

**Ivy Preparatory Academy
for Girls at Kirkwood
Audited Financial Statements
June 30, 2021**

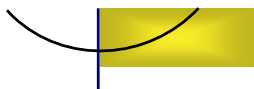
**Bambo Sonaiké CPA, LLC
707 Whitlock Avenue Building B Suite 21 Marietta GA 30064
P: 770.956.6455 F: 678.559.0659 www.cpa-service.com**

Ivy Preparatory Academy for Girls at Kirkwood

Table of Contents

Table of Contents

	Page(s)
Report of Independent Auditors.....	1-2
Management’s Discussion and Analysis.....	3-7
<u>Basic Financial Statements</u>	
Statement of Net Position.....	8
Statement of Activities.....	9
Balance Sheet – Governmental Funds.....	10
Reconciliation of Balance Sheet – Governmental Funds with the Statement of Net Position.....	11
Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds.....	12
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances with the Statement of Activities.....	13
Notes to the Financial Statements.....	14-32
<u>Required Supplementary Information</u>	
Schedule of Proportionate Share of the Net Pension Liability- Teachers’ Retirement System of Georgia	33
Schedule of Contributions - Teachers’ Retirement System of Georgia	34-35
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	36-37
Schedule of State Revenue.....	38
<u>Compliance and Internal Control Reports</u>	
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.....	39-40
Schedule of Findings and Responses.....	41



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ivy Preparatory Academy for Girls at Kirkwood
Atlanta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ivy Preparatory Academy for Girls at Kirkwood ("the School"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate

remaining fund information of the School as of June 30, 2021 and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 20, 2021 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering School's internal control over financial reporting and compliance.

Bambo Sonaike CPA, LLC

August 20, 2021

Ivy Preparatory Academy for Girls at Kirkwood

Management Discussion and Analysis

As of June 30, 2021

Introduction

As management of Ivy Preparatory Academy for Girls at Kirkwood (the "School"), we offer readers of the School's financial statement this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transaction, events, and conditions, it should be considered in conjunction with the Basic Financial Statements.

Financial highlights

- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,449,735.
- The School's liabilities exceeded assets at the close of the most recent fiscal year by \$4,969,512 (net deficit).

Overview of the financial statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the School's asset and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instructions, school administration, and food services are examples of the School's governmental activities.

Ivy Preparatory Academy for Girls at Kirkwood
Management Discussion and Analysis
As of June 30, 2021

The government-wide financial statements include only the School itself. Comparison of the condensed statement of net position and the statement of activities are provided below.

	Governmental Activities		
	2021	2020	Variance
ASSETS			
Current and other assets	\$ 5,134,265	\$ 3,101,669	\$ 2,032,596
Capital assets ^(net)	7,343,375	9,640,948	(2,297,573)
Total assets	<u>12,477,640</u>	<u>12,742,617</u>	<u>(264,977)</u>
DEFERRED OUTFLOW OF RESOURCES			
	1,639,243	1,412,783	226,460
Total assets and deferred outflow of resources	<u>14,116,883</u>	<u>14,155,400</u>	<u>(38,517)</u>
LIABILITIES			
Current and other liabilities	129,432	161,881	(32,449)
Long term liabilities	18,716,736	18,566,259	150,477
Total liabilities	<u>18,846,168</u>	<u>18,728,140</u>	<u>118,028</u>
DEFERRED INFLOW OF RESOURCES			
	240,227	409,786	(169,559)
Total liabilities and deferred inflow of resources	<u>19,086,395</u>	<u>19,137,926</u>	<u>(51,531)</u>
NET POSITION			
Investment in capital assets ^(net)	(3,333,738)	(2,660,608)	(673,130)
Restricted	-	-	-
Unrestricted (deficit)	<u>(1,635,774)</u>	<u>(2,321,918)</u>	<u>686,144</u>
Total net position (deficit)	<u>\$ (4,969,512)</u>	<u>\$ (4,982,526)</u>	<u>\$ 13,014</u>

Ivy Preparatory Academy for Girls at Kirkwood
 Management Discussion and Analysis
 As of June 30, 2021

	Governmental Activities		
	2021	2020	Variance
REVENUES			
State passed through State Charter School Commission	\$ 5,276,679	\$ 5,107,479	\$ 169,200
Operating grants and contributions	729,250	526,134	203,116
Rental income	269,199	254,891	14,308
Other revenues	79,315	125,758	(46,443)
Loan forgiveness	643,603	-	643,603
Total revenues	6,998,046	6,014,262	983,784
EXPENSES			
Basic instruction	3,128,179	2,955,775	172,404
Pupil services	400,933	416,777	(15,844)
Media services	22,461	5,833	16,628
Staff development	72,767	47,932	24,835
School administration	1,267,799	1,307,211	(39,412)
Food services	29,943	186,239	(156,296)
Support services	137,236	120,505	16,731
Operation of school	798,981	827,810	(28,829)
Community services	5,985	22,010	(16,025)
Federal grant administration	106,358	14,083	92,275
Interest expense	1,014,390	867,269	147,121
Total expenses	6,985,032	6,771,444	213,588
Change in net position	\$ 13,014	\$ (757,182)	\$ 770,196

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities of objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the operations of the School are presented in governmental funds only.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Ivy Preparatory Academy for Girls at Kirkwood

Management Discussion and Analysis

As of June 30, 2021

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both of the governmental fund financial statements provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains individual government funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be the School's only major fund. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, liabilities exceeded assets by \$4,969,512 for the year ended June 30, 2021.

A portion of the School's net position reflects its investment in capital assets (e.g., furniture, fixtures and equipment, and leasehold improvements), less any related debt used to acquire those assets that are still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Financial analysis of the Government's Funds

The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year. The general fund is the main operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,449,735

General Fund Budgetary Highlights

The School's budget revenues exceeded actual revenues by \$1,442,193 mainly due the School's FTE funding and supplemental revenue being higher than budgeted. Actual expenditures were above budgeted expenditures by \$1,760,580 due mainly to the School's overall operating cost being higher than budgeted.

Ivy Preparatory Academy for Girls at Kirkwood

Management Discussion and Analysis

As of June 30, 2021

Capital Asset

The School's investment in capital assets for its governmental type activities as of June 30, 2021, amounts to \$2,690,135 deficit. This investment in capital assets includes furniture, fixtures and equipment. Additional information on the School's capital assets can be found in note below.

Long term debt

The School's long term debt including pension liability for its governmental type activities as of June 30, 2021, amounts to \$13,785,000. Additional information on the School's long term debt can be found in note below.

Contacting the School's financial management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School.

Ivy Preparatory Academy for Girls at Kirkwood
Statement of Net Position
As of June 30, 2021

ASSETS

Cash and cash equivalents ^(note 2)	\$ 1,408,962
Restricted cash ^(note 4)	3,383,587
Prepaid expenses ^(note 7)	28,632
Accounts receivable ^(note 5)	313,084
Capital assets ^{(net) (note 3)}	7,343,375
	<hr/>
Total assets	12,477,640

DEFERRED OUTFLOW OF RESOURCES

Related to defined benefit pension plans ^(note 11)	1,639,243
	<hr/>
Total deferred outflow of resources	1,639,243

LIABILITIES

Accounts payable & accrued expenses ^(note 6)	105,432
Accrued interest on bonds payable	275,700
Net pension liability ^(note 11)	4,513,157
Bond payable ^(note 9)	13,785,000
Other liability due within one year	24,000
Other liability	142,879
	<hr/>
Total liabilities	18,846,168

DEFERRED INFLOW OF RESOURCES

Related to defined benefit pension plans ^(note 11)	240,227
	<hr/>
Total deferred inflow of resources	240,227

NET POSITION

Investment in capital assets, net of related debt	(3,333,738)
Restricted	-
Unrestricted (deficit)	(1,635,774)
	<hr/>
Total net position (deficit)	\$ (4,969,512)
	<hr/> <hr/>

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

Ivy Preparatory Academy for Girls at Kirkwood
Statement of Activities
For the period ended June 30, 2021

Governmental Activities	Expenses	Program revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Basic instruction	\$ 3,128,179	\$ -	\$ 1,862,155	\$ -	\$ (1,266,024)
Pupil services	400,933	-	-	-	(400,933)
Media services	22,461	-	60,497	-	38,036
Staff development	72,767	-	9,974	-	(62,793)
School administration	1,267,799	-	120,547	-	(1,147,252)
Food services	29,943	-	-	-	(29,943)
Support services	137,236	-	29,501	-	(107,735)
Operation of school	798,981	-	120,187	-	(678,794)
Community services	5,985	-	-	-	(5,985)
Federal grant administration	106,358	-	-	-	(106,358)
Interest expense	1,014,390	-	-	-	(1,014,390)
Health services	-	-	20,000	-	20,000
Total governmental activities	\$ 6,985,032	\$ -	\$ 2,222,861	\$ -	\$ (4,762,171)

General revenues:

State passed through State Charter School Commission	3,053,818
Operating grants and contributions	729,250
Rental income	269,199
Other revenues	79,315
Paycheck Protection Program loan forgiveness	643,603
Total general revenues	4,775,185
Change in net position	13,014
Net position (deficit) - beginning of year	(4,982,526)
Net position (deficit) - end of the year	\$ (4,969,512)

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

Ivy Preparatory Academy for Girls at Kirkwood
 Balance Sheet - Governmental Funds
 As of June 30, 2021

	General Fund	Capital Project Fund	Debt Service Fund	Total
ASSETS				
Cash and cash equivalents ^(note 2)	\$ 1,408,962	\$ -	\$ -	\$ 1,408,962
Restricted cash ^(note 4)	-	-	3,383,587	3,383,587
Prepaid expenses ^(note 7)	28,632	-	-	28,632
Accounts receivable ^(note 5)	313,084	-	-	313,084
Total assets	<u>1,750,678</u>	<u>-</u>	<u>3,383,587</u>	<u>5,134,265</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable & accrued expenses ^(note 6)	105,432	-	-	105,432
Other liabilities	166,879	-	-	166,879
Total liabilities	<u>272,311</u>	<u>-</u>	<u>-</u>	<u>272,311</u>
FUND BALANCES				
Non-spendable	28,632	-	-	28,632
Restricted	-	-	3,383,587	3,383,587
Committed	-	-	-	-
Unassigned	1,449,735	-	-	1,449,735
Total fund balances	<u>1,478,367</u>	<u>-</u>	<u>3,383,587</u>	<u>4,861,954</u>
Total liabilities and fund balances	<u>\$ 1,750,678</u>	<u>\$ -</u>	<u>\$ 3,383,587</u>	<u>\$ 5,134,265</u>

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

Ivy Preparatory Academy for Girls at Kirkwood
 Reconciliation of Balance Sheet – Governmental Funds to Statement of Net
 Position
 As of June 30, 2021

Total Fund balances - Governmental funds \$ 4,861,954

The amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land and Building	9,354,113
Furniture, fixtures and equipment	197,890
Accumulated depreciation	(2,208,628)
Total capital assets	7,343,375

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bond payable	(13,785,000)
Accrued interest	(275,700)
Total long-term liabilities	(14,060,700)

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability	(4,513,157)
-----------------------	-------------

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds

Deferred outflows of resources	1,639,243
Deferred inflows of resources	(240,227)
Net flow of resources	1,399,016

Total Net position (deficit) - Governmental activities	\$ (4,969,512)
--	----------------

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

Ivy Preparatory Academy for Girls at Kirkwood
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the period ended June 30, 2021

REVENUES	General Fund	Capital Projects Fund	Debt Service Fund	Total
State passed through State Charter School Commission	\$ 5,276,679	\$ -	\$ -	\$ 5,276,679
Operating grants and contributions	729,250	-	-	729,250
Rental income	269,199	-	-	269,199
Other revenues	79,315	-	-	79,315
Loan forgiveness	643,603	-	-	643,603
Total revenues	6,998,046	-	-	6,998,046
EXPENDITURES				
Basic instruction	2,722,622	-	-	2,722,622
Pupil services	400,933	-	-	400,933
Media services	22,461	-	-	22,461
Staff development	72,767	-	-	72,767
School administration	1,267,799	-	-	1,267,799
Food services	29,943	-	-	29,943
Support services	137,236	-	-	137,236
Operation of school	607,408	-	-	607,408
Community services	5,985	-	-	5,985
Federal grant administration	106,358	-	-	106,358
Debt service:				
Interest expense	-	-	1,014,390	1,014,390
Principal payments	643,603	-	-	643,603
Total expenditures	6,017,116	-	1,014,390	7,031,506
Excess (deficiency) of revenue over (under) expenditures	980,930	-	(1,014,390)	(33,460)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real estate	-	-	2,106,000	2,106,000
Transfers	(532,833)	-	532,833	-
Total other financing sources (uses)	(532,833)	-	2,638,833	2,106,000
Net change in fund balance	448,097	-	1,624,443	2,072,540
Fund balances at beginning of the year	1,030,270	-	1,759,144	2,789,414
Fund balances at end of the year	\$ 1,478,367	\$ -	\$ 3,383,587	\$ 4,861,954

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

Ivy Preparatory Academy for Girls at Kirkwood
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances to the Statement of Activities
 For the period ended June 30, 2021

Total net change in fund balances- Government funds \$ 2,072,540

The amounts reported for governmental activities in the statement of activities are different because:

Capital assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense.

Disposal of capital asset	(2,106,000)
Depreciation expense	(191,573)
Total	<u>(2,297,573)</u>

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Paycheck Protection Program loan forgiveness	<u>643,603</u>
Total of long-term debt	643,603

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in pension related accounts	(405,557)
Total change in net position- Governmental activities	<u>\$ 13,014</u>

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

Ivy Preparatory Academy for Girls at Kirkwood

Notes to the Financial Statements

June 30, 2021

1. Organization

Ivy Preparatory Academy for Girls at Kirkwood (a Georgia 501 (c) (3) Corporation) (the School), provides educational services to students in grades K-8. The School is authorized to enroll a minimum of 476 students and not to exceed 616 students. The governing body of the School is the Board of Directors, which is currently comprised of seven members. Information presented in these financial statements only reflects the financial position and activities of the School.

The general operating authority of the School is contained in O.C.G.A. (Official Code of Georgia Annotated) 20-2-2060 and 20-2-2084 (Charter Schools Act), Georgia Statutes. The School operates under a 3-year charter sponsored by State Charter Schools Commission (the "Commission"). The current charter is effective until June 30, 2022. At the end of the charter's term, the Charter may be renewed by agreement of the School and the Commission following the procedures set forth in the Charter Schools Act and accompanying Commissions' rules.

During the term of charter, the Commission may terminate the charter following the procedures set forth in the Charter School Act and rule of the State Board of Education.

2. Significant accounting policies

The accompanying financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the School's accounting policies are described below.

Basis of presentation

The School's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements, and notes to the basic financial statements of the Ivy Preparatory Academy for Girls at Kirkwood

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School, except for fiduciary activities. As part of the consolidation process, all interfold activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

The Statement of Net Position presents the School's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories as follows:

- Net investment in capital assets consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- Restricted net position consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.

Ivy Preparatory Academy for Girls at Kirkwood

Notes to the Financial Statements

June 30, 2021

- Unrestricted net position consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School related to the administration and support of the School's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the School's funds. Eliminations have been made to minimize the double counting of internal activities. Separate financial statements are presented for governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School reports the following major governmental funds:

- General Fund is the School's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

Basis of accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, with the exception of the School's proportionate share of the Net Pension Liability. These collective amounts have been allocated by the pension plan based on actual contributions made to the plan during the measurement period to actuarially determine the proportionate share to each participating employer. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Ivy Preparatory Academy for Girls at Kirkwood

Notes to the Financial Statements

June 30, 2021

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, both restricted and unrestricted resources are available to finance the program. It is the School's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

Net position

The School's net position in the Government-wide Financial Statements is classified as follows:

Net investment in capital assets

This represents the School's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position

This represents resources for which the School is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position

Unrestricted net position represents resources derived from grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to the educational and general operations of the School, and may be used at the discretion of the Board to meet current expenses for those purposes.

Fund balances

The School's fund balances are classified as follows:

Non-spendable

These are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted

These are amounts with limitations imposed on their use by external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Ivy Preparatory Academy for Girls at Kirkwood

Notes to the Financial Statements

June 30, 2021

Committed

These are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's highest level of decision-making authority.

Assigned

These are amounts that are constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned

These are amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This is the residual classification for the general fund.

Cash and cash equivalent

Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated (O.C.G.A.) §45-8-14 authorizes the School to deposit its funds in one or more solvent banks, insured federal savings and loan associations or insured chartered building and loan associations.

Investment – restricted cash

The School invest the funds in its restricted cash as permitted by O.C.G.A. §36-83-4. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. The School does not have a formal investment policy.

Interest rate risk

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The School District does not have a formal policy for managing interest rate risk.

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than Federal or State government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2021, the School's cash and cash equivalent accounts were insured or collateralized as required by State statutes.

Fair value

Fair Value Measurement and Disclosures, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous

Ivy Preparatory Academy for Girls at Kirkwood
Notes to the Financial Statements
June 30, 2021

market. Valuation techniques that are consistent with the market, income or cost approach, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 – are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when observable inputs are not readily available, the School’s own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the School in determining fair value is greatest for investments categorized in Level 3. In some cases, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In such cases, the fair value measurement is generally categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

As of June 30, 2021, the School’s financial statements presented these following assets in accordance with the level of fair value described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Blackrock Liquidity Funds	\$ 1,945,837	\$ -	\$ -	\$ 1,945,837
DeKalb County GA Municipal Bonds	1,437,750	-	-	1,437,750
Total	\$ 3,383,587	\$ -	\$ -	\$ 3,383,587

Collateralization of Deposits

Ivy Preparatory Academy for Girls at Kirkwood

Notes to the Financial Statements

June 30, 2021

Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be a deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1), the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. Acceptable security for deposits consists of any one of or any combination of the following:

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia
7. Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

Stewardship, Compliance, and Accountability

The School adopts an annual budget for its General Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167. After the School has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget. The detail of the fiscal year budget is outlined in the supplemental section of the financial statement.

Capital assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase. Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 1 year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost.

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets are not capitalized. Depreciation is computed using the

Ivy Preparatory Academy for Girls at Kirkwood

Notes to the Financial Statements

June 30, 2021

straight-line method. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School.

The estimated useful lives of capital assets reported in the government-wide statements are as follows:

Asset Class	Estimated Useful Life (years)
Furniture, fixtures and equipment	3 - 10
Leasehold improvement	5
Building and improvements	39

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and payments of debt principal as other financing uses.

Revenue sources and recognition

Revenues for current operations are received primarily from the State of Georgia through the State Commission pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 20-2-2060, Georgia Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 20-2-2060, Georgia Statutes, the District reports the number of FTE students and related data to the Georgia Department of Education (GDOE) for funding. Funding for the School is adjusted during the year to reflect revised calculations by the GDOE under the Georgia Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have eligibility requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position and/or the balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. Under the full accrual method of accounting, the School has reported the contributions to the cost sharing benefit pension plans subsequent to the measurement date and prior to the fiscal year end as deferred outflows of resources. The School has also reported the actuarial changes in the School's proportionate share of the governmental non-employer cost sharing benefit pension plan, as discussed in note below.

Ivy Preparatory Academy for Girls at Kirkwood

Notes to the Financial Statements

June 30, 2021

In addition to liabilities, the statement of net position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School has reported the actuarial changes in the School's proportionate share of the governmental non-employer cost sharing benefit pension plan, as discussed in notes below. This item is reported only in the Statement of Net Position.

Pensions

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

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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 states and the reported amounts of revenues and expenses during the reporting period. The School considers critical accounting policies to be those that require more significant judgements and estimates in the preparation of its financial statements. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular facts and circumstances. Actual results could differ from those estimates.

Income tax

The School is exempt from federal income taxes under Section 501(C) (3) of the Internal Revenue Code. The School is also exempt from Georgia income taxes and, therefore, has made no provision for federal or Georgia income taxes. In addition, the Internal Revenue Services has determined that the Organization is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Budgetary Data

The budget is a complete financial plan for the School's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, special revenue, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's

Ivy Preparatory Academy for Girls at Kirkwood
Notes to the Financial Statements
June 30, 2021

guidelines, and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

See the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual in the Supplementary Information Section for a detail of any over/under expenditures during the fiscal year under review.

3. Capital assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance at July 1, 2020	Additions	Dispositions	Balance at June 30, 2021
Capital assets depreciated:				
Building and improvements	\$ 11,460,113	\$ -	\$ (2,106,000)	\$ 9,354,113
Furniture, fixtures and equipment	197,890	-	-	197,890
Total assets depreciated	11,658,003	-	(2,106,000)	9,552,003
Less accumulated depreciation:				
Building and improvements	(1,723,735)	(287,003)	-	(2,010,738)
Furniture, fixtures and equipment	(293,320)	95,430	-	(197,890)
Total accumulated depreciation	(2,017,055)	(191,573)	-	(2,208,628)
Total governmental activities				
Capital assets, net	<u>\$ 9,640,948</u>			<u>\$ 7,343,375</u>

For the year ended June 30, 2021 depreciation expense was recorded in the statement of activity as follows:

Operation of school	<u>\$ 191,573</u>
Total depreciation expense	<u>\$ 191,573</u>

Ivy Preparatory Academy for Girls at Kirkwood
Notes to the Financial Statements
June 30, 2021

4. Restricted cash

As of June 30, 2021, restricted cash consist of the following:

	Total	Cash Equivalents	Fixed income	Blackrock Liquidity Funds	DeKalb County GA Municipal Bonds	Maturity less than 1 year
Project fund	\$ 362,855	\$ 362,855	\$ -	\$ 362,855	\$ -	\$ 362,855
Bond residual fund	1,099,900	1,099,900	-	1,099,900	-	1,099,900
Principal fund	1,496,829	59,079	1,437,750	59,079	1,437,750	59,079
Revenue fund	423,994	423,994	-	423,994	-	423,994
Reserve fund	10	10	-	10	-	10
Total	\$ 3,383,587	\$ 1,945,837	\$ 1,437,750	\$ 1,945,837	\$ 1,437,750	\$ 1,945,837

5. Accounts receivable

As of June 30, 2021, accounts receivable consist of the following:

Federal source passed through Georgia Department of Education	\$ 308,304
Other receivable	4,780
Total accounts receivable	\$ 313,084

6. Accounts payable and accrued expenses

As of June 30, 2021, accounts payable and accrued expenses consisted of the following:

Accrued salaries & benefits	\$ 43,576
Accounts payable	2,268
Teachers retirement system	59,588
Total accounts payable and accrued expenses	\$ 105,432

7. Prepaid expenses

As of June 30, 2021, prepaid expenses consisted of the following:

Insurance	\$ 22,305
Other expenses	6,327
Total prepaid expenses	\$ 28,632

Ivy Preparatory Academy for Girls at Kirkwood
Notes to the Financial Statements
June 30, 2021

8. Concentrations - Revenue sources

As stated in Note 2, the School receives revenues for current operations primarily from the State of Georgia through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	
State sources passed through the State Charter School Commission:	
Quality basic education (QBE)	\$ 5,276,679
Operating grants passed through the Georgia Department of Education:	
Title IA	216,891
Title II	18,925
Title IV	7,837
Nutrition program	25,956
Special Ed IDEA	73,648
Other grants	<u>385,993</u>
Total operating grants	729,250
Other revenue:	
Facility rental	912,802
Fundraising, donations and other revenue	<u>79,315</u>
Total revenues	<u><u>\$ 6,998,046</u></u>

9. Bond and note payable

As of June 30, 2021, a summary of the changes to the payable are as follows:

Charter School Revenue Bonds and Notes Payable	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
2014A Series	\$ 3,985,000	\$ -	\$ -	\$ 3,985,000	\$ 20,000
2014A Series	8,925,000	-	-	8,925,000	-
2014B Series	875,000	-	-	875,000	-
U.S. SBA PPP Loan	643,603	-	643,603	-	-
	<u>\$ 14,428,603</u>	<u>\$ -</u>	<u>\$ 643,603</u>	<u>\$ 13,785,000</u>	<u>\$ 20,000</u>

Ivy Preparatory Academy for Girls at Kirkwood

Notes to the Financial Statements

June 30, 2021

The Academy entered into a loan agreement dated September 1, 2014 with the Development Authority of DeKalb County for the issuance of Charter School Revenue Bonds. Under this agreement, the Development Authority of DeKalb County issued \$12,910,000 of Charter School Revenue Bonds (Ivy Preparatory Academy, Incorporated Project), Series 2014A to fund the acquisition and improvement of the facility at 1807-1863 Memorial Drive in DeKalb County, Georgia and \$875,000 of Charter School Revenue Bonds (Ivy Preparatory Academy, Incorporated Project), Series 2014B to fund renovation of the facility and the issuance costs of both series.

Development Authority of DeKalb County, a corporate and politic body created and existing under the laws of the State of Georgia is the issuer of the Series 2014 Bonds. Wilmington Trust, National Association is the trustee for the Series 2014 (A and B) Bonds.

Deferral of principal and interest payments and other modifications

On May 29, 2020, the School and Hamlin Capital Management, LLC, a bond holder representative of at least 66 2/3% of the Beneficial Owners of the Bonds (“Hamlin”) entered into an agreement to defer the \$165,000 mandatory sinking fund installment payment due on the Series 2014B Bonds on July 1, 2020 to July 1, 2021.

On December 19, 2019, the School and Hamlin Capital Management, LLC, a bond holder representative of at least 66 2/3% of the Beneficial Owners of the Bonds (“Hamlin”) entered into an agreement to pay interest on the Bonds on July 1, 2020 and January 1, 2021 at 5.00% rather than the interest rates set forth in the Indenture.

On June 20, 2019, the School and Hamlin Capital Management, LLC, a bond holder representative of at least 66 2/3% of the Beneficial Owners of the Bonds (“Hamlin”) entered into an agreement to defer \$155,000 mandatory sinking fund installment payment due on the Series 2014B Bonds on July 1, 2019 (the “Deferred Principal Amount”) to July 1, 2021 so that the principal payment due on the series 2014B Bonds on July 1, 2021 shall be equal to \$710,000.

On May 6, 2016, the School and Hamlin Capital Management, LLC, a bond holder representative of at least 66 2/3% of the Beneficial Owners of the Bonds (“Hamlin”) entered into an agreement to (i) defer \$120,000 mandatory sinking fund installment payment due on the Series 2014B Bonds on July 1, 2016 (the “Deferred 2016 Principal Amount”) to July 1, 2021 so that the principal payment due on the series 2014B Bonds on July 1, 2021 shall be equal to \$280,000.

On November 10, 2016, the School and Hamlin Capital Management, LLC, a bond holder representative of at least 66 2/3% of the Beneficial Owners of the Bonds (“Hamlin”) entered into an agreement to:

- (i) Defer \$130,000 of the mandatory sinking fund installment payment due on the Series 2014B Bonds on July 1, 2017 (the “Deferred 2017 Principal Amount”) to July 1, 2021 so that the principal payment due on the series 2014B Bonds on July 1, 2021 shall be equal to \$410,000
- (ii) Pay interest on the Bonds on July 1, 2017 and January 1, 2018 at 4.00% rather than the interest rates set forth in the Indenture

Ivy Preparatory Academy for Girls at Kirkwood
Notes to the Financial Statements
June 30, 2021

- (iii) Pay interest on the Bonds on July 1, 2018 and January 1, 2019 at 5.00% rather than the interest rates set forth in the Indenture but only on the conditions that the Borrower agree and acknowledged that (a) it will pay all fees and expenses of counsel to Hamlin (b) it will pay the deferred Principal Amount of \$250,000 in addition to the final maturity amount of \$160,000 due on the Series 2014B Bonds due on July 1, 2021 (c) it will pay amount of interest representing the difference between the stated interest rate on each maturity and series of the Bonds and the rates set forth in clause (ii) above on July 1, 2021.

On June 8, 2018, the School and Hamlin Capital Management, LLC, a bond holder representative of at least 66 2/3% of the Beneficial Owners of the Bonds (“Hamlin”) entered into an agreement to defer \$145,000 mandatory sinking fund installment payment due on the Series 2014B Bonds on July 1, 2018 (the “Deferred 2018 Principal Amount”) and together with the Deferred 2016 Principal Amount and the Deferred 2017 Principal Amount to July 1, 2021 so that the principal payment due on the series 2014B Bonds on July 1, 2021 shall be equal to \$555,000.

The School is required to provide funds for deposit into the Bond Fund sufficient to redeem the principal amounts of the Series 2014 (A and B) Bonds plus accrued interest on the redemption date. The following schedule summarizes the School’s bond obligations:

Charter School Revenue Bonds and Notes Payable	Interest Rate	Payment Dates	Maturity date	Outstanding
2014A Series	8.000%	Jan 1 ; Jul 1	July 1, 2034	\$ 3,985,000
2014A Series	7.200%	Jan 1 ; Jul 1	July 1, 2045	8,925,000
2014B Series	7.500%	Jan 1 ; Jul 1	July 1, 2026	875,000
Total				<u>\$ 13,785,000</u>

The minimum future debt service requirements are as follows:

As of June 30,	Total	Interest	Principal
2022	\$ 1,044,975	\$ 1,024,975	\$ 20,000
2023	1,318,185	1,003,185	315,000
2024	1,350,218	975,218	375,000
2025	1,354,438	944,438	410,000
2026	1,346,715	911,715	435,000
Thereafter	23,140,679	10,910,679	12,230,000
Total	<u>\$29,555,211</u>	<u>\$ 15,770,211</u>	<u>\$13,785,000</u>

Ivy Preparatory Academy for Girls at Kirkwood

Notes to the Financial Statements

June 30, 2021

Debt covenants

The loan agreement includes certain financial covenants the School must adhere to so long as the Series 2014 (A and B) Bonds are outstanding. Financial covenants include: (1) achieve a debt service coverage ratio of at least 1.20 to be measured on June 30 each fiscal year, (2) maintain not less than 65 days cash on hand as of June 30 of each fiscal year.

The School achieved the required 1.20 debt coverage ratio as of June 30, 2021.

The School maintained at least 65 days cash on hand as of June 30, 2021.

The School has also agreed to various other operational and financial covenants and restrictions such as limitations on the incurrence of additional indebtedness, maintenance of certain amounts of insurance, limitations on mergers and transfers of assets, limitations on the creation of liens, and financial reporting covenants.

10. Commitments and contingencies

Federal and state grants

The School participates in federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore no provision has been recorded in the accompanying financial statements for such contingencies.

11. Retirement plan

The School participates in the Teachers Retirement System of Georgia (TRS) retirement plan administered by the State of Georgia. TRS issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

Plan description

All teachers of the School as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) and certain other support personnel as defined by §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

Benefits provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2 % of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are

Ivy Preparatory Academy for Girls at Kirkwood
Notes to the Financial Statements
June 30, 2021

based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2021. The schools contractually required contribution rate for the year ended June 30, 2021 was 19.06 % of annual school payroll (excluding payroll attributable to those personnel funded on behalf of the School by the State). School contributions to TRS (excluding contributions funded by the State on behalf of the School) were \$491,954 for the year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability of \$4,513,157 for its proportionate share of the net pension liability that reflected a reduction for support attributable to those personnel funded on behalf of the School by the State. The amount recognized by the School as its proportionate share of the net pension liability, the related State of Georgia funding, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of the net pension liability	\$ 4,513,157
State of Georgia's proportionate share of the net pension liability associated with the School	-
Total	<u>\$ 4,513,157</u>

The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 was determined using standard roll-forward techniques. The School's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2020. At June 30, 2020, the School's proportion was 0.018631 %, which was an increase of 0.001370 % from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School recognized pension expense of \$932,510 and revenue of \$0 for support provided by the State of Georgia for certain support personnel . At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Ivy Preparatory Academy for Girls at Kirkwood
Notes to the Financial Statements
June 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 196,549	\$ -
Changes of assumptions	464,860	-
Net difference between projected and actual earnings on pension plan investments	108,700	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	377,180	240,227
School contributions subsequent to the measurement date	491,954	-
Total	<u>\$ 1,639,243</u>	<u>\$ 240,227</u>

School contributions subsequent to the measurement date of \$491,954 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	(Outflow) / Inflow of resources
2022	\$ 273,935
2023	\$ 258,777
2024	\$ 232,356
2025	\$ 141,994
Thereafter	\$ -

Actuarial assumptions

The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	3.00 - 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Post-retirement benefit increase 1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages

Ivy Preparatory Academy for Girls at Kirkwood

Notes to the Financial Statements

June 30, 2021

set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirees were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges 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. 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	Target Allocation	Long-term expected real rate of return*
Fixed income	30.00%	-0.10%
Domestic large stocks	51.00%	8.90%
Domestic small stocks	1.50%	13.20%
International developed market stocks	12.40%	8.90%
International emerging market stocks	5.10%	10.90%
Total	100.00%	

* Rates shown are net of the 2.50% assumed rate of inflation.

Discount rate

The discount rate used to measure the total pension liability was 7.25 %. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan

Ivy Preparatory Academy for Girls at Kirkwood
 Notes to the Financial Statements
 June 30, 2021

members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School's proportionate share of the net pension / liability to changes in the discount rate

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.25 %, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 %) or 1-percentage-point higher (8.25 %) than the current rate:

	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
School's proportion of the net pension liability	\$ 7,156,790	\$ 4,513,157	\$2,346,136

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publically available at www.trsga.com/publications.

Payables to the pension plan: As of June 30, 2021 \$59,588 in accounts payable to the pension plan was recorded in the statement of net assets.

12. Concentration of risk and uncertainty

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; and acts of God. The School has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions, job related illness or injuries to employees and acts of God.

The School elects to pay unemployment insurance taxes using the contributory method. Taxes are paid quarterly to the Georgia Department of Labor using a set rate based on historical experience.

On April 3, 2020 the Governor of Georgia issued a statewide stay home order to all residents of Georgia due to a strain of the Covid-19 virus that began to spread worldwide resulting in a severe impact to the school's operations. The school's operation has been affected since the date of the order. The extent of this impact is uncertain and there can be no assurances that a significant impact on the School's finances will not take place.

13. Inherent limitation in evaluating the entity's ability to continue as a going concern

The potential effects of inherent limitations on the ability to detect material misstatements are greater for future events or conditions, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. Predictions cannot be made about such future conditions or events. Accordingly, the absence of any reference to substantial doubts about the entity's ability to continue as a going concern

Ivy Preparatory Academy for Girls at Kirkwood
Notes to the Financial Statements
June 30, 2021

for a reasonable period of time in the accompanying financial statements cannot be viewed as a guarantee of the entity's ability to continue as a going concern for a reasonable period of time.

14. Subsequent events

The School evaluated subsequent events through the date the financial statements were available to be issued. The School is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

Ivy Preparatory Academy for Girls at Kirkwood
 Required Supplementary Disclosure
 Schedule of Proportionate Share of the Net Pension Liability- Teachers'
 Retirement System of Georgia
 For the period ended June 30, 2021

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.018631%	\$ 4,513,157	\$ 2,581,080	174.86%	77.01%
2020	0.017261%	\$ 3,711,582	\$ 2,236,478	165.96%	78.56%
2019	0.019536%	\$ 3,636,300	\$ 2,076,286	175.13%	80.27%
2018	0.018873%	\$ 3,507,605	\$ 2,301,792	152.39%	79.33%
2017	0.011686%	\$ 2,410,952	\$ 2,159,664	111.64%	76.06%
2016	0.011686%	\$ 2,410,952	\$ 1,645,116	146.55%	81.44%
2015	0.011686%	\$ 2,410,952	\$ 1,479,916	162.91%	84.03%
2014	0.011686%	\$ 2,410,952	\$ 1,187,427	203.04%	84.03%
2013	0.011686%	\$ 2,410,952	\$ 817,704	294.84%	84.03%
2012	0.011686%	\$ 2,410,952	\$ 539,883	446.57%	84.03%

Ivy Preparatory Academy for Girls at Kirkwood
 Required Supplementary Disclosure
 Schedule of Contributions - Teachers' Retirement System of Georgia
 For the period ended June 30, 2021

Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2021	\$ 491,954	\$ 491,954	\$ -	\$ 2,581,080	19.06%
2020	\$ 472,791	\$ 472,791	\$ -	\$ 2,236,478	21.14%
2019	\$ 433,944	\$ 433,944	\$ -	\$ 2,076,286	20.90%
2018	\$ 386,931	\$ 386,931	\$ -	\$ 2,301,792	16.81%
2017	\$ 308,184	\$ 308,184	\$ -	\$ 2,159,664	14.27%
2016	\$ 234,758	\$ 234,758	\$ -	\$ 1,645,116	14.27%
2015	\$ 194,609	\$ 194,609	\$ -	\$ 1,479,916	13.15%
2014	\$ 145,816	\$ 145,816	\$ -	\$ 1,187,427	12.28%
2013	\$ 93,300	\$ 93,300	\$ -	\$ 817,704	11.41%
2012	\$ 55,500	\$ 55,500	\$ -	\$ 539,883	10.28%

Ivy Preparatory Academy for Girls at Kirkwood

Notes to the Required Supplementary Disclosure

For the period ended June 30, 2021

Teachers Retirement System

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

Ivy Preparatory Academy for Girls at Kirkwood
 Schedule of Revenues, Expenditures, and Changes in Fund Balances –
 Budget and Actual – General Fund
 For the period ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
State passed through local school district	\$ 5,198,584	\$ 5,276,679	\$ 78,095
Supplemental revenue	357,269	1,721,367	1,364,098
Total revenue	<u>5,555,853</u>	<u>6,998,046</u>	<u>1,442,193</u>
EXPENDITURES			
Basic instruction	2,438,285	2,722,622	284,337
Pupil services	218,960	400,933	181,973
Media services	-	22,461	22,461
Staff development	22,475	72,767	50,292
School administration	1,160,998	1,267,799	106,801
Food services	25,984	29,943	3,959
Support services	132,572	137,236	4,664
Operation of school	488,636	607,408	118,772
Community services	7,955	5,985	(1,970)
Federal grant administration	37,599	106,358	68,759
Other outlays	39,918	-	(39,918)
Debt service:			
Interest expense	697,544	1,014,390	316,846
Principal payments	-	643,603	643,603
Total expenditures	<u>5,270,926</u>	<u>7,031,506</u>	<u>1,760,580</u>
Excess (deficiency) of revenue over (under) expenditures	<u>284,927</u>	<u>(33,460)</u>	<u>(318,387)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real estate	-	2,106,000	2,106,000
Total other financing sources (uses)	<u>-</u>	<u>2,106,000</u>	<u>2,106,000</u>
Net change in fund balances	284,927	2,072,540	1,787,613
Fund balances at beginning of the year	2,789,414	2,789,414	-
Fund balances at end of the year	<u>\$ 3,074,341</u>	<u>\$ 4,861,954</u>	<u>\$ 1,787,613</u>

Ivy Preparatory Academy for Girls at Kirkwood
Note to the Schedule of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual – General Fund
For the period ended June 30, 2021

1. Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the board of directors (the “Board”). The budgets presented for the fiscal year ended June 30, 2021 have been amended according to Board procedures. Budgets are adopted in full accrual basis accounting. The legal level of budgetary control is the fund level.

Ivy Preparatory Academy for Girls at Kirkwood
 Schedule of State Revenue
 June 30, 2021

Grants

Education, Georgia Department of
 Quality Basic Education

Direct Instructional Cost

Kindergarten Program	\$ 183,170
Kindergarten Program - Early Intervention Program	17,751
Primary Grades (1-3) Program	525,124
Primary Grades - Early Intervention (1-3) Program	92,090
Upper Elementary Grades (4-5) Program	239,732
Upper Elementary Grades - Early Intervention (4-5) Program	75,666
Middle School (6-8) Program	491,001
Gifted Student - Category II	8,644
Gifted Student - Category III	157,487
Gifted Student - Category IV	37,562
Gifted Student - Category VI	42,560
Remedial Education Program	46,760
Alternative Education Program	15,629
English Speakers of Other Languages (ESOL)	8,100

Media Center Program	60,497
20 Days Additional Instruction	17,461
Staff and Professional Development	9,706
Principal Staff and Professional Development	268

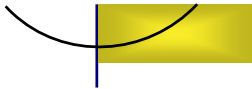
Indirect Cost

Central Administration	29,501
School Administration	120,547
Facility Maintenance and Operations	120,187
Amended Formula Adjustment	(96,582)

Categorical Grants

Nursing Services	20,000
State Commission Charter Supplement	3,053,818

Total state revenue	\$ 5,276,679
---------------------	--------------



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

To the Board of Directors
Ivy Preparatory Academy for Girls at Kirkwood
Atlanta, Georgia

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, each major fund, and the aggregate remaining fund information of Ivy Preparatory Academy for Girls at Kirkwood (“the School”), as of and for the year ended June 30, 2021, and related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated August 20, 2021.

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 deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

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 controls 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.

Bambo Sonaike CPA, LLC

August 20, 2021

Ivy Preparatory Academy for Girls at Kirkwood
Schedule of Findings and Responses
For the period ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Un-modified opinion
--	---------------------

Internal control over financial reporting:

Material weaknesses identified?	No
Significant deficiencies identified?	None reported

Compliance and other matters

Non-compliance material to financial statements noted?	No
--	----

Section II - Financial Statements Findings

No matters were reported.

Section III - Federal Awards Findings and Questioned Costs

Audit of major federal awards programs was not performed because the total amount of federal awards expended for the reporting period was less than \$750,000.

–End of Report–