaled $288,690.

A summary of future minimum rental payments required under the non-cancellable operating leases is as follows:

For the Years Ending June 30,	
2016	$ 338,000
2017	351,000
2018	370,000
2019	431,000
2020	489,000
2021 - 2025	1,935,000
	$ 3,914,000

NOTE 7: PENSION PLANS

The Organization participates in the following three defined benefit pension plans (collectively the "Pension Plans"):

Certificated Employees

Tennessee Consolidated Retirement System ("TCRS"):
Teachers Legacy Pension Plan
Teachers Retirement Plan (collectively the "TCRS Plans")

Non-Certificated Employees

Metropolitan Government of Nashville and Davidson County, Tennessee (the "Metropolitan Government") Metro Pension Plan of the Metropolitan Employees Benefit Trust (the "Metro Plan")

(I.) TCRS Plans

(A) General Information – TCRS Plans

Description of the TCRS Plans

Teachers with membership in the TCRS before July 1, 2014 of the Organization are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan was closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning on 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 pension 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 the 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.

Benefits Provided

Teachers Legacy Pension Plan

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.

Teachers Retirement Plan

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 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 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.

<u>*Contributions*</u>

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.

Teachers Legacy Pension Plan

Employer contributions by the Organization for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were $184,442 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 costs of administration, as well as an amortized portion of any unfunded liability.

Teachers Retirement Plan

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. Employer contributions for the year ended June 30, 2015 to the Teacher Retirement Plan were $68,435 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 costs of administration, as well as an amortized portion of any unfunded liability.

(B) Pension Liabilities (Assets) – TCRS Plans

Pension Liability (Asset)

Teachers Legacy Pension Plan

The Organization reported an asset of $9,598 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 0.059066 percent.

Teachers Retirement Plan

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.

Actuarial assumptions

Teachers Legacy Pension Plan

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	3.00%
Salary increases	Graded salary ranges from 3.71% to 8.97% based on age, including inflation, averaging 4.25%
Investment rate of return	7.50%, net of position plan investment expenses, including inflation
Cost of living adjustment	2.50%

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:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
U.S. equity	6.46%	33.00%
Developed market international equity	6.26%	17.00%
Emerging market international equity	6.40%	5.00%
Private equity and strategic lending	4.61%	8.00%
U.S. fixed income	0.98%	29.00%
Real estate	4.73%	7.00%
Short-term securities	0.00%	1.00%
		100.00%

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

Teachers Legacy Pension Plan

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.

(II.) Metro Plan

(A) General Information - Metro Plan

Plan Description

The Metro Plan is established under the authority of the Metropolitan Charter, Article XIII. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also required that the pension plan be actuarially sound. Administrative costs of the plan are financed through plan assets. The plan is managed by the Metropolitan Employee Benefit Board, an independent board, created by the Metropolitan Charter. The Board is composed of ten members as follows: Finance Director, Human Resources Director, three members appointed by the Mayor, and five members selected by the employees and retirees of the Metropolitan Government. Additional information about the Metro Plan can be found in the publically available comprehensive annual financial report of the Metropolitan Government. That report may be obtained at www.nashville.gov.

Benefits Provided

As of July 1, 1995, Division B of the Metro Plan was established for all non-certificated employees of Metropolitan Nashville Public Schools, including charter schools, and all other Metro Government employees. Employees with an effective hire date of July 1, 1995 or later are only eligible to participate in Division B of the Metro Plan. Normal retirement for the Organization's employees participating in the Metro Plan occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the completed years of credited service equals 85, but not before age 60; and (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime monthly benefit is calculated as 1/12 of the sum of 1.75% of average earnings based upon the previous 60 consecutive months of credit service, which produce the highest earnings. Benefits fully vest on completing 5 years of service for employees employed on or between October 1, 2001 and December 31, 2012 who vest before leaving employment. Benefits fully vest on completing 10 years of service for employees and non-vested employees hired or rehired on or after January 1, 2013. An early retirement option, with reduced benefits, is available for retired employees if the termination occurs prior to the eligibility under normal retirement but after age 50 and after the completion of 10 years of credited employee service.

All assets of the Metropolitan Employees' Benefit Trust Fund may legally be used to pay benefits to any plan members or beneficiaries.

Contributions

The funding policy is to provide for periodic contributions, at actuarially determined rates, that are designed to accumulate sufficient assets to pay benefits when due. All funding is provided under an actuarially recommended employee contribution rate of 17.987% for the non-certificated employees of the Metropolitan Nashville Public Schools, including charter schools, and all other Metropolitan Government Employees.

(B) Pension Liabilities – Metro Plan

Pension Liability

RePublic Schools Nashville reported a liability of $45,403 for its proportionate share of the 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 July 1, 2014. RePublic Schools Nashville's employer proportion of the net pension liability was based upon RePublic Schools Nashville's contributions to the pension plan during the year ended June 30, 2015, relative to all contributions for 2015. At the June 30, 2015 measurement date, RePublic Schools Nashville's proportionate share was .065888 percent.

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2014. Actuarial assumptions are summarized below:

Inflation	2.60%
Salary increases	4.00%
Investment rate of return	7.50%, net of position plan investment expenses, including inflation
Cost of living adjustment	1.50%

Mortality rates were based on the 110% RP-2000 Healthy Annuitant Mortality Table for Males and Females, as determined by the period actuarial experience study. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period 2007 to 2012.

The long-term expected rate of return on pension plan investments was determined using 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 from historical returns and consensus expectations of future returns. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Metro Plan's target asset allocation are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
U.S. equity	6.60%	14.50%
International equity	10.10%	23.00%
Equity hedge	5.80%	10.00%
Fixed income	1.80%	15.00%
Fixed income alternative	5.60%	15.00%
Real estate	6.10%	12.50%
Private equity	7.60%	10.00%
		100.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. Based on the Metro Plan assumptions and funding policy, the fiduciary net position for the plan was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

(III.) Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Pension Plans

Pension Liabilities (Assets)

RePublic Schools Nashville's net pension liability (asset) as of June 30, 2015 was as follows:

TCRS Plans	$	**(9,598)**
Metro Plans		**45,403**
Net pension liability (asset)	$	**35,805**

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 7.50 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 one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

	1% Decrease 6.5%	Current Discount Rate (7.5%)	1% Increase 8.5%
TCRS plans	$ 1,618,812	$ (9,598)	$ (1,357,745)
Metro plan	251,869	45,403	(142,344)
	$ 1,870,681	$ 35,805	$ (1,500,089)

Pension plan fiduciary net position

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

Pension expense (income)

For the year ended June 30, 2015, the School recognized pension expense as follows:

TCRS Plans	**$ 629**
Metro Plans	**64,492**
	$ 65,121

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
TCRS Plans	$ 23,308	$ -
Metro Plans	35,643	-
Net difference between projected and actual earnings on pension plan investments		
TCRS Plans	-	791,038
Metro Plans	-	38,842
Changes in proportion of net pension asset for the TCRS plans	158,627	-
The Organization's contributions to the TCRS plans subsequent to the measurement date of June 30, 2014	336,177	N/A
	$ 553,755	$ 829,880

RePublic Schools Nashville's employer contributions of $336,177, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (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:

For the Years Ending June 30,	
2016	$ (190,535)
2017	(190,535)
2018	(190,535)
2019	(190,535)
2020	(1,632)
Thereafter	(7,148)
	$ (770,920)

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

Payable to the Pension Plan

At June 30, 2015, the School had $72,776 outstanding for contributions to the Pension Plans which are included in Accrued Expenses on the Statement of Net Position.

NOTE 8: RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Organization purchases commercial insurance. There have been no significant changes from the prior year and settlements have not exceeded coverage in any of the prior three years.

NOTE 9: RELATED PARTY TRANSACTIONS

The Organization pays management fees to RePublic Schools, Inc. ("RSI"), a Charter Management Organization, for educational support services. Fees equal 7% of certain federal, state, and local public funding streams. Total management fees paid to RSI totaled $690,738 during the year ended June 30, 2015. RSI was founded by the founder of the Organization.

RSI contributed $186,863 to the Organization during 2015, which was funded by a grant made to RSI.

NOTE 10: NET POSITION/FUND BALANCE DEFICITS

The unrestricted net position deficit in the Statement of Net Position in the amount of $334,707 at June 30, 2015 is the result of start-up operations related to the opening of RePublic High School, improvements under construction at the RePublic High School facility, and implementation of GASB 68. The unassigned fund balance deficit in the Balance Sheet – Governmental Funds in the amount of $485,890 at June 30, 2015 is the result of start-up operations related to the opening of RePublic High School, and related improvements under construction at the RePublic High School facility. RHS opened to students in August 2015 and is expected to reduce or eliminate these deficits.

NOTE 11: FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Fair value measurement and application;
- Amendments to accounting and financial reporting for pensions;
- GAAP hierarchy;
- Tax abatement disclosures; and
- Financial reporting and accounting related to other post-employment benefits.

The Organization is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.

NOTE 12: SUBSEQUENT EVENTS

During September 2015, the Organization borrowed $500,000 from a bank which matures in September 2021. Also, the Organization entered into a working capital line of credit agreement totaling $800,000 that matures in March 2017.

On January 19, 2016, the Organization learned that a lawsuit was filed against the Organization alleging violations under the Telephone Consumer Protection Act. Although the outcome of this lawsuit is not presently determinable, it is the opinion of management that resolution of this lawsuit will not have a material adverse effect on the financial condition of the Organization.

NOTE 13: MERGER OF LIBERTY COLLEGIATE ACADEMY

LCA merged into the Organization effective July 1, 2014, and the name was changed to RePublic Schools Nashville in order to take advantage of cost efficiencies of opening a high school. The initial balances of LCA's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as of July 1, 2014, were determined based on the carrying values reported in the separate financial statements of LCA as of June 30, 2014.

The adjusted initial amounts for LCA prior to the implementation of GASB 68, as of July 1, 2014, are as follows:

	Governmental Activities
ASSETS	
Cash	$ 264,357
Receivables	133,184
Prepaid expenses	43,574
Capital assets, net	944,922
TOTAL ASSETS	$ 1,386,037
LIABILITIES	
Accounts payable	$ 28,707
Accrued expenses	153,517
Advance from related party	16,455
Long-term liabilities:	
Due within one year	32,914
Due in more than one year	460,811
TOTAL LIABILITIES	692,404
NET POSITION	
Net investment in capital assets	484,112
Unrestricted	209,521
TOTAL NET POSITION	693,633
TOTAL LIABILITIES AND NET POSITION	$ 1,386,037

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of Net Pension Liability (Asset)

	Plan	
	Teachers Legacy Plan of TCRS	Metro Plan
Measurement date	June 30, 2014	June 30, 2015
Proportion of the net pension liability (asset)	0.059066%	0.065888%
Proportionate share of the net pension liability (asset)	$ (9,598)	$ 45,403
Covered-employee payroll	$ 1,232,964	$ 342,481
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(0.78%)	13.26%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	97.57%

The amounts presented in this schedule were determined as of the measurement date.

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.

Information is not applicable in this schedule for the Teachers Retirement Plan of TCRS as of the measurement date since that plan did not begin until July 1, 2014.

Schedule of Employer Contributions

For the Years Ended June 30,		**2015**		2014
Teacher Legacy Pension Plan of TCRS				
Actuarial Determined Contributions ("ADC")	$	**184,442**	$	205,927
Contribution in relation to the actuarially determined contribution		**184,442**		205,927
Contribution deficiency (excess)	$	**-**	$	-
Covered-employee payroll		**2,040,288**		2,318,998
Contributions as a percentage of covered-employee payroll		**9.04%**		8.88%
Teachers Retirement Plan of TCRS				
Actuarial Determined Contributions ("ADC")	$	**68,435**		N/A
Contribution in relation to the actuarially determined contribution		**68,435**		N/A
Contribution deficiency (excess)	$	**-**		
Covered-employee payroll		**1,710,875**		
Contributions as a percentage of covered-employee payroll		**4.00%**		
Metro Plan				
Actuarial Determined Contributions ("ADC")	$	**61,602**	$	66,626
Contribution in relation to the actuarially determined contribution		**61,602**		66,626
Contribution deficiency (excess)	$	**-**	$	-
Covered-employee payroll		**342,481**		389,239
Contributions as a percentage of covered-employee payroll		**17.987%**		17.117%

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 SUPPLEMENTAL INFORMATION

For the Year Ended June 30,				**2015**
Federal Grantor (Pass-through Grantor)	CFDA Number	Contract Number		Expenditures
FEDERAL AWARDS				
U.S. DEPARTMENT OF AGRICULTURE				
School Breakfast Program	10.553	N/A	$	**169,805**
National School Lunch Program	10.555	N/A		**286,047**
National School Afterschool Snacks Program	10.555	N/A		**85,837**
TOTAL PROGRAM 10.555				**371,884**
U.S. DEPARTMENT OF EDUCATION				
(Passed through from Tennessee Department of Education)				
Public Charter Schools Program	84.282A	N/A		**99,779**
(Passed through from Tennessee Department of Education and Metropolitan Nashville Public Schools)				
Special Education Grants to States	84.027	N/A		**204,644**
Title 1 Grants to Local Educational Agencies	84.010	N/A		**360,801**
Title II A	84.367	N/A		**55,875**
21st Century	84.287	N/A		**55,000**
TOTAL FEDERAL AWARDS			$	**1,317,788**
STATE FINANCIAL ASSISTANCE				
TENNESSEE DEPARTMENT OF EDUCATION				
(Passed through Metro Nashville Public Schools)				
NONE	N/A	N/A		-
TOTAL STATE FINANCIAL ASSISTANCE				-
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			$	**1,317,788**

Note - Basis of Presentation

The Schedule of Expenditures of Federal Awards and State Financial Assistance includes the grant activity of RePublic Schools Nashville, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Tennessee Comptroller of the Treasury's *Audit Manual*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

June 30,						2015
	Governmental Activities					
	Nashville Preparatory Charter School	Nashville Academy of Computer Sciences	Liberty Collegiate Academy	RePublic High School	RePublic High School, LLC	Consolidated Totals
ASSETS						
Cash	$ 340,259	$ 168,601	$ 345,155	$ 46,886	$ 86,964	$ 987,865
Restricted cash	-	-	-	-	620,873	620,873
Receivables	67,998	14,796	34,649	462	-	117,905
Prepaid expenses	12,067	3,128	7,079	2,379	-	24,653
Other assets	5,200	2,000	-	6,250	-	13,450
Capital assets, net	782,791	291,608	914,659	194,237	3,004,084	5,187,379
TOTAL ASSETS	1,208,315	480,133	1,301,542	250,214	3,711,921	6,952,125
DEFERRED OUTFLOWS OF RESOURCES						
Pensions	249,033	44,990	247,423	12,309	-	553,755
TOTAL DEFERRED OUTFLOWS OF RESOURCES	249,033	44,990	247,423	12,309	-	553,755
LIABILITIES						
Accounts payable	78,664	136,474	74,570	74,537	438,460	802,705
Accrued expenses	134,842	45,479	155,513	36,463	-	372,297
Due to (from) other funds	-	-	-	(127,443)	127,443	-
Net pension liability	7,958	-	27,847	-	-	35,805
Long-term liabilities:						
Due within one year	40,012	-	289	-	50,193	90,494
Due in more than one year	-	69,440	-	104,159	2,509,807	2,683,406
TOTAL LIABILITIES	261,476	251,393	258,219	87,716	3,125,903	3,984,707
DEFERRED INFLOWS OF RESOURCES						
Contributions received for future periods	85,985	41,776	87,607	31,433	-	246,801
Pensions	383,094	-	446,786	-	-	829,880
TOTAL DEFERRED INFLOWS OF RESOURCES	469,079	41,776	534,393	31,433	-	1,076,681
NET POSITION						
Net investment in capital assets	742,779	222,168	914,370	90,078	5,624	1,975,019
Restricted - capital projects	-	-	-	183,307	620,873	804,180
Unrestricted	(15,986)	9,786	(158,017)	(130,011)	(40,479)	(334,707)
TOTAL NET POSITION	$ 726,793	$ 231,954	$ 756,353	$ 143,374	$ 586,018	$ 2,444,492

For the Year Ended June 30, **2015**

GOVERNMENTAL ACTIVITIES	Nashville Preparatory Charter School	Nashville Academy of Computer Sciences	Liberty Collegiate Academy	RePublic High School	RePublic High School, LLC	Totals
STUDENT INSTRUCTION						
Salaries, wages, and benefits	$ 1,810,365	$ 503,666	$ 1,967,151	$ 98,355	$ -	$ 4,379,537
Food service	250,230	66,072	322,419	-	-	638,721
Instructional	287,240	93,242	300,552	13,410	-	694,444
Rent and occupancy	212,363	177,849	174,993	88,716	-	653,921
Organizational development	-	2,081	2,656	2,922	-	7,659
Professional services and fees	150,432	40,480	155,252	26,369	-	372,533
Staff development	163,037	35,679	107,747	27,600	-	334,063
Transportation	381,333	164,600	380,738	-	-	926,671
Depreciation	184,225	31,129	203,645	352	-	419,351
Total student instruction expenses	3,439,225	1,114,798	3,615,153	257,724	-	8,426,900
ADMINISTRATION						
Salaries, wages, and benefits	264,480	112,649	211,262	35,992	-	624,383
Rent and occupancy	30,338	25,407	24,999	12,674	(55,893)	37,525
Office	20,445	14,004	28,923	3,914	-	67,286
Organizational development	19,567	11,070	11,224	14,976	-	56,837
Other	10,471	2,647	17,785	1,221	-	32,124
Professional services and fees	195,068	53,890	189,068	62,223	23,664	523,913
Depreciation	12,807	2,164	14,157	24	-	29,152
Interest	14,474	-	12,324	-	48,096	74,894
Total administration expenses	567,650	221,831	509,742	131,024	15,867	1,446,114
TOTAL EXPENSES	4,006,875	1,336,629	4,124,895	388,748	15,867	9,873,014
PROGRAM REVENUES						
Charges for services	4,360	2,449	7,737	-	-	14,546
Operating grants	478,223	245,050	594,515	-	-	1,317,788
Capital grants	74,000	18,000	75,000	-	-	167,000
TOTAL PROGRAM REVENUES	556,583	265,499	677,252	-	-	1,499,334
NET PROGRAM EXPENSES	3,450,292	1,071,130	3,447,643	388,748	15,867	8,373,680
GENERAL REVENUES						
District funding	3,506,474	850,800	3,722,106	-	-	8,079,380
Contributions	60,874	441,974	143,875	531,932	600,000	1,778,655
Other	1	-	-	190	1,885	2,076
TOTAL GENERAL REVENUES	3,567,349	1,292,774	3,865,981	532,122	601,885	9,860,111
CHANGE IN NET POSITION	117,057	221,644	418,338	143,374	586,018	1,486,431
NET POSITION, BEGINNING OF YEAR (AS RESTATED)	609,736	10,310	338,015	-	-	958,061
NET POSITION, END OF YEAR	$ 726,793	$ 231,954	$ 756,353	$ 143,374	$ 586,018	$ 2,444,492

June 30,						2015
	GENERAL FUND				CAPITAL PROJECT FUND	
	Nashville Preparatory Charter School	Nashville Academy of Computer Sciences	Liberty Collegiate Academy	RePublic High School	RePublic High School, LLC	Totals
ASSETS						
Cash	$ 340,259	$ 168,601	$ 345,155	$ 46,886	$ 86,964	$ 987,865
Restricted cash	-	-	-	-	620,873	620,873
Receivables	67,998	14,796	34,649	462	-	117,905
Prepaid expenses	12,067	3,128	7,079	2,379	-	24,653
Other assets	5,200	2,000	-	6,250	-	13,450
TOTAL ASSETS	$ 425,524	$ 188,525	$ 386,883	$ 55,977	$ 707,837	$ 1,764,746
LIABILITIES						
Accounts payable	$ 78,664	$ 136,474	$ 74,570	$ 74,537	$ 438,460	$ 802,705
Accrued expenses	134,842	45,479	155,513	36,463	-	372,297
TOTAL LIABILITIES	213,506	181,953	230,083	111,000	438,460	1,175,002
DEFERRED INFLOWS OF RESOURCES						
Contributions received for future periods	85,985	41,776	87,607	31,433	-	246,801
TOTAL DEFERRED INFLOWS OF RESOURCES	85,985	41,776	87,607	31,433	-	246,801
FUND BALANCES						
Nonspendable	12,067	3,128	7,079	2,379	-	24,653
Restricted	-	-	-	183,307	620,873	804,180
Unassigned	113,966	(38,332)	62,114	(272,142)	(351,496)	(485,890)
TOTAL FUND-BALANCES	126,033	(35,204)	69,193	(86,456)	269,377	342,943
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 425,524	$ 188,525	$ 386,883	$ 55,977	$ 707,837	$ 1,764,746

RePublic Schools Nashville
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

June 30,						2015
	GENERAL FUND				CAPITAL PROJECT FUND	
	Nashville Preparatory Charter School	Nashville Academy of Computer Sciences	Liberty Collegiate Academy	RePublic High School	RePublic High School, LLC	Totals
GENERAL REVENUES						
District funding	$ 3,506,474	$ 850,800	$ 3,722,106	$ -	$ -	$ 8,079,380
Operating grants	478,223	245,050	594,515	-	-	1,317,788
Capital grants	74,000	18,000	75,000	-	-	167,000
Charges for services	4,360	2,449	7,737	-	-	14,546
Contributions	60,874	441,974	143,875	531,932	600,000	1,778,655
Other	1	-	-	190	1,885	2,076
TOTAL GENERAL REVENUES	4,123,932	1,558,273	4,543,233	532,122	601,885	11,359,445
EXPENDITURES						
CURRENT						
Salaries, wages and benefits	2,224,688	661,305	2,306,820	146,656	-	5,339,469
Food service	250,230	66,072	322,419	-	-	638,721
Instructional	287,240	93,242	300,552	13,410	-	694,444
Rent and occupancy	242,701	203,256	199,992	45,497	-	691,446
Office	20,445	14,004	28,923	3,914	-	67,286
Organizational development	19,567	13,151	13,880	17,898	-	64,496
Other	10,471	2,647	17,785	1,221	-	32,124
Professional services and fees	345,500	94,370	344,320	88,592	23,664	896,446
Staff development	163,037	35,679	107,747	27,600	-	334,063
Transportation	381,333	164,600	380,738	-	-	926,671
TOTAL CURRENT EXPENDITURES	3,945,212	1,348,326	4,023,176	344,788	23,664	9,685,166
DEBT SERVICE						
Repayments of note payable	38,993		493,436	-	-	532,429
Interest	14,474	-	12,324	-	48,096	74,894
TOTAL DEBT SERVICE EXPENDITURES	53,467	-	505,760	-	48,096	607,323
CAPITAL OUTLAYS	358,413	286,057	186,025	194,613	3,009,403	4,034,511
TOTAL EXPENDITURES	4,357,092	1,634,383	4,714,961	539,401	3,081,163	14,327,000
EXCESS OF EXPENDITURES OVER REVENUES	(233,160)	(76,110)	(171,728)	(7,279)	(2,479,278)	(2,967,555)
OTHER FINANCING SOURCES (USES)						
Proceeds from note payable	-	-	-	-	2,560,000	2,560,000
Transfers in	-	3,795	-	-	188,655	192,450
Transfers out	(111,758)	-	(1,515)	(79,177)	-	(192,450)
TOTAL OTHER FINANCING SOURCES (USES)	(111,758)	3,795	(1,515)	(79,177)	2,748,655	2,560,000
CHANGE IN FUND BALANCE	(344,918)	(72,315)	(173,243)	(86,456)	269,377	(407,555)
FUND BALANCE, BEGINNING OF YEAR	470,951	37,111	242,436	-	-	750,498
FUND BALANCE, END OF YEAR	$ 126,033	$ (35,204)	$ 69,193	$ (86,456)	$ 269,377	$ 342,943

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INDEPENDENT AUDITORS' 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
RePublic Schools Nashville
Nashville, Tennessee

We have audited, in accordance with the 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 the major funds of RePublic Schools Nashville as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise RePublic Schools Nashville's basic financial statements, and have issued our report thereon dated January 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RePublic Schools Nashville's 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 RePublic Schools Nashville's internal control. Accordingly, we do not express an opinion on the effectiveness of RePublic Schools Nashville's 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 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 RePublic Schools Nashville's financial statements are free from 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
January 28, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
RePublic Schools Nashville

Report on Compliance for Each Major Federal Program

We have audited RePublic Schools Nashville's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of RePublic Schools Nashville's major federal programs for the year ended June 30, 2015. RePublic Schools Nashville's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of RePublic Schools Nashville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RePublic Schools Nashville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of RePublic Schools Nashville's compliance.

Opinion on Each Major Federal Program

In our opinion, RePublic Schools Nashville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of RePublic Schools Nashville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered RePublic Schools Nashville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RePublic Schools Nashville's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
January 28, 2016

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses?
None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Type of auditors' report issued: Unmodified

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses?
None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? No

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Afterschool Snacks Program
84.010	Title 1 Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? No

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

There were no findings reported for the year ended June 30, 2014.