



Certified Public Accountants  
and Financial Advisors

**STRIVE Collegiate Academy**  
Financial Report  
June 30, 2016



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
STRIVE Collegiate Academy  
Nashville, Tennessee

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

We have audited the accompanying financial statements of the governmental activities and major fund of STRIVE Collegiate Academy (Organization), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Organization'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.

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

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

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

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



## ***Opinion***

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

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, 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 Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise STRIVE Collegiate Academy's basic financial statements. The Schedule of Expenditures of Federal Awards on page 25, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Organizational structure on page 24 has not been subjected to the auditing procedures applied in this audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurances on it.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016, on our consideration of STRIVE Collegiate Academy'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 STRIVE Collegiate Academy's internal control over financial reporting and compliance.

*SQUAR MILNER LLP*

**SQUAR MILNER LLP**

San Diego, California  
December 7, 2016

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**STRIVE COLLEGIATE ACADEMY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2016**

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As management of the STRIVE Collegiate Academy (Organization), we offer readers of the Organization's financial statements this narrative overview and analysis of the financial activities of the Organization for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the Organization's basic financial statements, which begin immediately following this analysis. This annual financial report consists of two main parts (1) Management's Discussion and Analysis and, (2) Basic Financial Statements.

These financial statements consist of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-Management Discussion and Analysis for State and Local Government*.

### **FINANCIAL HIGHLIGHTS**

- The Organization's ending net position was \$319,218.
- The change in net position for the year was \$259,657.
- The Organization had an excess of revenue over expenditures in the General Fund in the amount of \$59,352 in the current year.
- The Organization had \$260,059 in additions to capital assets.
- For the fiscal year ended June 30, 2016, total revenues of \$1,603,040 were comprised of District funding – 70.5%, and federal pass-through funds – 7.2%, and other contributions and local funds – 22.3%.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Organization's basic financial statements.

*Basic Financial Statements.* The basic financial statements include government-wide financial statements and fund statements. The two sets of statements are tied together by reconciliations showing why they differ.

The Organization as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector.

More detailed information about the Organization's most significant funds – not the Organization as a whole is provided in the fund financial statements. Funds are accounting devices the Organization uses to keep track of specific sources of funding and spending on particular programs.

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**STRIVE COLLEGIATE ACADEMY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2016**

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**OVERVIEW OF FINANCIAL STATEMENTS** (continued)

The *Statement of Net Position*, a government-wide statement, presents information on all of the Organization's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The *Statement of Activities*, a government-wide statement, presents information showing how the Organization's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Balance Sheet* for governmental funds presents financial information by fund types showing money left at year-end available for spending.

The *Statement of Revenues, Expenditures and Changes in Fund Balances* for all governmental fund types focuses on how money flows into and out of the various funds.

The *Notes to the Basic Financial Statements* and this Discussion and Analysis support these financial statements.

In addition to the Basic Financial Statements and Notes, this report also presents Other Supplementary Information.

***Statement of Net Position***

To begin our analysis, a summary of the Organization's Statement of Net Position is presented in Table 1 below for the current year.

Net position may serve over time, as a useful indicator of a government's financial position. In the case of the Organization, assets exceeded liabilities by \$320,338 as of June 30, 2016.

The Organization's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

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**STRIVE COLLEGIATE ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

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**OVERVIEW OF FINANCIAL STATEMENTS** (continued)

*Statement of Net Position* (continued)

**TABLE 1  
Condensed Statement of Net Position**

	<u><b>2016</b></u>
<b>ASSETS</b>	
Current and other assets	\$ 109,657
Capital assets, net of depreciation	230,532
<b>TOTAL ASSETS</b>	<u><u>340,189</u></u>
<b>LIABILITIES AND NET POSITION</b>	
Current liabilities	20,971
Total liabilities	<u>20,971</u>
<b>NET POSITION</b>	
Net investment in capital assets	230,532
Unrestricted	88,686
Total net position	<u>319,218</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 340,189</u></u>

*Statement of Activities*

The Organization's total revenues for the fiscal year ended June 30, 2016 were \$1,603,040.

The Organization's total expenses were \$1,343,383.

The change in net position was \$259,657.

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**STRIVE COLLEGIATE ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

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**OVERVIEW OF FINANCIAL STATEMENTS** (continued)

*Statement of Activities* (continued)

The following table presents a summary of the Statement of Activities for the fiscal year ended June 30, 2016:

	<u>2016</u>
<b>GENERAL REVENUES</b>	
District funding	\$ 1,129,509
Federal revenues	115,999
Other local revenues	<u>357,532</u>
Total revenue	1,603,040
<b>FUNCTIONAL EXPENSES</b>	
Student instruction and services	708,789
General and administrative	<u>634,594</u>
Total expenses	<u>1,343,383</u>
<b>CHANGE IN NET POSITION</b>	<u><u>\$ 259,657</u></u>

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**STRIVE COLLEGIATE ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

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**OVERVIEW OF FINANCIAL STATEMENTS** (continued)

***General Fund Budgetary Highlights***

The Organization's Total Budget for the General Fund for this fiscal year showed revenues in excess of expenditures of \$113,774 compared to the actual amount of an excess of revenues over expenditures of \$260,777. The Organization budget to actual difference for the fiscal year was \$147,003.

The following table presents the expenditure variances from budgeted amounts in the General Fund:

	Budgeted Amount	Actual Amount	Variance
Revenue			
State	\$ 1,099,363	\$ 1,129,509	\$ (30,146)
Federal	130,808	115,999	14,809
Local	175,000	357,532	(182,532)
Expenditures			
Salaries	\$ 492,297	\$ 482,663	\$ 9,634
Employee benefits/taxes	135,873	114,481	21,392
Contracted Services	526,637	530,092	(3,455)
Depreciation	36,004	58,634	(22,630)
Supplies and materials	80,740	145,157	(64,417)
Other programs	19,846	12,356	7,490

The overage in contracted services resulted from more field trips and student bus transportation than originally budgeted, but these were offset by savings in multiple other line items, including staff/student recruitment, and legal services. The variance in depreciation was due to the unknown cost of the building improvements at the time of the budgeting meeting, and finally, the difference in supplies and materials was the result of additional instructional materials/supplies that were needed, professional development expenses, student uniforms, and food supplies. Overall, the Organization ended the fiscal year in a stable position.

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**STRIVE COLLEGIATE ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

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**OVERVIEW OF FINANCIAL STATEMENTS** (continued)

*Capital Assets*

During the 2015-2016 school year the Organization acquired \$260,059 in additions to capital assets.

**TABLE 3  
Capital Assets**

	<u>2016</u>
Computer equipment	\$ 48,801
Furniture and fixtures	42,656
Leasehold Improvements	170,799
Machinery equipment	27,261
Less: accumulated depreciation	<u>(58,985)</u>
Total capital assets, net of depreciation	<u><u>\$ 230,532</u></u>

**FACTORS BEARING ON THE ORGANIZATION'S FUTURE**

The Organization's outlook for future years is tied to growth. Enrollment has steadily increased since the school's inception, due to both increased popularity and class size. Per pupil funding, which makes up a majority of available funds, has steadily increased as well. The future of the organization looks bright, and cost/expenditures continue to scale appropriately.

**CONTACTING THE ORGANIZATION**

This financial report is designed to provide our students' parents, Davidson County taxpayers, donors, creditors, authorities over grant funding and agencies tasked with oversight of Davidson County Schools with a general overview of the schools' finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Head of School, LaKendra Butler by mail at 3055 Lebanon Pike, Suite 300, Nashville, TN 37214, by email: lakendra@strivecollegiate.org, or by telephone at 615-645-6440.

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**STRIVE COLLEGIATE ACADEMY**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash in banks	\$ 89,773
Accounts receivable	18,772
Capital assets, net of accumulated depreciation	230,532
Other current assets	1,112
<b>TOTAL ASSETS</b>	<u><u>\$ 340,189</u></u>
 <b>LIABILITIES AND NET POSITION</b>	
Current Liabilities:	
Accounts payable	\$ 12,611
Accrued liabilities	8,360
Total current liabilities	<u>20,971</u>
 <b>NET POSITION</b>	
Net investment in capital assets	230,532
Unrestricted	88,686
<b>TOTAL NET POSITION</b>	<u><u>\$ 319,218</u></u>

**STRIVE COLLEGIATE ACADEMY**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2016**

Functions/Programs	Student Instruction and Services	General and Administrative	Operating Grants and Contributions	Total Governmental Activities
<b>GOVERNMENT ACTIVITIES</b>				
Salaries, wages and benefits	\$ 371,803	\$ 225,341	\$ -	\$ (597,144)
Instructional	90,139	55,019	-	(145,158)
Insurance	-	12,210	-	(12,210)
Rental, leases, and repairs non-capitalized improvements	-	214,938	-	(214,938)
Operations	246,847	68,452	1,245,508	930,209
Depreciation	-	58,634	-	(58,634)
<b>TOTAL GOVERNMENT ACTIVITIES</b>	<u>\$ 708,789</u>	<u>\$ 634,594</u>	<u>\$ 1,245,508</u>	<u>(97,875)</u>
<b>GENERAL REVENUES</b>				
				357,532
				<u>357,532</u>
				259,657
				59,561
				<u>\$ 319,218</u>

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**STRIVE COLLEGIATE ACADEMY**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2016**

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	General Fund
<b>ASSETS</b>	
Cash on hand and in banks	89,773
Accounts receivable	18,772
Other current assets	1,112
<b>TOTAL ASSETS</b>	<u>\$ 109,657</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	12,611
Accrued liabilities	8,360
Total liabilities	<u>20,971</u>
<b>FUND BALANCE</b>	
Unassigned	88,686
Total fund balance	<u>88,686</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 109,657</u>

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**STRIVE COLLEGIATE ACADEMY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS – BALANCE SHEET TO**  
**THE STATEMENT OF NET POSITION**  
**June 30, 2016**

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Total fund balances - governmental fund balance sheet	\$ 88,686
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds	230,532
Net position of governmental activities - Statement of Net Position	<u>\$ 319,218</u>

**STRIVE COLLEGIATE ACADEMY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

	<u>General Fund</u>
<b>REVENUES</b>	
District Funding	\$ 1,129,509
Federal revenue	115,999
Other local revenue	<u>357,532</u>
Total revenues	<u>1,603,040</u>
<b>EXPENDITURES</b>	
Salaries, wages and benefits:	
Student instruction and services	371,803
Administration	225,341
Instructional	145,158
Insurance	12,210
Rental, leases, and repairs	
non-capitalized improvements	214,938
Professional/consulting services and	
operating expenditures	315,299
Capital Outlay	<u>260,059</u>
Total expenditures	<u>1,544,808</u>
Excess (deficiency) of revenues over (under) expenditures	58,232
<b>FUND BALANCE, JULY 1</b>	<u>30,454</u>
<b>FUND BALANCE, JUNE 30</b>	<u><u>\$ 88,686</u></u>

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**STRIVE COLLEGIATE ACADEMY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2016**

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Net change in fund balances - total governmental funds	\$ 58,232
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital outlays are not reported as expenses in the SOA.	260,059
The depreciation of capital assets used in governmental activities is not reported in the funds.	<u>(58,634)</u>
Change in net position of governmental activities - Statement of Activities	<u><u>\$ 259,657</u></u>

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**STRIVE COLLEGIATE ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

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## **1. SIGNIFICANT ACCOUNTING POLICIES**

### ***Organization***

STRIVE Collegiate Academy (Organization) entered into a Charter School Agreement with the Davidson County Schools on August 22, 2014, to operate a charter school in Nashville, Tennessee.

Pursuant to the Organization's charter agreement, enrollment in the Organization is open to any student within Davidson County, Tennessee.

### ***Accounting Policies***

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

### ***Reporting Entity***

The Organization's financial statements include the accounts of all its operations. The Organization evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the Organization's reporting entity, as set forth in GASB Statement No. 14, The Financial Reporting Entity, and subsequently amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14, and GASB No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34, include whether:

- the organization is legally separate (can sue and be sued in its name)
- the Organization holds the corporate powers of the organization
- the Organization appoints a voting majority of the organization's board
- the Organization is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Organization
- there is fiscal dependency by the organization on the Organization
- it would be misleading or cause the financial statements to be incomplete to exclude another organization

Based on these criteria, the Organization has no component units. Additionally, the Organization is not a component unit of any other reporting entity as defined by the GASB statement.

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**STRIVE COLLEGIATE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Basis of Presentation, Basis of Accounting***

*Government-Wide Statements:* The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Organization. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-Type activities are financed in whole or in part by fees charged to external parties. The Organization has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Organization's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Organization does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The Fund Financial Statements provide information about the Organization's fund, with separate statements presented for each fund category. The emphasis of fund financial statements is on major government funds, each displayed in a separate column. All remaining governmental are aggregated and reported as non-major funds.

The Organization reports the following major governmental funds:

***General Fund.***

This is the Organization's primary operating fund. It accounts for all financial resources of the Organization not accounted for and reported in another fund.

***Non-Major Governmental Funds***

The Organization does not have any non-major governmental funds.

***Measurement Focus, Basis of Accounting***

*Government-Wide Financial Statements:* These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Organization gives (or receives) value without directly receiving (or giving) equal value in

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**STRIVE COLLEGIATE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Measurement Focus, Basis of Accounting* (continued)

exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government Fund Financial Statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Organization does not consider revenues collected 60 days after its fiscal year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

*Implementation of GASB Pronouncements*

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement was effective for the current fiscal year. Implementation of this GASB had no significant effect on the Organization's financial statements.

In June 2015, GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This statement establishes the hierarchy of GAAP for all state and local governments. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. This statement became effective in fiscal year 2016. Implementation of this GASB had no significant effect on the Organization's financial statements.

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**STRIVE COLLEGIATE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Assets, Liabilities, and Equity*

*Cash*

Cash consists of cash on hand and cash in banks. As of June 30, 2016, the Organization's cash was deposited in one financial institution.

*Accounts Receivable*

Receivables represent amounts due from grants or funding which have been approved but not received. All receivables are reported at estimated collectible amounts.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Prepaid Expenditures*

The Organization has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefitting period. The Organization has chosen to report the expenditure during the benefitting period.

*Capital Assets*

Property and equipment are recorded at acquisition cost less accumulated depreciation, if purchased, or the fair value on the date received, if donated. The cost of routine maintenance and repairs is expensed as incurred. Expenditures which materially extend the economic lives, change capacities or improve the efficiency of the related assets are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is included in the statement of activities. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to ten years. The Organization follows the practice of capitalizing all expenditures for property and equipment items over \$5,000.

*Compensated Absences*

No accrual for of compensated absences is necessary for the Organization's faculty/staff because the summer months, during which classes are not in session, are considered employees' vacation. The administrative employees of the Organization follow the same schedule as the teachers and other employees of the Organization; therefore, no compensated absences accrual for any employees of the Organization is appropriate.

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**STRIVE COLLEGIATE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Assets, Liabilities, and Equity* (continued)

*Debt*

In the government-wide financial statements, debt and other obligations are reported as liabilities in the applicable governmental activities and the statement of net position.

*Grant Revenue*

The Organization received Federal financial assistance through state agencies. The expenditure of funds received under these programs generally required compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Organization as of June 30, 2016.

*Net Position and Fund Balance Reserves and Designations*

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net investment in capital assets. This category groups all capital assets into one component of net position. Accumulated depreciation on these assets and the outstanding principal of any unrelated debt reduce this category.
- Restricted Net Positions. This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by the law through constitutional provisions or enabling legislation.
- Unrestricted Net Position. This category represents the remaining net position of the Organization that does not meet the definition of the above two categories.

The Organization has adopted GASB Statement No. 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions. This Statement defines the different types of fund balances that a governmental entity must use for financial purposes.

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**STRIVE COLLEGIATE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Assets, Liabilities, and Equity* (continued)

*Net Position and Fund Balance Reserves and Designations*

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balances categories listed below:

- Non spendable, such as fund balance associated with revolving funds, inventories, prepaids, long-term loans and notes receivable, and property held for resale.
- Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed fund balance classification includes amounts that can be used for the specific purposes determined by a formal action of the Board of Directors.
- Assigned fund balance classification are intended to be used by the entity for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification for the entity's general fund and includes all spendable amounts not contained in the other classification.

When the Organization incurs an expense for which both restricted and unrestricted resources may be used, it is the Organization's policy to use restricted resources first, then unrestricted resources.

When the Organization incurs an expenditure for which committed, assigned, or unassigned amounts may be used, it is the Organization's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

*Minimum Fund Balance Policy*

The Organization is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures.

*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.

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**STRIVE COLLEGIATE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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**2. CASH**

Cash at June 30, 2016, consisted of the following:

	Credit Quality Rating	Fair Value
Cash in banks	Not applicable	\$ 89,773
Total		<u>\$ 89,773</u>

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2016, the Organization had no funds in excess of FDIC insured limits.

**3. ACCOUNTS RECEIVABLE**

Accounts Receivable as of June 30, 2016, consisted of the following

	General Fund
Federal Government:	
Federal Programs	\$ 18,772
Total accounts receivable	<u>\$ 18,772</u>

**STRIVE COLLEGIATE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**4. CAPITAL ASSETS**

A schedule of changes in capital assets for the fiscal year ended June 30, 2016, is shown below:

	Beginning 2015	Additions	Deletions	Ending 2016
Capital assets, being depreciated:				
Computer equipment	\$ -	\$ 48,801	\$ -	\$ 48,801
Machinery equipment	-	27,261	-	27,261
Furniture and fixtures	29,458	13,198	-	42,656
Leasehold Improvements	-	170,799	-	170,799
Total capital assets, being depreciated	<u>29,458</u>	<u>260,059</u>	<u>-</u>	<u>289,517</u>
Less accumulated depreciation for:				
Computer equipment	-	(15,797)	-	(15,797)
Machinery equipment	-	(5,452)	-	(5,452)
Furniture and fixtures	(351)	(6,072)	-	(6,423)
Leasehold Improvements	-	(31,313)	-	(31,313)
Total accumulated depreciation	<u>(351)</u>	<u>(58,634)</u>	<u>-</u>	<u>(58,985)</u>
Capital assets, net of depreciation	<u>\$ 29,107</u>	<u>\$ 201,425</u>	<u>\$ -</u>	<u>\$ 230,532</u>

During the fiscal year ended June 30, 2016, \$58,634 was charged to depreciation expense.

**5. OPERATING LEASE**

The Organization leases office equipment and facilities under a lease arrangement that expires during the 2017 fiscal year. The future minimum lease payments are as follows:

Year Ending June 30, <u>2017</u>	Lease Payments <u>\$ 220,311</u>
Total future minimum payments	<u>\$ 220,311</u>

The Organization will receive no sublease rental revenues nor pay any contingent rentals associated with this lease. For the fiscal year ended June 30, 2016, operating lease expense was \$218,838.

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**STRIVE COLLEGIATE ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

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**6. COMMITMENTS AND CONTINGENCIES**

*State and Federal Allowances, Awards, and Grants*

The Organization has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grant, management believes that any required reimbursement will not be material.

## **SUPPLEMENTARY INFORMATION**

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**STRIVE COLLEGIATE ACADEMY  
ORGANIZATIONAL STRUCTURE  
June 30, 2016**

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STRIVE Collegiate Academy (Organization) was established in 2014. The Organization is currently operating one school and serves grades 5th through 6th grade. The location of the school is 3055 Lebanon Pike, Suite 300, Nashville, TN 37214.

The Board of Directors for the fiscal year ended June 30, 2016, was comprised of the following members:

Governing Board			
Name	Office	Term	Term Expiration
Dave Carter	Board Treasurer	2 years	June 30, 2016
Peter Deming	Board Treasurer	3 years	October 31, 2017
Joseph Williams	Board Chairman	3 years	April 30, 2017
Justin Owen	Board Vice Chairman	3 years	October 31, 2017
Sarah Ann Ezzell	Board Secretary	3 years	April 30, 2017
Troy Smith	Board Vice Chairman	3 years	June 30, 2016
Anna Richardson	Board Member	3 years	March 31, 2019
Thiru Ilanchelian	Board Member	3 years	June 30, 2019
Scott Emerson	Board Member	3 years	March 31, 2019

Administration	
Name	Position
LaKendra Butler	Founder, School Leader
Joshua Nunnally	Director of Operations

**STRIVE COLLEGIATE ACADEMY**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2016**

<b>Federal Grantor/ Pass-Through Entity Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>			
Direct:			
Passed through Tennessee Department of Education:			
National School Lunch Program	10.555	N/A	\$ 9,950
<b>Total U.S. Department of Agriculture</b>			<u>9,950</u>
<b>U.S. Department of Education</b>			
Direct:			
Passed through Tennessee Department of Education:			
Public Charter Schools Program	84.282A	10015	75,000
Title 1 Grants to Local Educational Agencies	84.010	N/A	18,772
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 6	84.027	N/A	12,277
<b>Total U.S. Department of Education</b>			<u>106,049</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 115,999</u>

**NOTE ON BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the STRIVE Collegiate Academy, Inc., and is presented on the modified accrual basis of accounting.

**OTHER INDEPENDENT AUDITOR'S REPORTS**

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

Board of Directors  
STRIVE Collegiate Academy  
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 fund of STRIVE Collegiate Academy, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise STRIVE Collegiate Academy's basic financial statements, and have issued our report thereon dated December 7, 2016.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered STRIVE Collegiate Academy'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 STRIVE Collegiate Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of STRIVE Collegiate Academy'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 STRIVE Collegiate Academy'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*SQUAR MILNER LLP*

**SQUAR MILNER LLP**

San Diego, California  
December 7, 2016

## **FINDINGS AND RECOMMENDATIONS**

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**STRIVE COLLEGIATE ACADEMY**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2016**

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**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of STRIVE Collegiate Academy.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of STRIVE Collegiate Academy, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. STRIVE Collegiate Academy did not have over \$750,000 in Federal Expenditures. Therefore, a Single Audit was not performed.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

Not applicable -- The Organization did not have over \$750,000 in Federal Expenditures.

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**STRIVE COLLEGIATE ACADEMY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2016**

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<u>Findings/Recommendations</u>	<u>Current Status</u>	<u>Management's Explanation if Not Implemented</u>
None	N/A	N/A