

**INTREPID COLLEGE PREP**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

INTREPID COLLEGE PREP

Table of Contents

	<u>Page</u>	
INTRODUCTORY SECTION .....	1	
INDEPENDENT AUDITOR’S REPORT.....	2 - 5	
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED).....	6 - 10	
BASIC FINANCIAL STATEMENTS		
School-wide financial statements		
Statement of net position .....	11	
Statement of activities.....	12	
Fund financial statements		
Balance sheet - governmental funds .....	13 - 14	
Statement of revenues, expenditures, and changes in fund balances - governmental funds .....	15 - 16	
Notes to financial statements .....	17 - 46	
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of the proportionate share of net pension liability (asset).....	47 - 48	
Schedule of employer contributions .....	49	
SUPPLEMENTARY INFORMATION		
Schedule of expenditures of federal awards and state financial assistance .....	50	
Schedule of changes in long-term debt by individual issue .....	51	
Schedule of changes in lease obligations.....	52	
Schedule of lease requirements by year.....	53	
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....		54 - 55
SCHEDULE OF FINDINGS AND RESPONSES AND SCHEDULE OF PRIOR YEAR FINDINGS .....		56

INTREPID COLLEGE PREP  
INTRODUCTORY SECTION

BOARD OF DIRECTORS

Mary Cypress Metz	Board Chair
La'Vasia Burford	Vice Chair
Maria Ornelas	Secretary
Todd Jones	Treasurer
John Barton	Director
Kelli Gauthier	Director
Ryan Holt	Director
Yousef Husseini	Director
Crews Johnston, III	Director
Jason Ross	Director
Lauren Sikes	Director

LEADERSHIP TEAM

Abigail Rockey	CEO
Christina McDonald	Principal of Independence Academy
Lizzie Stewart	Principal of Opportunity Academy



## Independent Auditor's Report

To the Board of Directors  
Intrepid College Prep  
Antioch, Tennessee

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Intrepid College Prep (the "School"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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 School, as of June 30, 2023, 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.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 - 10 and the schedule of the proportionate share of the net pension liability (asset) and the schedule of employer contributions on pages 47 - 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, schedule of changes in long-term debt by individual issue, schedule of changes in lease obligations, and schedule of lease requirements by year as listed in the table of contents, as required by the State of Tennessee Comptroller of the Treasury's *Audit Manual for Local Governmental Units and Other Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, schedule of changes in long-term debt by individual issue, schedule of changes in lease obligations, and schedule of lease requirements by year are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, on our consideration of the School'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 solely 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 the effectiveness of the School's 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 School's internal control over financial reporting and compliance.

Nashville, Tennessee  
December 27, 2023

INTREPID COLLEGE PREP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of Intrepid College Prep's annual financial performance provides an overview of the School's financial activities as of and for the year ended June 30, 2023 and 2022. 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 School exceeded its liabilities and deferred inflows of resources by \$12,027,548.
- Net position increased \$2,148,299 during the period.
- Total revenues of \$15,540,102 were comprised of Federal and State Pass-through Funds- 16%, District Funds- 82%, and Charitable Giving/Other- 2%.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**REPORTING THE SCHOOL AS A WHOLE**

*The Statement of Net Position and Statement of Activities:*

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

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



INTREPID COLLEGE PREP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**REPORTING THE SCHOOL'S FUNDS**

*Fund Financial Statements:*

The School's fund financial statements, the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, begin on page 13. They provide detailed information about the School's most significant funds, not the School as a whole. Funds are established by the School to help manage money for particular purposes and compliance with various donor and grant provisions.

The School'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 period-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 school wide financial statements to report on the School as a whole. The relationship between governmental activities, as reported in the Statement of Net Position and the Statement of Activities, and governmental funds, as reported in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances is reconciled in the basic financial statements on pages 14 and 16.

**SCHOOL WIDE FINANCIAL ANALYSIS**

*Net Position:*

The School's assets and deferred outflows of resources exceeded the School's liabilities and deferred inflows of resources at the close of the year, resulting in net position of \$12,027,548. The School's net position includes \$7,279,051 of cash. The cash is available to meet the School's ongoing activities.

As of June 30, 2023, the School had invested \$9,149,396 in capital assets. This investment includes building and improvements for instructional purposes and instructional and support furniture. Additional information on property and equipment is located in Note D to the financial statements.

The School has debt in the amount of \$2,845,675. This debt was used to fund certain capital purchases and improvements. See Note E to the financial statements for further information.

As of June 30, 2023, the School had right-to-use lease assets, net (included in capital assets) of \$2,328,827 and right-to-use lease liabilities totaling \$2,500,883. See Note F to the financial statements for further information.

INTREPID COLLEGE PREP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

A schedule of the School's net position as of June 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Current assets	\$ 7,697,345	\$ 9,015,200
Capital assets, net and other non-current assets	<u>9,578,522</u>	<u>4,749,978</u>
Total assets	<u>17,275,897</u>	<u>13,765,178</u>
Deferred outflows of resources	<u>901,819</u>	<u>566,861</u>
Current liabilities	501,088	985,483
Noncurrent liabilities	<u>5,432,130</u>	<u>2,531,413</u>
Total liabilities	<u>5,933,218</u>	<u>3,516,896</u>
Deferred inflows of resources	<u>216,950</u>	<u>935,894</u>
Net position:		
Net investment in capital assets	3,802,838	611,277
Restricted	338,689	264,866
Unrestricted	<u>7,886,021</u>	<u>9,003,106</u>
Total net position	<u>\$12,027,548</u>	<u>\$ 9,879,249</u>

The School's total net position increased \$2,148,299 during the year. The increase in the School's net position indicates that the School had more incoming revenues than outgoing expenses during the year.

Total revenues for fiscal year 2023 were \$15,540,102, an increase of \$536,256 when compared to fiscal year 2022. Revenues generated from government grants and district funding were \$15,263,478 during the year, an increase of \$388,351 when compared to 2022. The increase is primarily due to an increase in district funding. Contributions from individuals and organizations of \$87,520 increased by \$35,803 during 2023. Total expenses were \$13,391,803 in 2023, an increase of \$2,499,899 due primarily to an increase in staff during fiscal year 2023.

The increase in net position of \$2,148,299 in 2023 is \$1,963,643 less than the increase in net position of \$4,111,942 in 2022. Total revenue increased by approximately 4% and expenses increased approximately 23% in 2023.

**INTREPID COLLEGE PREP  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

A schedule of the School’s revenues and expenses for the years ended June 30, 2023 and 2022, is as follows. The schedule is for the School as a whole, not for the governmental funds.

	2023	2022
<b>Revenues:</b>		
District funding	\$12,816,628	\$12,247,881
Federal and state grants	2,446,850	2,627,246
Contributions	87,520	51,717
Other	189,104	77,002
<b>Total revenues</b>	<b>15,540,102</b>	<b>15,003,846</b>
<b>Expenses:</b>		
Employee compensation	8,673,482	6,490,177
Occupancy	725,184	524,653
Transportation	684,264	566,268
Depreciation and amortization	1,086,871	1,201,996
Insurance	94,059	59,517
Office expense	273,532	290,636
Interest	203,367	185,608
Instructional	372,828	359,090
Professional services and fees	366,551	338,701
Food services	346,506	482,498
Organizational development	392,181	216,601
Other expenses	172,978	176,159
<b>Total expenses</b>	<b>13,391,803</b>	<b>10,891,904</b>
<b>Change in net position</b>	<b>\$ 2,148,299</b>	<b>\$ 4,111,942</b>

**FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS**

The School’s funds, as presented on the balance sheet on page 13 reported a combined fund balance of \$7,767,274. The majority of the School’s total funds are in the General Fund, which is the chief operating fund of the School. The School has one other major fund consisting of the Federal and State Grants Fund.

Due to different basis of accounting, there is a difference between the amounts reported under the School’s funds and the amounts reported as school wide. For the June 30, 2023 year end, the differences consist of capital assets, right-to-use lease assets, pension amounts, debt, and right-to-use lease liabilities, which are not reported in the School’s funds.

**SCHOOL ACTIVITIES**

Intrepid College Prep (the “School”) is committed to ensuring our scholars, educators, and families have the opportunity to unlock an unlimited future. By providing rigorous academic instruction and creating powerful relationships amongst our community’s members, we ignite passion, seek knowledge, and inspire the bravery needed to have a profound impact in our world.

The School currently serves approximately 860 students in grades five through twelve in middle and high school. Per 2018 TN Ready results, Intrepid ranked #1 among open enrollment schools in HS Math and HS ELA. Intrepid was named a TN Reward School for academic achievement, student growth, ELL proficiency and low rates of chronic absenteeism.

INTREPID COLLEGE PREP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

During 2020-2021, the Intrepid team earned official accreditation status through the Cognia Accreditation Process. Upon completion of the formal Engagement Review, the accreditation team noted, "The school has developed a strongly unified culture, supported by highly intentional processes, which revolves around a belief that all students have the potential to excel academically beyond high school." Intrepid graduated its first class of seniors in 2021. Of these students, 48.5% met ACT composite college ready benchmarks, which is 22.8% above the district average. A larger percentage of Intrepid's 2021 seniors met college-ready benchmarks than MNPS in all four ACT subject areas.

Intrepid's Economically Disadvantaged (ED) students have consistently outperformed their district peers on the English Language Arts and Math TCAP exams, averaging 18.5% more students "On-Track" or "Mastered" in these core content areas before the Covid-19 pandemic.

In its tenth year, the School has become a proof point in Southeast Nashville that demographics do not equal destiny. Over ninety percent of the School's students are zoned to under-performing neighborhood middle schools. Seventy-six percent of the school's students are economically disadvantaged. Sixty-seven percent speak a language at home other than English. The School is honored to provide a college preparatory education in the Antioch community. The School's students must - and do - make significant academic growth each year, and outperform neighborhood schools as well as city and state averages on standardized tests.

In 2023, the authorizing district renewed the Intrepid's charter for ten more years so that the school may continue its mission of unlocking unlimited futures in the Antioch community.

**Key Academic Data**

- Intrepid was rated a TVAAS Level 5 school, the highest designation by the district in literacy, numeracy, and science for the 21-22 school year.
- On the 2022 TNReady state assessment, Intrepid achieved the third highest growth in the city in 8th grade science, the seventh highest growth in the city in 7th grade science, and the eleventh highest growth in the city in 7th grade math.
- Intrepid earned Level 5 growth ratings in both ELA and Science on the 2023 TNReady State Assessment.
- Over 90% of the 2023 Independence Academy seniors are pursuing post-secondary education.
- 2023 Independence Academy seniors have been accepted into 66 colleges and universities across 22 states.
- Over 60% of 2023 Independence Academy seniors are the first in their family to go to college.
- In 2022, the first year Intrepid students took the AP Spanish exam, 61% of students scored a 4-5, and 94% of students scored a 3-5.
- 2023 Independence Academy seniors have been accepted into 66 colleges and universities across 22 states with over 230 total acceptances.

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide transparency and accountability to all stakeholders and interested parties in the financial management and sustainability of Intrepid College Prep. For questions about this report or additional financial information, contact the School's Director of Finance and Compliance, Andrew Dorris, by phone at (205)253-1867 or by email at [adorris@intrepidcollegeprep.org](mailto:adorris@intrepidcollegeprep.org).

INTREPID COLLEGE PREP  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,279,051
Investments	23,468
Grants receivable	259,342
Prepays	135,484
Capital assets, net	9,149,396
Net pension asset	90,467
Restricted asset:	
TCRS Stabilization Reserve Trust	338,689
	17,275,897
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	901,819
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	268,760
Long-term debt, due within one year	73,016
Long-term debt, due in more than one year	2,772,659
Right-to-use lease liability, due within one year	159,312
Right-to-use lease liability, due in more than one year	2,341,571
Net pension liability	317,900
	5,933,218
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	216,950
 <b>NET POSITION</b>	
Net investment in capital assets	3,802,838
Restricted:	
TCRS Stabilization Reserve Trust	338,689
Unrestricted	7,886,021
	12,027,548
Total net position	\$ 12,027,548

See accompanying notes to financial statements.

INTREPID COLLEGE PREP  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023

<u>GOVERNMENTAL ACTIVITIES:</u>	Functions		
	Total	Student Instruction and Services	Administration
<b>EXPENSES</b>			
Instructional	\$ 372,828	\$ 372,828	\$ -
Occupancy	725,184	616,405	108,779
Office	273,532	-	273,532
Other	172,978	46,562	126,416
Organizational development	392,181	376,758	15,423
Professional services and fees	366,551	63,466	303,085
Employee compensation	8,673,482	5,078,577	3,594,905
Food services	346,506	346,506	-
Insurance	94,059	-	94,059
Interest	203,367	-	203,367
Transportation	684,264	684,264	-
Depreciation and amortization	1,086,871	923,840	163,031
Total expenses	13,391,803	8,509,206	4,882,597
<b>PROGRAM REVENUES</b>			
Operating grants and contributions	2,240,850	2,240,850	-
Capital grants and contributions	206,000	206,000	-
Net program expenses	10,944,953	\$ 6,062,356	\$ 4,882,597
<b>GENERAL REVENUES</b>			
District funding	12,816,628		
Contributions	87,520		
Other income	189,104		
Total general revenues	13,093,252		
<b>CHANGE IN NET POSITION</b>	2,148,299		
<b>NET POSITION, June 30, 2022</b>	9,879,249		
<b>NET POSITION, June 30, 2023</b>	\$ 12,027,548		

See accompanying notes to financial statements.

INTREPID COLLEGE PREP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General Purpose School Fund	Federal and State Grants Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,279,051	\$ -	\$ 7,279,051
Investments	23,468	-	23,468
Receivables	240,413	18,929	259,342
Due from other funds	18,929	-	18,929
Prepays	135,484	-	135,484
Restricted asset:			
TCRS Stabilization Reserve Trust	338,689	-	338,689
Total assets	<u>\$ 8,036,034</u>	<u>\$ 18,929</u>	<u>\$ 8,054,963</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 137,511	\$ -	\$ 137,511
Accrued expenditures	131,249	-	131,249
Due to other funds	-	18,929	18,929
Total liabilities	<u>268,760</u>	<u>18,929</u>	<u>287,689</u>
<b>FUND BALANCES</b>			
Nonspendable	135,484	-	135,484
Restricted:			
TCRS Stabilization Reserve Trust	338,689	-	338,689
Internal School Funds	-	-	-
Unassigned	7,293,101	-	7,293,101
Total fund balances	<u>7,767,274</u>	<u>-</u>	<u>7,767,274</u>
Total liabilities and fund balances	<u>\$ 8,036,034</u>	<u>\$ 18,929</u>	<u>\$ 8,054,963</u>

See accompanying notes to financial statements.

INTREPID COLLEGE PREP  
BALANCE SHEET  
GOVERNMENTAL FUNDS - CONTINUED  
JUNE 30, 2023

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION  
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION:

Total governmental fund balances	\$ 7,767,274
Capital assets not reported in the governmental funds balance sheet	9,149,396
Pension amounts not reported in the governmental funds balance sheet:	
Net pension asset	90,467
Net pension liability	(317,900)
Deferred outflows of resources for pensions	901,819
Deferred inflows of resources for pensions	(216,950)
Long-term debt not reported in the governmental funds balance sheet	(2,845,675)
Right-to-use lease liability not reported in the governmental funds balance sheet	<u>(2,500,883)</u>
Net position of governmental activities in the statement of net position	<u><u>\$ 12,027,548</u></u>

See accompanying notes to financial statements.



INTREPID COLLEGE PREP  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023

	General Purpose School Fund	Federal and State Grants Fund	Total Governmental Funds
<b>REVENUES</b>			
Contributions	\$ 87,520	\$ -	\$ 87,520
District funding	12,816,628	-	12,816,628
Federal and state grants	-	2,446,850	2,446,850
Other income	177,721	-	177,721
Other income - internal school funds	11,383	-	11,383
Total revenues	<u>13,093,252</u>	<u>2,446,850</u>	<u>15,540,102</u>
<b>EXPENDITURES</b>			
Current:			
Instructional	333,587	39,241	372,828
Occupancy	725,184	-	725,184
Office	273,532	-	273,532
Other	161,595	-	161,595
Other - internal school funds	11,383	-	11,383
Organizational development	392,181	-	392,181
Professional services and fees	366,551	-	366,551
Employee compensation	6,928,709	1,855,103	8,783,812
Food services	-	346,506	346,506
Insurance	94,059	-	94,059
Transportation	684,264	-	684,264
Debt service:			
Principal payments	681,138	-	681,138
Interest	203,367	-	203,367
Capital outlay	6,261,294	206,000	6,467,294
Total expenditures	<u>17,116,844</u>	<u>2,446,850</u>	<u>19,563,694</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from note payable	<u>2,870,000</u>	-	<u>2,870,000</u>
Total financing sources	<u>2,870,000</u>	-	<u>2,870,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,153,592)	-	(1,153,592)
<b>FUND BALANCES, June 30, 2022</b>	<u>8,920,866</u>	-	<u>8,920,866</u>
<b>FUND BALANCES, June 30, 2023</b>	<u>\$ 7,767,274</u>	<u>\$ -</u>	<u>\$ 7,767,274</u>

See accompanying notes to financial statements.

INTREPID COLLEGE PREP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - CONTINUED  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023

RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET POSITION  
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES:

Net change in fund balances as reported in the governmental funds statements	\$ (1,153,592)
Amounts reported as expenditures in the governmental funds not included as expenses in the school-wide statements:	
Capital outlay	6,467,294
Issuance of debt recorded as revenue in the governmental funds, but reflected as long-term debt in the school-wide statements:	
Proceeds from loans	(2,870,000)
Principal payments on debt recorded as expense in the governmental funds, but reflected as long-term debt in the school-wide statements:	
Principal payments of long-term debt	182,921
Principal payments of right-to-use lease liabilities	498,217
Expenses in the school-wide statements not included in the governmental funds:	
Depreciation and amortization expense	(1,086,871)
Expenditures for pensions in the governmental funds consist of contributions made, whereas in the government-wide statement, pension expense is calculated in accordance with GASB No. 68	
	<u>110,330</u>
Change in net position of governmental activities	<u><u>\$ 2,148,299</u></u>

See accompanying notes to financial statements.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Intrepid College Prep (the “School”) is a not for profit organization organized under the laws of the State of Tennessee, with an exemption from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Pursuit to Section 6(1)(a) of the Tennessee Public Charter School Act of 2002 (the “Act”), the School has been approved as a public charter school. Pursuant to the Act, public charter schools are part of the State’s public education program offering an alternative means with the public school system for accomplishing necessary outcomes of education. The School entered into a Charter School Agreement with the Metropolitan Nashville Board of Education to operate a charter school in Nashville, Tennessee. The School began classes in August 2013 with a fifth grade class and added an additional grade each year culminating with the addition of a twelfth grade in the 2020-2021 fiscal year. The mission of the School is to prepare every scholar for success in selected colleges and financial discipline in adulthood.

Basic Financial Statements

*School-wide financial statements*

The school-wide financial statements focus on the sustainability of the School as an entity and the change in the School’s net position resulting from the current period’s activities. In the school-wide statement of net position, amounts are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as any long-term debt and obligations. The statement of net position presents the financial condition of the School at period end.

When applicable, the School’s net position is reported in three categories - net investment in capital assets; net position - restricted; and net position - unrestricted. When both restricted and unrestricted resources are available for use, it is the School’s policy to use restricted resources first, and then unrestricted resources as they are needed.

The school-wide statement of activities reports both the gross and net cost of the School’s functions. The functions are also supported by general government revenues (general revenues are primarily made up of district Basic Education Program (“BEP”) funding and donations to the General Purpose School Fund). The statement of activities reduces gross expenses by related function revenues, including operating grants and contributions and capital grants and contributions. Program revenues must be directly associated with the function. The net costs by function are normally covered by general revenue.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

*Fund financial statements*

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

The emphasis in fund financial statements is on the major funds. When applicable, nonmajor funds by category are summarized in a single column. Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements - and Management’s Discussion and Analysis for State and Local Governments*, sets forth minimum criteria for the determination of major funds. The School reports the following major governmental funds:

The General Purpose School Fund is the School’s primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

The Federal and State Grants Special Revenue Fund is used to account for the receipt and disbursement of federal and state grants where unused balances, if any, are returned to the grantor at the close of specified project periods.

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

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

*Unassigned* - This classification consists of all fund balances in the General Purpose School Fund that are not reported as nonspendable, restricted, committed or assigned.

Basis of Accounting

The School's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB. The School is considered a special purpose governmental entity engaged in governmental type 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.

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

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

The governmental funds financial statements are presented on the modified accrual basis of accounting. Revenues under the modified accrual basis are recognized when measurable and available and expenditures are recognized when the related liability is incurred. "Available" means collectible within the current period or within 60 days after the end of the period.

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

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the useful lives of property and equipment.

Cash and Cash Equivalents

The School 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. As of June 30, 2023, the School's cash and cash equivalents were deposited with a financial institution. The School may, from time to time, maintain deposit balances in excess of federally insured limits. See Note B.

Receivables

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

Capital Assets

On the school-wide financial statements, property and equipment are recorded at acquisition cost, if purchased, or the fair value on the date received, if donated. The cost of routine maintenance and repairs is expensed as incurred. Initial individual expenditures generally exceeding \$5,000, 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 5 to 10 years. Leasehold improvements are depreciated over the life of the lease or estimated useful life, whichever is shorter.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the respective governmental fund upon acquisition.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Leases

The School determines whether an arrangement is or contains a lease at lease inception. On the commencement date, leases are recorded as ROU assets and lease liabilities in the statements of net position. ROU assets represent the School's right to use leased assets over the term of the lease. Lease liabilities represent the School's contractual obligation to make lease payments over the lease term.

The lease liability is measured as the present value of the lease payments over the lease term using either the rate implicit in the lease, if it is determinable, or the School's incremental borrowing rate if the implicit rate is not determinable. ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and prepayments of rent, less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense, an outflow of resources, is recognized on a straight-line basis over the lease term. The School has elected not to recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expense associated with short-term leases in lease expense in the statements of revenues, expenses, and changes in net position.

ROU assets are assessed for impairment in accordance with the School's capital asset policy. Management reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified, and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with GASB No. 87. The School's leases are described in Note F.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The 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, changes in assumptions, and changes in proportion of the net pension liability.

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

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The School is a not-for-profit school that is exempt from federal income taxes under the Internal Revenue Code, classified by the Internal Revenue Service as other than a private foundation and is similarly exempt from state income taxes. The School accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the School include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, the School has determined that such tax positions do not result in an uncertainty requiring recognition.

Grants

The School receives awards and financial assistance through federal, state, local and private agencies. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Purpose School Fund or Federal and State Grants Fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School.

Fair Value of Financial Instruments

The carrying value of cash equivalents, receivables, accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The fair value of long-term debt approximates carrying value as interest approximates market rates. Fair value measurement for investments is described in Note C.

Interfund Balances

Transactions which constitute reimbursement of expenditures initially made from a fund, which are properly applicable to another fund, are recorded as expenditures, as appropriate, in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Interfund balance of \$18,929 between the General Purpose School Fund and the Federal and State Grants Fund represents grant expenditures made by the General Purpose School Fund in advance of grant receipts by the Federal and State Grants Funds.



INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Commitments, Contingencies, and Risk Management

The School is exposed to various risk of loss relating to torts, theft of, damage to, and destruction of assets; errors or commissions; illness or injuries to employees; and natural disasters. The School carries insurance for certain risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School may become subject to various claims and legal actions, which arise in the ordinary course of business. In the opinion of management, in consultation with legal counsel, the ultimate resolution of such matters will not have a material adverse effect on the School's financial position or results of operations, as of the date of these financial statements.

Continuing Activities

The School is dependent on certain significant contracts and grants for its continued operations. These contracts and grants are from state, local and other sources and are subject to the School's ability to fulfill the contract and grant requirements. Additionally, the School's receipt of such contracts and grants may also be contingent upon its ability to maintain certain financial condition, cash flows, level of operations, payment of liabilities, and test scores and academic standards. If a grantor agency finds that the School is not meeting these requirements, the agency may not provide continuing funding, which would have a material adverse impact on the School's ability to continue its operations.

Newly Adopted Accounting Pronouncements

The School implemented the following Governmental Accounting Standards Board (GASB) statements during fiscal year 2023:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation did not have an effect on the School's financial statements for fiscal year 2023.

GASB Statement No. 99, *Omnibus 2022*, was issued in April 2022. This Statement provides guidance on several practice issues identified during the implementation of certain GASB statements. The implementation did not have an effect on the School's financial statements for fiscal year 2023.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

B. DEPOSITS WITH FINANCIAL INSTITUTIONS

The School's policies limit deposits to those instruments allowed by applicable state laws. Deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the School's agent in their name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2023, all bank deposits were fully collateralized or insured by institutions insured by the FDIC or with banks who participate in the Tennessee Bank Collateral Pool.

C. FAIR VALUE OF INVESTMENTS

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School's recurring fair value measurements as of June 30, 2023 include equities funds valued at \$23,468 using quoted market prices (Level 1 inputs).

D. CAPITAL ASSETS

Capital assets activity for governmental activities for the period was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions/</u> <u>Transfers in</u>	<u>Retirements/</u> <u>Transfers out</u>	<u>Balance</u> <u>June 30, 2023</u>
<i>Nondepreciable:</i>				
Construction in progress	\$ <u>120,633</u>	\$ <u>89,168</u>	\$ -	\$ <u>209,801</u>
<i>Depreciable:</i>				
Leasehold improvements	\$ 1,570,904	\$ 6,031,479	\$ -	\$ 7,602,383
Equipment	641,901	325,950	-	967,851
Furniture and fixtures	744,128	20,697	-	764,825
Right to use lease -				
Building	3,687,476	-	(892,884)	2,794,592
Equipment	<u>31,534</u>	<u>-</u>	<u>( 31,534)</u>	<u>-</u>
Total depreciable capital assets	6,675,943	6,378,126	(924,418)	12,129,651
Accumulated depreciation	(2,213,593)	( 510,698)	-	( 2,724,291)
Accumulated amortization	<u>( 814,010)</u>	<u>( 576,173)</u>	<u>924,418</u>	<u>( 465,765)</u>
Total	(3,027,603)	(1,086,871)	924,418	( 3,190,056)
Capital assets, net	<u>\$ 9,824,179</u>	<u>\$ 5,380,423</u>	<u>\$ -</u>	<u>\$ 9,149,396</u>

INTREPID COLLEGE PREP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2023

D. CAPITAL ASSETS - Continued

Depreciation and amortization was charged to governmental activities as follows:

Student instruction and services	\$ 923,840
Administration	<u>163,031</u>
	<u>\$1,086,871</u>

E. NOTES PAYABLE

In February 2016, the School entered into a \$260,426 revolving line of credit arrangement with a bank to fund the expansion of the School. Notes payable under the line of credit are collateralized by substantially all the assets and contributions of the School. The note has also been guaranteed by a donor of the School. The note accrues interest at a fixed rate of 4.5%. Payments of \$3,631 are due monthly through maturity in March 2023. The balance of the note payable was \$-0- at June 30, 2023.

In February 2016, the School entered into a \$362,745 revolving line of credit arrangement with a bank to fund the expansion of the School. Notes payable under the agreement are collateralized by substantially all the assets of the School. The note accrues interest at a fixed rate of 4.5%. Payments of \$5,383 are due monthly through maturity in March 2023. The balance of the note payable was \$-0- at June 30, 2023.

In May 2018, the School entered into a \$130,000 revolving line of credit arrangement with a bank to fund the expansion of the School. Notes payable under the agreement are collateralized by substantially all the assets of the School. The note accrues interest at a fixed rate of 5.25%. Only interest payments are due for the first six months based on any unpaid principal balance. Principal and interest payments of \$1,975 are due monthly through maturity in May 2025. The balance of the note payable was \$-0- at June 30, 2023.

In February 2023, the School entered into a \$2,870,000.00 note payable agreement with Capstar bank to purchase the high school campus. The note payable bears interest at a fixed rate of 6.47%. The obligations shall be secured by a first priority lien on the property and all materials and other personal property related to the ownership and/or operation of the property, as evidenced by the Security Documents and a perfected first priority security interest in the Principal and Interest Reserve Account. Beginning March 2023, principal and interest payments of \$21,502 are due monthly through January 2026, when a final payment of all principal and interest shall become due and payable in full, in February 2026. The outstanding balance of the note payable is \$2,845,675 at June 30, 2023.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

E. NOTES PAYABLE - Continued

The outstanding Capstar note payable contains a provision that in an event of default, the lender may pursue any one or more of several remedies concurrently or successively, including, to take possession of the property and operate the improvements and do anything in its sole judgment to fulfill the obligations of Borrower hereunder, any expense incurred by Lender being deemed to be part of the Obligations, including the right to avail itself of or procure performance of existing contracts or leases, under the assignment to lender or otherwise, or let any contracts with the same vendors or others; Lender may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property; Lender may set off the amounts due Lender under the Loan Documents against any and all accounts, credits, money, securities or other property of Borrower now or hereafter on deposit with, held by or in the possession of Lender to the credit or for the account of Borrower, without notice to or the consent of Borrower; Borrower shall not be relieved of any of the Obligations by reason of the failure of Lender to comply with any request of Borrower or of any other person to take action to foreclose on the Property under the Security Documents or otherwise to enforce any provision of the Loan Documents, or by reason of the release, regardless of consideration, of all or any part of the Property; Withhold further disbursements of the Loan Proceeds, if applicable; Declare the entire balance of the Obligations, without demand or notice of any kind (which are hereby expressly waived) to be due and payable at once and, in such event, such Obligations shall become immediately due and payable; and Pursue such other remedies as may be available to Lender at Law or equity.

The loan agreements also require the School to comply with certain financial covenants. As of June 30, 2023, the school was in compliance with these financial covenants.

The following is a summary of changes in the School's long-term debt for governmental activities for the period ended June 30, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Forgiveness/ Payments</u>	<u>Balance</u> <u>June 30, 2023</u>
Note payable - bank	\$ 43,524	\$ -	\$ 43,524	\$ -
Note payable - bank	63,053	-	63,053	-
Note payable - bank	52,019	-	52,019	-
Note payable - bank	<u>-</u>	<u>2,870,000</u>	<u>24,325</u>	<u>2,845,675</u>
Total	<u>\$158,596</u>	<u>\$2,870,000</u>	<u>\$182,921</u>	<u>\$2,845,675</u>

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

E. NOTES PAYABLE - Continued

A summary of annual principal and interest requirements follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>
2024	\$185,013	\$ 73,016
2025	179,565	78,464
2026	<u>117,579</u>	<u>2,694,195</u>
	<u>\$482,157</u>	<u>\$2,845,675</u>

F. LEASE ARRANGEMENTS

The facilities used to provide educational services for the middle school campus are provided under a lease arrangement with a local church. The lease is for a ten-year period ending on June 30, 2023 and includes an option to extend for two additional five-year periods. The School anticipates renewing for both of the two additional five-year periods. The interest rate on the lease is the School's incremental borrowing rate of 5.25%. The lease arrangement requires the School to pay a minimum rent based on square footage, plus additional amounts for operating expenses, common areas, and their portion of property taxes. In August 2017, the lease was amended to include additional space for expansion of the School. The school renewed their lease for an additional five-year period ending June 30, 2028. Also, the school rented additional space from the local church, as needed on a month-to-month basis, and paid a total of \$13,200 in rent during the 2023 fiscal year for this additional space.

Beginning in July 2015, the School was also obligated under a lease agreement for three modular classrooms located at the middle school with monthly payments totaling \$1,125 for an initial three-year period. In April 2018, the School entered into an amended agreement for the three modular classrooms and added a fourth classroom to be used at the middle school campus. The agreement requires the School to make monthly payments totaling \$1,500 for a five-year period ending May 30, 2023. This lease is not renewable and the School will not acquire the equipment at the end of the five years. The interest rate on the lease is the School's incremental borrowing rate of 5.25%. The lease for the modular classrooms expired on May 30, 2023. An additional \$3,000 in rent was paid for the modular classrooms during fiscal year 2023 after the lease ended.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

F. LEASE ARRANGEMENTS - Continued

In January 2017, the School entered into an agreement to lease certain property in South Nashville for the high school campus. The high school opened in August 2017, at which time the School began making lease payments. The base annual rent shall increase by one percent per year starting in the third year of the lease. The School also agreed to pay a \$100,000 developer's fee, which the School elected to finance as part of its lease payments. The fee will be paid in monthly installments equal to 1% of the lease payments, beginning in the third year of the lease until the fee is paid in full. The lease will expire in June 2027, at which time the School has the option to renew for two additional five-year periods. The agreement also includes an option to purchase the property at any time during the lease term at a price equal to the lessee's total project cost to improve the building less payments towards the development fee multiplied by 1.05. The interest rate on the lease is the School's incremental borrowing rate of 5.25%. Subsequent to June 30, 2023, the School exercised the purchase option in the lease and closed the purchase of the building in February, 2023. The school paid a prorated rent of \$12,371 for the high school building in February after the lease ended on January 31, 2023 for the days in February before the building was purchased on February 9<sup>th</sup>, 2023. See further details of the note payable at Note E.

The components of lease expense for the year ended June 30, 2023 is as follows:

	<u>Year Ending June 30, 2023</u>
<b>Lease Expense</b>	
Amortization expense by class of underlying assets	
Building	\$561,840
Equipment	<u>14,334</u>
Total amortization expense	576,174
Interest on lease liabilities	<u>140,201</u>
 Total	 <u>\$716,375</u>

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Modifications and Remeasurements</u>	<u>Subtractions</u>	<u>End of Year</u>	<u>Amounts Due Within One Year</u>
<b>Lease Liabilities</b>	<u>\$ 2,999,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(498,217)</u>	<u>\$ 2,500,883</u>	<u>\$159,312</u>

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

F. LEASE ARRANGEMENTS - Continued

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 159,312	\$127,516	\$ 286,828
2025	176,593	118,741	295,334
2026	195,247	109,025	304,272
2027	214,943	98,306	313,249
2028-2032	1,421,757	290,651	1,712,408
2033-2037	<u>333,031</u>	<u>8,806</u>	<u>341,837</u>
	<u>\$2,500,883</u>	<u>\$753,045</u>	<u>\$3,253,928</u>

G. FUND BALANCES

The General Purpose School Fund includes fund balance amounts presented as nonspendable totaling \$135,484 as they are not in spendable form, and amounts presented as restricted totaling \$338,689 as they are restricted by law, related to the TCRS Stabilization Reserve Trust (See Note J).

H. CONCENTRATIONS

The School received approximately 82% of its funding for operations from MNPS based on the State of Tennessee’s Basic Education Program (“BEP”). BEP funding is designated to schools based on student attendance. Gross BEP funding for the year ended June 30, 2023, was \$12,816,628.

Outside fundraising for capital needs is on-going to supplement funding received from State BEP capital since the charter school agreement with MNPS does not include an allocation for capital expenditures.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

I. PENSION PLANS

The School, similar to MNPS and all Tennessee Public Charter Schools in the MNPS System, participates in the following three defined benefit pension plans (collectively the “Pension Plans”):

Certificated Employees

Tennessee Consolidated Retirement System (“TCRS”):

Teacher Legacy Pension Plan

Teacher 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”)

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

(I.) TCRS Plans

(A) General Information - TCRS Plans

Description of the TCRS Plans

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by the School with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.



INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

I. PENSION PLANS - Continued

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly.

*Teacher Legacy Pension Plan*

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 if 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 nonservice-related disability eligibility. The service-related and nonservice-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.

*Teacher Retirement Plan*

Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

I. PENSION PLANS - Continued

Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly (or by automatic cost controls set out in law for the Teacher Retirement Plan). 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 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.

*Teacher Legacy Pension Plan*

Employer contributions by the School for the year ended June 30, 2023 to the Teacher Legacy Pension Plan were \$13,014 which is 8.69 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

*Teacher Retirement Plan*

Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, as approved by the TCRS Board of Trustees, is reached. Employer contributions by the School for the year ended June 30, 2023 to the Teacher Retirement Plan were \$136,501 which is 2.87 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

INTREPID COLLEGE PREP  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2023

I. PENSION PLANS - Continued

(B) Pension Liabilities (Assets) - TCRS Plans

Pension Liability (Asset)

*Teacher Legacy Pension Plan*

At June 30, 2023, the School reported an asset of (\$22,796) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School's proportion of the net pension asset was based on the School's contributions to the pension plan relative to the contributions of all participating LEA's. At the measurement date of June 30, 2022, the School's proportion was 0.001859 percent. The proportion measured as of June 30, 2021 was 0.006442 percent.

*Teacher Retirement Plan*

At June 30, 2023, the School reported an asset of (\$67,671) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. The School's proportion of the net pension asset was based on the School's share of contributions to the pension plan relative to the contributions of all participating LEA's. At the measurement date of June 30, 2022, the School's proportion was 0.223390 percent. The proportion measured as of June 30, 2021 was 0.235038 percent.

Actuarial Assumptions

*Teacher Legacy Pension Plan and Teacher Retirement Plan*

The total pension liability (asset) in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of living adjustment	2.125 percent

Mortality rates are customized based on actuarial experience including an adjustment for some anticipated improvement.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

I. PENSION PLANS - Continued

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The mortality improvement assumption adopted with the 2020 experience study utilizes the most current projection scale published by the Society of Actuaries as of the actuarial valuation date. As of June 30, 2022, the projections scale was updated from MP-2020 to scale MP-2021. This change was included with other experience gains or losses.

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, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce 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 expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

I. PENSION PLANS - Continued

Discount Rate

*Teacher Legacy Pension Plan and Teacher Retirement Plan*

The discount rate used to measure the total pension liability was 6.75 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 all the 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 publicly available comprehensive annual financial report of the Metropolitan Government. That report may be obtained at [www.nashville.gov](http://www.nashville.gov).

Benefits Provided

As of July 1, 1995, Division B of the Metro Plan was established for all non-certificated employees of the 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.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

I. PENSION PLANS - Continued

Normal retirement for the School'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; or (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 percent 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 benefit 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 12.445 percent for the non-certificated employees of the Metropolitan Nashville Public Schools, including charter schools, and all other Metropolitan Government Employees. Contributions to the plan for the year ended June 30, 2023 were \$212,122.

(B) Pension Liabilities - Metro Plan

Pension Liability

The School reported a liability of \$317,900 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of June 30, 2023. The School's proportion of the net pension liability (asset) was based on the School's employee contributions to the pension plan during the year ended June 30, 2023, relative to all contributions for 2022. At the measurement date of June 30, 2023, the School's proportionate share was 0.20286 percent. The proportion measured as of June 30, 2022 was 0.10872 percent.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

I. PENSION PLANS - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023. Actuarial assumptions are summarized below:

Inflation	2.5 percent
Salary increases	4.4 percent
Investment rate of return	7.0 percent, net of pension plan investment expenses, including inflation
Cost-of living adjustment	1.25 percent

Mortality rates were based on the 112% RP-2014 Blue Collar Table (projected to 2023 using Scale MP-21), as determined by the period actuarial experience study. Valuation assumptions were updated as of June 30, 2022 based on the results of the June 30, 2022 experience study. This study reviewed the period July 1, 2017 to June 30, 2022.

The long-term expected rate of return on pension plan investments was established in conjunction with the most recent actuarial experience study completed February 7, 2023, by considering the following three techniques: (1) the 20-year historical return of the Metro Open Plan at June 30, 2022, (2) the historical market returns of asset classes from 1926 to 2022, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of 2.5 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 Real Rate of Return	Target Allocation
U.S. equity	4.2%	24%
International equity	4.6%	16%
Equity hedge	7.3%	10%
Core plus fixed income	1.5%	20%
Fixed income alternatives	4.6%	10%
Real estate	3.5%	10%
Private equity	7.3%	10%

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

I. PENSION PLANS - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. 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.

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

Pension Liabilities (Assets)

The School reports the following net pension liability (asset) as of June 30, 2023:

TCRS Legacy Plan	\$( 22,796)
TCRS Retirement Plan	<u>( 67,671)</u>
Net pension asset	<u>\$ (90,467)</u>
Metro Plan	\$ <u>317,900</u>
Net pension liability	<u>\$ 317,900</u>

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate

The following presents the School's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent for the TCRS Plans and 7.00 percent for the Metro Plan, as well as what the School's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent for the TCRS Plans and 6.00 percent for the Metro Plan) or 1-percentage-point higher (7.75 percent for the TCRS Plans and 8.00 percent for the Metro Plan) than the current rate:

	<u>1% Decrease</u> <u>(5.75)%</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.75)%</u>	<u>1% Increase</u> <u>(7.75)%</u>
Proportionate share of the net pension liability (asset):			
TCRS Legacy Plan	\$45,151	\$(22,796)	\$( 79,392)
TCRS Retirement Plan	355,231	(67,671)	(376,519)



INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

I. PENSION PLANS - Continued

	<u>1% Decrease (6.00)%</u>	<u>Current Discount Rate (7.00)%</u>	<u>1% Increase (8.00)%</u>
Metro Plan	<u>\$(1,335,610)</u>	<u>\$ 317,900</u>	<u>\$535,533</u>
Total	<u>\$( 935,228)</u>	<u>\$(227,433)</u>	<u>\$ 79,622</u>

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plans' respective fiduciary net position is available in a separately issued TCRS and Metropolitan Government financial reports.

Pension Expense

For the year ended June 30, 2023, the School recognized pension expense (negative pension expense) as follows:

TCRS Legacy Plan	\$( 256)
TCRS Retirement Plan	( 42,063)
Metro Plan	<u>( 68,011)</u>
Pension expense	<u>\$(110,330)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
TCRS Legacy Plan	\$ 3,750	\$ 3,852
TCRS Retirement Plan	3,700	41,114
Metro Plan	158,648	21,721
Changes in assumptions		
TCRS Legacy Plan	14,281	-
TCRS Retirement Plan	79,273	-
Metro Plan	339,510	-

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

I. PENSION PLANS - Continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments		
TCRS Legacy Plan	390	-
TCRS Retirement Plan	21,330	-
Metro Plan	-	48,727
Changes in proportion of net pension liability (asset)		
TCRS Legacy Plan	57,770	6,515
TCRS Retirement Plan	10,302	29,980
Metro Plan	63,350	65,041
Contributions subsequent to the measurement date of June 30, 2021 for TCRS Plans		
TCRS Legacy Plan	13,014	N/A
TCRS Retirement Plan	<u>136,501</u>	<u>N/A</u>
Totals	<u>\$901,819</u>	<u>\$216,950</u>

The School's employer contributions of \$149,515 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) in the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>TCRS Legacy Plan</u>	<u>TCRS Retirement Plan</u>	<u>Metro Plan</u>	<u>Total</u>
Year Ending June 30,				
2024	\$17,638	\$( 606)	\$( 27,301)	\$( 10,269)
2025	20,870	( 388)	( 60,792)	( 40,310)
2026	15,284	( 3,893)	294,453	305,844
2027	12,032	33,259	164,946	210,237
2028	-	1,760	35,860	37,620
Thereafter	-	13,379	18,853	32,232

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

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

I. PENSION PLANS - Continued

Payable to the Pension Plans

At June 30, 2023, the School reported a payable for the outstanding amounts of required contributions to the Pension Plans as follows:

TCRS Legacy Plan	\$ 2,564
TCRS Retirement Plan	31,962
Metro Plan	<u>48,820</u>
Payable to the Pension Plans	<u>\$83,346</u>

Defined Contribution Plan

The TCRS Retirement Plan has a defined contribution component to the plan. Under the terms of the Plan for the defined contribution component, employees contribute 2% of their salaries to the plan, but are allowed an opt out feature. The School is required to contribute 5% of annual salaries to an individual employee account. For the year ended June 30, 2023, the School recognized pension expense of \$237,462 related to the defined contribution component of the Plan. Employees are immediately vested in the plan.

J. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST

Legal Provisions

The School is a member of the Tennessee Consolidated Retirement System (“TCRS”) Stabilization Reserve Trust. The School has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (“TCA”), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member’s funds are restricted for the payment of retirement benefits of that member’s employees. Trust funds are not subject to the claims of general creditors of the School.

The Trust is authorized to make investments as directed by the TCRS Board of Trustees. The School may not impose any restrictions on investments placed by the trust on their behalf.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

J. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

Investment Balances

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (“TRGT”). The TRGT is not registered with the Securities and Exchange Commission (“SEC”) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool’s underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of the investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

J. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table on the next page.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes, and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

J. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

At June 30, 2023, the School assets balance was \$338,689 and had the following investments held by the trust on its behalf:

<u>Investment</u>	Weighted Average Maturity (days)	<u>Maturities</u>	<u>Fair Value</u>
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$104,994
Developed Market International Equity	N/A	N/A	47,416
Emerging Market International Equity	N/A	N/A	13,548
U.S. Fixed Income	N/A	N/A	67,738
Real Estate	N/A	N/A	33,869
Short-term Securities	N/A	N/A	3,387
NAV-Private Equity and Strategic Lending	N/A	N/A	<u>67,737</u>
Total			<u>\$338,689</u>

<u>Investment by Fair Value Level</u>	<u>Fair Value June 30, 2023</u>	<u>Fair Value Measurements Using</u>			<u>NAV</u>
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
U.S. Equity	\$104,994	\$104,994	\$ -	\$ -	\$ -
Developed Market International Equity	47,416	47,416	-	-	-
Emerging Market International Equity	13,548	13,548	-	-	-
U.S. Fixed Income	67,738	-	67,738	-	-
Real Estate	33,869	-	-	33,869	-
Short-term Securities	3,387	-	3,387	-	-
Private Equity and Strategic Lending	<u>67,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,737</u>
Total	<u>\$338,689</u>	<u>\$165,958</u>	<u>\$71,125</u>	<u>\$33,869</u>	<u>\$67,737</u>

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

J. RESTRICTED ASSETS - TCRS STABILIZATION RESERVE TRUST - Continued

Risks and Uncertainties

The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds, and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. The School places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the School to pay retirement benefits of the School's employees.

For further information concerning the School's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advancedsearch/disclaimer/2020/ag19091.pdf>.

INTREPID COLLEGE PREP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

K. SUBSEQUENT EVENTS

The School has evaluated subsequent events through December 27, 2023, the date at which the financial statements were available for issuance, and has determined that, there are no subsequent events requiring disclosure.



## **REQUIRED SUPPLEMENTARY INFORMATION**

INTREPID COLLEGE PREP  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE PROPORTIONATE SHARE OF  
 NET PENSION LIABILITY (ASSET)  
 FISCAL YEAR ENDED JUNE 30,

<u>Teachers Legacy Plan of TCRS</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Proportion of the net pension liability (asset)	0.006216%	0.004206%	0.003802%	0.006707%	0.002609%	0.003318%	0.004856%	0.006442%	0.001859%
Proportionate share of the of the net pension liability (asset)	\$ (1,010)	\$ 1,722	\$ 23,762	\$ (2,195)	\$ (9,181)	\$ (34,116)	\$ (37,032)	\$ (277,849)	\$ (22,796)
Covered payroll	\$ 246,142	\$ 157,445	\$ 137,257	\$ 237,102	\$ 91,360	\$ 111,258	\$ 161,628	\$ 211,430	\$ 61,175
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-0.59%	1.09%	17.31%	-0.92%	-10.05%	-30.66%	-22.91%	-131.41%	-37.27%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%
<u>Teachers Retirement Plan of TCRS</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Measurement date		June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Proportion of the net pension liability (asset)		0.182686%	0.153003%	0.169820%	0.152631%	0.189266%	0.225539%	0.235038%	0.223390%
Proportionate share of the of the net pension liability (asset)		(7,349)	\$ (15,928)	\$ (44,805)	\$ (69,224)	\$ (106,840)	\$ (128,251)	\$ (254,596)	\$ (67,671)
Covered payroll		379,575	\$ 673,230	\$ 1,114,589	\$ 1,333,825	\$ 2,002,830	\$ 2,846,110	\$ 3,300,841	\$ 3,866,788
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll		-1.94%	-2.37%	-4.02%	-5.19%	-5.33%	-4.51%	-7.71%	-1.75%
Plan fiduciary net position as a percentage of the total pension liability		127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%

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.

(1) Information is not applicable for 2015 in this schedule for the Teachers Retirement Plan of TCRS as the measurement date was June 30, 2014, and the Teachers Retirement Plan did not commence until July 1, 2014.

See independent auditor's report.

INTREPID COLLEGE PREP  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE PROPORTIONATE SHARE OF  
 NET PENSION LIABILITY (ASSET)  
 FISCAL YEAR ENDED JUNE 30,

<u>Metro Plan</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Proportion of the net pension liability (asset)	0.03255%	0.03380%	0.0679%	0.0912%	0.1126%	0.1267%	0.08497%	0.10872%	0.20286%
Proportionate share of the of the net pension liability (asset)	\$ 22,428	\$ 74,848	\$ 27,791	\$ 55,450	\$ 137,989	\$ 274,623	\$ (486,219)	\$ (183,694)	\$ 317,900
Covered payroll	\$ 170,045	\$ 186,821	\$ 406,256	\$ 570,089	\$ 704,951	\$ 807,172	\$ 595,405	\$ 783,285	\$ 1,703,791
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	13.19%	40.06%	6.84%	9.73%	19.57%	34.02%	-81.66%	-23.45%	18.66%
Plan fiduciary net position as a percentage of the total pension liability	97.57%	92.39%	98.64%	97.45%	96.37%	99.87%	115.75%	104.35%	96.20%

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.

See independent auditor's report.

INTREPID COLLEGE PREP  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FISCAL YEAR ENDING JUNE 30,

<u>Teachers Legacy Pension Plan of TCRS</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarial Determined Contributions (ADC)	\$ 21,703	\$ 14,233	\$ 12,408	\$ 21,434	\$ 8,296	\$ 11,638	\$ 17,181	\$ 21,714	\$ 6,301	\$ 13,014
Contributions in relation to the actuarially determined contribution	21,703	14,233	12,408	21,434	8,296	11,638	17,181	21,714	6,301	13,014
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 246,142	\$ 157,445	\$ 137,257	\$ 237,102	\$ 91,360	\$ 111,258	\$ 161,628	\$ 211,430	\$ 61,175	\$ 149,758
Contributions as a percentage of covered payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%
<u>Teachers Retirement Plan of TCRS</u>										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarial Determined Contributions (ADC)	N/A	\$ 9,489	\$ 16,852	\$ 44,584	\$ 21,751	\$ 38,855	\$ 57,776	\$ 68,521	\$ 77,640	\$ 136,501
Contributions in relation to the actuarially determined contribution		15,183	26,929	44,584	53,353	38,855	57,776	68,521	77,640	136,501
Contribution deficiency (excess)		\$ (5,694)	\$ (10,077)	\$ -	\$ (31,602)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll		\$ 379,575	\$ 673,230	\$ 1,114,589	\$ 1,333,825	\$ 2,002,835	\$ 2,846,110	\$ 3,300,841	\$ 3,866,788	\$ 4,756,132
Contributions as a percentage of covered payroll - ADC		4.00%	4.00%	4.00%	4.00%	1.94%	2.03%	2.08%	2.01%	2.87%
Contributions as a percentage of covered payroll - SRT		N/A	N/A	N/A	N/A	2.06%	1.97%	1.92%	1.99%	1.13%
<u>Metro Plan</u>										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarial Determined Contributions (ADC)	\$ 12,527	\$ 30,586	\$ 28,976	\$ 50,132	\$ 70,349	\$ 86,991	\$ 99,605	\$ 73,473	\$ 100,895	\$ 212,122
Contributions in relation to the actuarially determined contribution	12,527	30,586	28,976	50,132	70,349	86,991	99,605	73,473	100,895	212,122
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 73,185	\$ 170,045	\$ 186,821	\$ 406,256	\$ 570,089	\$ 704,951	\$ 807,172	\$ 595,405	\$ 783,285	\$ 1,704,476
Contributions as a percentage of covered payroll	17.117%	17.987%	15.510%	12.340%	12.340%	12.340%	12.340%	12.340%	12.881%	12.445%

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.

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See independent auditor's report.

## **SUPPLEMENTARY INFORMATION**

INTREPID COLLEGE PREP  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 YEAR ENDED JUNE 30, 2023

<u>Program Name/Grantor</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>Federal Awards</u>			
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Tennessee Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	N/A	\$ 302,880
School Breakfast Program	10.553	N/A	51,294
Total Child Nutrition Cluster			354,174
Pandemic EBT Administrative Costs Grant	10.649	N/A	31,573
Total U.S. Department of Agriculture			385,747
Total Federal Awards			385,747
<u>State Financial Assistance</u>			
TENNESSEE DEPARTMENT OF EDUCATION:			
Basic Education Program	N/A	N/A	206,000
Passed through Metropolitan Nashville Public Schools			
Basic Education Program	N/A	N/A	12,816,628
Total State Awards			13,022,628
Total Federal and State Awards			\$ 13,408,375

Note 1: The schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity and is presented in accordance with the requirements of the State of Tennessee. The schedule is prepared using the accrual basis of accounting.

Note 2: The School passed-through \$-0- to subrecipients for the year ended June 30, 2023.

Note 3: The School has elected not to use the 10-percent de minimum indirect cost rate.

See independent auditor's report.

INTREPID COLLEGE PREP  
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE  
JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Forgiven During Period	Outstanding 6/30/2023
<b>Governmental Activities:</b>									
<u>NOTES PAYABLE</u>									
<u>Payable through General Purpose School Fund</u>									
Note Payable through CapStar Bank	\$ 260,426	4.50%	02/01/2016	03/01/2023	\$ 43,524	\$ -	\$ 43,524	\$ -	\$ -
Note Payable through CapStar Bank	362,745	4.50%	02/24/2016	03/24/2023	63,053	-	63,053	-	-
Note Payable through CapStar Bank	130,000	5.25%	05/14/2018	05/10/2025	52,019	-	52,019	-	-
Note Payable through CapStar Bank	2,870,000	6.47%	02/09/2023	02/09/2026	-	2,870,000	24,325	-	2,845,675
Total Notes Payable					<u>\$ 158,596</u>	<u>\$ 2,870,000</u>	<u>\$ 182,921</u>	<u>\$ -</u>	<u>\$ 2,845,675</u>

See independent auditor's report.

INTREPID COLLEGE PREP  
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS  
JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Restated Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding 6/30/2023
<b>Governmental Activities:</b>									
<u>LEASES PAYABLE</u>									
<u>Payable through General Purpose School Fund</u>									
Lease - Middle School building	\$ 2,772,101	5.25%	07/01/2021	06/30/2033	\$ 2,644,041	\$ -	\$ 143,158	\$ -	\$ 2,500,883
Lease - High School building	892,885	5.25%	07/01/2021	01/31/2023	340,413	-	340,413	-	-
Lease - Equipment	31,534	5.25%	07/01/2021	04/30/2023	14,646	-	14,646	-	-
Total Leases Payable					<u>\$ 2,999,100</u>	<u>\$ -</u>	<u>\$ 498,217</u>	<u>\$ -</u>	<u>\$ 2,500,883</u>

See independent auditor's report.



INTREPID COLLEGE PREP  
SCHEDULE OF LEASE REQUIREMENTS BY YEAR  
JUNE 30, 2023

Year Ending June 30	Leases		
	Principal	Interest	Total
2024	\$ 159,312	\$ 127,516	\$ 286,828
2025	176,593	118,741	295,334
2026	195,247	109,025	304,272
2027	214,943	98,306	313,249
2028-2032	1,421,757	290,651	1,712,408
2033-2037	333,031	8,806	341,837
Total	<u>\$ 2,500,883</u>	<u>\$ 753,045</u>	<u>\$ 3,253,928</u>

See independent auditor's report.



Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

To the Board of Directors  
Intrepid College Prep  
Antioch, 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 each major fund of Intrepid College Prep (the "School"), as of and for the period ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 27, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 or significant deficiencies may exist that were not identified.



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School'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 financial statements. 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.

Nashville, Tennessee  
December 27, 2023

INTREPID COLLEGE PREP  
SCHEDULE OF FINDINGS AND RESPONSES AND  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2023

**FINANCIAL STATEMENT FINDINGS**

None reported.

**SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

No prior audit findings.