

**CENTENNIAL PLACE ACADEMY, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2020**

DRAFT

**CENTENNIAL PLACE ACADEMY, INC.**  
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**JUNE 30, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Centennial Place Academy, Inc.

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

We have audited the accompanying financial statements of Centennial Place Academy, Inc. (a Georgia not-for-profit organization) which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Centennial Place Academy, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited Centennial Place Academy, Inc.'s June 30, 2019 financial statements, and our report dated October 17, 2019 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Atlanta, Georgia

**DATE**

**CENTENNIAL PLACE ACADEMY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

<b>ASSETS</b>		
	<b>2020</b>	<b>2019</b>
Cash	\$ 3,489,462	\$ 1,227,466
Accounts receivable – Title I Funds	61,704	60,102
Accounts receivable – Title IV Funds	-	11,700
Grants receivable	16,368	34,292
Other receivables	3,521	2,483
Prepaid expenses	38,239	63,246
Property and equipment, net	1,580,497	1,826,138
<b>TOTAL ASSETS</b>	<b>\$ 5,189,791</b>	<b>\$ 3,225,427</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 391,926	\$ 337,812
Accrued payroll and benefits	417,307	396,238
Deferred revenue – PPP grant	696,966	-
Total liabilities	1,506,199	734,050
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	3,041,384	1,891,664
Board designated reserves	600,000	500,000
With donor restrictions	42,208	99,713
Total net assets	3,683,592	2,491,377
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,189,791</b>	<b>\$ 3,225,427</b>

See notes to the financial statements.

**CENTENNIAL PLACE ACADEMY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
*(with comparative totals for 2019)*

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Atlanta Public Schools funding	\$ 10,291,484	\$ -	\$ 10,291,484	\$ 10,309,139
Title I funding	359,132	-	359,132	423,940
Title II funding	23,982	-	23,982	-
Title IV funding	6,403	-	6,403	11,700
Grants	91,971	-	91,971	57,292
Federal CARES Act PPP grant	962,434	-	962,434	-
Special event, net of direct benefit of \$56,102	-	-	-	217,143
Contributions	23,050	-	23,050	20,126
In-kind contributions	-	-	-	123,354
Other income	136,114	-	136,114	145,002
Total support and revenue	11,894,570	-	11,894,570	11,307,696
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Satisfaction of restrictions	57,505	(57,505)	-	-
<b>TOTAL SUPPORT, REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>11,952,075</b>	<b>(57,505)</b>	<b>11,894,570</b>	<b>11,307,696</b>
<b>EXPENSES</b>				
Program expenses				
Instructional expenses	7,991,304	-	7,991,304	8,674,479
Facilities expenses	1,535,015	-	1,535,015	1,484,916
Technology expenses	408,934	-	408,934	356,238
Support expenses				
Fundraising	20,000	-	20,000	151,661
Management and general	747,102	-	747,102	1,529,228
<b>TOTAL EXPENSES</b>	<b>10,702,355</b>	<b>-</b>	<b>10,702,355</b>	<b>12,196,522</b>
<b>CHANGES IN NET ASSETS</b>	<b>1,249,720</b>	<b>(57,505)</b>	<b>1,192,215</b>	<b>(888,826)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>2,391,664</b>	<b>99,713</b>	<b>2,491,377</b>	<b>3,380,203</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 3,641,384</b>	<b>\$ 42,208</b>	<b>\$ 3,683,592</b>	<b>\$ 2,491,377</b>

See notes to the financial statements.

**CENTENNIAL PLACE ACADEMY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
*(with comparative totals for 2019)*

	2020							2019 Total
	Program				Management and General	Fundraising	Total	
	Instructional	Facilities	Technology	Total				
Salaries and wages	\$ 5,305,122	\$ 237,223	\$ 284,278	\$ 5,826,623	\$ 269,452	\$ -	\$ 6,096,075	\$ 6,707,486
Pension	1,064,147	47,393	56,794	1,168,334	53,782	-	1,222,116	1,255,950
Other employee benefits	623,875	34,029	35,023	692,927	33,164	-	726,091	810,223
Occupancy	-	735,325	-	735,325	-	-	735,325	673,337
Professional fees	-	-	-	-	333,714	20,000	353,714	441,498
Depreciation	-	384,657	-	384,657	-	-	384,657	367,109
Educational consulting	332,031	-	-	332,031	-	-	332,031	481,462
Instructional materials								
and software	335,092	-	-	335,092	-	-	335,092	737,531
Transportation	233,739	-	-	233,739	-	-	233,739	383,552
Office supplies	-	-	-	-	38,667	-	38,667	44,398
Insurance	24,928	33,992	-	58,920	8,108	-	67,028	83,694
Training and staff development	65,105	-	-	65,105	-	-	65,105	21,237
Security	-	62,396	-	62,396	-	-	62,396	70,420
Marketing	-	-	-	-	4,850	-	4,850	8,059
Other	7,265	-	32,839	40,104	5,365	-	45,469	110,566
	\$ 7,991,304	\$ 1,535,015	\$ 408,934	\$ 9,935,253	\$ 747,102	\$ 20,000	\$ 10,702,355	\$ 12,196,522

See notes to the financial statements.

**CENTENNIAL PLACE ACADEMY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Program</b>				<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
	<b>Instructional</b>	<b>Facilities</b>	<b>Technology</b>	<b>Total</b>			
Salaries and wages	\$ 5,334,374	\$ 248,805	\$ 224,656	\$ 5,807,835	\$ 899,651	\$ -	\$ 6,707,486
Pension	994,487	47,377	42,775	1,084,639	171,311	-	1,255,950
Other employee benefits	658,129	48,207	14,462	720,798	89,425	-	810,223
Occupancy	-	673,337	-	673,337	-	-	673,337
Professional fees	-	-	-	-	289,837	151,661	441,498
Depreciation	-	367,109	-	367,109	-	-	367,109
Educational consulting	481,462	-	-	481,462	-	-	481,462
Instructional materials and software	737,531	-	-	737,531	-	-	737,531
Transportation	383,552	-	-	383,552	-	-	383,552
Office supplies	-	-	-	-	44,398	-	44,398
Insurance	47,596	29,661	-	77,257	6,437	-	83,694
Training and staff development	21,237	-	-	21,237	-	-	21,237
Security	-	70,420	-	70,420	-	-	70,420
Marketing	-	-	-	-	8,059	-	8,059
Other	16,111	-	74,345	90,456	20,110	-	110,566
	<u>\$ 8,674,479</u>	<u>\$ 1,484,916</u>	<u>\$ 356,238</u>	<u>\$ 10,515,633</u>	<u>\$ 1,529,228</u>	<u>\$ 151,661</u>	<u>\$ 12,196,522</u>

See notes to the financial statements.



**CENTENNIAL PLACE ACADEMY, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 1,192,215	\$ (888,826)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	384,657	367,109
Decrease (increase) in:		
Accounts receivable – Title I Funds	(1,602)	(34,075)
Accounts receivable – Title IV Funds	11,700	(11,700)
Grants receivable	17,924	361,842
Other receivables	(1,038)	3,087
Prepaid expenses	25,007	14,552
Increase (decrease) in accounts payable and accrued expenses	75,183	(147,074)
Increase in deferred revenue – PPP grant	696,966	-
Net cash provided by (used in) operating activities	<u>2,401,012</u>	<u>(335,085)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and equipment purchases	<u>(139,016)</u>	<u>(404,757)</u>
Net cash used in investing activities	<u>(139,016)</u>	<u>(404,757)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	2,261,996	(739,842)
<b>CASH AT BEGINNING OF YEAR</b>	<u>1,227,466</u>	<u>1,967,308</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 3,489,462</u></u>	<u><u>\$ 1,227,466</u></u>

See notes to the financial statements.

**CENTENNIAL PLACE ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**1. ORGANIZATION AND BUSINESS**

Centennial Place Academy, Inc. (the Company) is a Georgia not-for-profit corporation organized to operate Centennial Academy, a conversion charter school serving K through 8 (the School) located near downtown Atlanta. The Company was incorporated as Integral New Schools Atlanta, Inc. and changed its name to Centennial Place Academy, Inc. on December 2, 2014.

The School became the first conversion charter school in the Atlanta Public Schools (APS) system, having been granted a charter by APS and the State of Georgia Department of Education (DOE) in February 2014. The charter allows the School to operate as a charter school under the APS system, provided the School operates within the guidelines of the charter and any applicable state and federal laws. The term of the initial charter was for five years, from July 1, 2014 through June 30, 2019. Pursuant to the charter, the School added grades 6, 7 and 8 in fiscal years 2015, 2016 and 2017, respectively. The Company, on behalf of the School applied to APS and the DOE and was awarded an additional five-year term from July 1, 2019 to June 30, 2024. The renewed and extended charter (Renewed Charter) requires the School to meet certain academic, operational and financial performance standards. As of June 30, 2020, the School is in compliance with these financial performance standards.

The School receives its principal financial support from APS in the form of an allocation of Quality Basic Education (QBE) funding and supplemental local funding per the terms of the School's Renewed Charter. Under the Renewed Charter, APS is required to fund the School no less favorably than other local schools located within the school system unless otherwise provided by law. The per-pupil base funding amount in the petition budget is the school system's good-faith estimate for the charter term. Based on these estimates, APS is required to fund the School at no less than a per-pupil base rate of \$12,762.00 as long as the school system receives state and local revenues upon which the approved school budget is based. The student count that is used in the allocation formula is initially based on the prior end of the year's enrollment and is adjusted to reflect actual enrollment numbers as of the first Tuesday of October and the first Thursday of March of each fiscal year. The primary attendance zone for the School is open to students residing within the specified boundaries of the School prior to conversion. The secondary attendance zone for the School is open to students residing in the APS District attendance zone. The School's actual student count fluctuates during the school year, given the make-up of its primary attendance zone, which includes three homeless shelters that serve families with children. The School receives QBE funding from APS for the school year in ten monthly installments from August to May.

To support the additions of grades 6,7 and 8, discussed above, and the enhancement of the School's academic offerings and professional development opportunities to the educational staff, the Company's Board of Directors launched a capital campaign, in fiscal year 2015, to raise \$3.5 million in order to lease the learning lofts and to build out the supportive infrastructure; renovate the existing building; enhance its academic offerings and provide professional development opportunities to the educational staff. Additionally, the School raised additional grant funds to augment its funding from APS and the total annual cost of the School's complete educational programs. Since its inception, the School has raised approximately \$4,300,000.

**CENTENNIAL PLACE ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**1. ORGANIZATION AND BUSINESS – CONTINUED**

The School's vision is to be a learning community in which all scholars realize their full potential, graduating prepared and motivated for future success. As such, the mission of the School is to create a culture of opportunity and discovery in which scholars are developed into creative, critical thinkers with the vision and courage to impact a global society. The School's core values of Excellence, Integrity, Community, Collaboration, and Life-long Learning supports its philosophy of "Whole Child Education." The curriculum is focused around STEAM (Science, Technology, Engineering, Arts and Mathematics) and project-based inquiry learning strategies that readily extend beyond the School's campus borders to engage the resources of its neighboring institutional partners.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Adoption of New Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* superseding the guidance in former Accounting Standards Codification (ASC) 605, *Revenue Recognition*. It requires entities to recognize revenue based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption did not have a material impact on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) subject to other guidance and (2) determining whether a contribution is conditional. The ASU clarifies that a contribution is conditional if the agreement includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. The ASU became effective for the year ended June 30, 2020 and was adopted on a modified prospective basis. The School has elected the simultaneous release policy for federal and other reimbursement-based grants available under ASU 2018-08, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restriction if the restriction is met in the same period that the revenue is recognized. As such, the timing, amount, and presentation of revenue from federal grants has not materially changed as a result of adopting the provisions of ASU 2018-08.

As discussed in Note 10, the School's adoption of ASU 2018-08 permitted recognition of Paycheck Protection Program (PPP) loan proceeds, totaling approximately \$960,000, as revenue in the year ended June 30, 2020.

**CENTENNIAL PLACE ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Basis of Presentation**

The financial statements of the School have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities at year-end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

*Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions.

*Board Designated* – Net assets without donor restrictions designated by the Board of Directors (the Board) to be held for specified purposes. The Board can elect to remove these designations in the future.

*With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the School and/or passage of time.

**Comparative Statements**

The amounts shown for the year ended June 30, 2019 in the accompanying financial statements are included to provide a basis for comparison with 2020 and present summarized totals only. Accordingly, the 2019 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Such information should be read in conjunction with the School's financial statements for the year ended June 30, 2019, from which the summarized information was derived. An unmodified opinion was expressed on the June 30, 2019 financial statements.

**Contributions**

The School records gifts of cash and other assets as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restrictions. All contributions and unconditional promises to give which do not have donor restrictions as to purpose or time are classified as contributions without donor restrictions.

The School uses the allowance method to determine the uncollectible grants receivable. The allowance is based on management's analysis of specific promises made. No allowance was deemed necessary for the years ended June 30, 2020 and 2019.

**Contributed Services**

Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist in the School's activities. The School receives numerous volunteer hours each year that are not valued in the financial statements because the services do not meet the criteria.

**CENTENNIAL PLACE ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Contributed Use of Facilities**

The School's building is provided by APS at no cost, per Georgia state law. The lease term with APS is for five years running concurrently with the charter term, from July 1, 2019 to June 30, 2024. Contribution revenue and related program expense have not been recognized in the accompanying statement of activities because the fair value cannot be reasonably estimated.

**Revenue Recognition**

Revenue from APS and program fees are recognized in the period the service is delivered.

**Property and Equipment**

The School capitalizes all expenditures for furniture, fixtures, and equipment in excess of \$1,000. Leasehold improvements are recorded at cost and are depreciated using straight-line methods over the life of the facilities lease. Furniture and equipment are recorded at cost or fair value, if donated, and are depreciated using straight-line methods over their estimated useful lives as follows:

Furniture and equipment	7 years
Leasehold improvements	6-14 years
Technology equipment	5 years

**Tax Status**

The School is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and is classified as an organization which is not a private foundation under Section 509(a) of the IRC. The School qualifies for the charitable contribution deduction.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited. Personnel costs have been allocated based on estimates of time and effort.

**Concentrations of Credit and Market Risk**

Financial instruments that potentially expose the School to concentrations of credit and market risk consist of cash. At times the School's cash balances exceed the federally insured limit, however, the School has not experienced any losses with respect to its bank balances in excess of the government provided insurance.

As of June 30, 2020, 100% of grants receivable is from one donor and 61% of the School's 2020 grants and contributions were attributable to one donor. As of June 30, 2019, 89% of grants receivable is from one donor and 64% of the School's 2019 grants and contributions were attributable to three donors.

**Fair Values of Financial Instruments**

The School estimates that the carrying amount for cash, accounts receivable and accounts payable approximates fair value because of the short-term nature of these instruments.

**CENTENNIAL PLACE ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

### **Use of Estimates**

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

### **Recently Issued Accounting Standards**

In February 2016, the FASB issued ASU 2016-02, *Leases*, to increase transparency and improve comparability by requiring entities to recognize assets and liabilities on the statements of financial position for all leases, with certain exceptions. In addition, through improved disclosure requirements, the standard update will enable users of financial statements to further understand the amount, timing, and uncertainty of cash flows arising from leases. This new guidance will be effective for the School for the fiscal year ending June 30, 2023; however, early adoption is permitted. Entities are allowed to apply the modified retrospective approach: (1) retrospectively to each prior reporting period presented in the financial statements with the cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented; or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. Management is currently evaluating the impact of adopting ASU 2016-02 on the School's financial position, results of activities, functional expenses, cash flows and related disclosures.

### **Reclassifications**

Certain 2019 amounts have been reclassified to conform to the 2020 presentation. These reclassifications had no effect on net assets as previously reported.

### **Events Occurring After Report Date**

Management has evaluated events and transactions that occurred between June 30, 2020 and **DATE**, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

## **3. PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2020 and 2019 is composed of the following:

	<u><b>2020</b></u>	<u><b>2019</b></u>
Leasehold improvements	\$ 2,292,053	\$ 2,195,113
Technology equipment	588,118	550,092
Furniture and equipment	606,376	602,326
Less accumulated depreciation	<u>(1,906,050)</u>	<u>(1,521,393)</u>
Net property and equipment	<u><u>\$ 1,580,497</u></u>	<u><u>\$ 1,826,138</u></u>

Depreciation expense of \$384,657 and \$367,109 was recorded for the years ended June 30, 2020 and 2019, respectively.

**CENTENNIAL PLACE ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**4. GRANTS RECEIVABLE**

Grants receivable at June 30, 2020 are due to be received in the following year.

**5. RESTRICTIONS AND DESIGNATIONS ON NET ASSETS**

At June 30, 2020 and 2019, \$600,000 and \$500,000, respectively, of net assets without donor restrictions were designated by the Board for operating reserves.

Net asset with donor restrictions at June 30, 2020 and 2019 are available for the following:

	<b>2020</b>	<b>2019</b>
Purpose restricted		
Early learning program	\$ 42,208	\$ 79,713
Library upgrades	-	5,000
Arts integration professional learning	-	15,000
	<u>\$ 42,208</u>	<u>\$ 99,713</u>

Net assets with donor restrictions released from restrictions during the years ended June 30, 2020 and 2019, were as follows:

	<b>2020</b>	<b>2019</b>
Early learning program	\$ 37,505	\$ 334,379
STEAM	-	251,683
Library upgrades	5,000	-
Arts integration professional learning	15,000	-
Other	-	2,752
	<u>\$ 57,505</u>	<u>\$ 588,814</u>

**6. COMMITMENTS**

**Lease Agreements**

The School leases modular units (learning lofts) under non-cancelable operating leases with options to renew. Rent expense for the years ended June 30, 2020 and 2019 amounted to approximately \$174,000 and \$171,000, respectively and is included in facilities expenses on the statement of activities. The modular unit leases are in annual renewal periods as of June 30, 2019.

**CENTENNIAL PLACE ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**6. COMMITMENTS – CONTINUED**

During February 2020, the School entered into a non-cancelable operating lease for office equipment. The lease requires monthly lease payments totaling \$2,489. Rent expense for the year ended June 30, 2020 amounted to approximately \$12,400. Future minimum lease payments for office equipment are as follows:

**For the Year Ending June 30,**

2021	\$ 29,868
2022	29,868
2023	29,868
2024	29,868
2025	24,890
	<u>\$ 144,362</u>

**Contract with APS**

The School has an annual operational service agreement with APS for the years ended June 30, 2020 and 2019. The terms of the agreement required APS to provide the following for the year:

1. Certain facilities maintenance and repair services for actual costs.
2. Nutrition services.
3. Certain technology supported services for cost as described in the Buyback Services Guide (a directory of goods and services available for direct purchase from APS and other vendors).

At June 30, 2020 and 2019, \$256,410 and \$246,577, respectively, was payable to APS for these services and is included in accounts payable and accrued expenses.

**7. RETIREMENT PLAN**

The School participates in the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple employer defined benefit plan, is administered by the TRS Board of Trustees. Participation is available to all full-time public school employees as defined by the Plan. Participant employees contributed 6% of their annual salary in the years ended June 30, 2020 and 2019. The School contributed 21.14% and 20.9% of each participant's annual salary for the years ended June 30, 2020 and 2019, respectively. Employer contributions totaled approximately \$1,222,000 and \$1,255,000 for the years ended June 30, 2020 and 2019, respectively.



**CENTENNIAL PLACE ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**8. GRANTS AND CONTRIBUTIONS**

The School raised grants and contributions to fund capital costs and program enhancement and expansion as well as operating costs as follows during the years ended June 30:

<b>Purpose</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>Total</b>
Capital campaign	\$ -	\$ -	\$ 15,000	\$ -	\$ 310,000	\$2,337,000	\$2,662,000
Science and technology	-	251,683	-	-	100,000	22,140	373,823
Staff development	-	15,000	20,570	85,000	-	-	120,570
Early learning	-	-	-	850,000	-	-	850,000
Other	115,021	27,878	88,976	85,378	250	3,000	320,503
	<u>\$ 115,021</u>	<u>\$ 294,561</u>	<u>\$ 124,546</u>	<u>\$1,020,378</u>	<u>\$ 410,250</u>	<u>\$2,362,140</u>	<u>\$4,326,896</u>

**9. LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the School's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<b>2020</b>	<b>2019</b>
Cash	\$ 3,489,462	\$ 1,227,466
Receivables	81,593	108,577
Financial assets, at year end	<u>3,571,055</u>	<u>1,336,043</u>
Less: assets unavailable for general expenditures within one year due to:		
Board designated	600,000	500,000
Contractual or donor-imposed restrictions:		
Net assets with donor restrictions	<u>42,208</u>	<u>99,713</u>
	<u>642,208</u>	<u>599,713</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,928,847</u>	<u>\$ 736,330</u>

The School is supported in part by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to donors. Therefore certain financial assets may not be available for general expenditures within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Board designated amounts could be made available if necessary.

**CENTENNIAL PLACE ACADEMY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**10. CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT)**

In early 2020 an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity.

On March 27, 2020 in response to the pandemic, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (CARES). In the weeks that followed, The School applied for and received a \$1,659,400 PPP loan granted by the Small Business Administration. The School has elected to account for the PPP loan as a conditional contribution in accordance with the guidance provided by FASB ASU 2018-08 *Not-for-Profit Entities (Topic 958)*. Under the guidance a conditional contribution includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right-of-return of the asset if a barrier to entitlement is not met. The barriers for a PPP loan require that qualifying expenses must be incurred (compensation, mortgage interest, rent and utilities) and that the recipient maintains employee headcount and compensation levels at pre-established levels. If these barriers are not met, the recipient will be required to repay the loan over a specified period of time.

At June 30, 2020, the School believes it has met the conditions of a portion of the grant and that all of the loan will be ultimately forgiven. However, if a portion of the loan must be repaid, the terms (1% per annum, repayable over a maximum of five years with a six-month deferral period) are such that the School has sufficient liquidity to repay the unforgiven portion.

## **SUPPLEMENTARY INFORMATION**

## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

To the Board of Directors  
Centennial Place Academy, Inc.

We have audited the financial statements of Centennial Place Academy, Inc. as of and for the year ended June 30, 2020 and our report thereon dated **DATE**, which expressed an unmodified opinion on those financial statements appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental statement of net position, statement of activities, balance sheet – governmental funds, statement of revenue, expenditures and changes in fund balances – governmental funds and related reconciliations and selected notes are presented in accordance with Government Accounting Standards Board pronouncements as required by The Atlanta Public Schools and the Georgia Department of Education and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Atlanta, GA  
**DATE**

**CENTENNIAL PLACE ACADEMY, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**ASSETS**

Cash	\$ 3,489,462
Accounts receivable – Title I Funds	61,704
Grants receivable	16,368
Other receivables	3,521
Prepaid items	38,239
Capital assets, depreciable (net of accumulated depreciation)	<u>1,580,497</u>

**TOTAL ASSETS**

5,189,791

**DEFERRED OUTFLOWS OF RESOURCES**

Related to defined benefit pension plans	<u>3,924,935</u>
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**LIABILITIES**

Accounts payable	361,926
Accrued payroll and benefits	447,307
Deferred revenue – PPP grant	696,966
Long-term liabilities:	
Net pension liability	<u>10,751,137</u>

**TOTAL LIABILITIES**

12,257,336

**DEFERRED INFLOWS OF RESOURCES**

Related to defined benefit pension plans	<u>259,204</u>
--	----------------

**NET POSITION**

Net investment in capital assets	1,580,497
Restricted	
Restricted for use in future years	42,208
Nonspendable	38,239
Unrestricted	<u>(5,062,758)</u>

**TOTAL NET POSITION**

\$ (3,401,814)

See accountants' report on supplementary information.

**CENTENNIAL PLACE ACADEMY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

		<b>Program Revenues</b>		<b>Net Revenues</b>
		<b>Charges for</b>	<b>Operating</b>	<b>(Expenses) and</b>
	<b>Expenses</b>	<b>Services</b>	<b>Grants and</b>	<b>Changes in</b>
			<b>Contributions</b>	<b>Net Position</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 8,453,601	\$ -	\$ 1,076,714	\$ (7,376,887)
Support services				
Pupil services	582,938	38,614	365,535	(178,789)
Improvement of instructional services	429,380	-	23,982	(405,398)
Educational media services	170,810	-	-	(170,810)
School administration	1,124,859	-	-	(1,124,859)
Business administration	629,388	-	-	(629,388)
Maintenance and operation of plant services	1,301,917	-	91,971	(1,209,946)
Other support services	40,616	-	6,270	(34,346)
Operation of non-instructional services				
Student transportation services	233,739	-	-	(233,739)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 12,967,248</b>	<b>\$ 38,614</b>	<b>\$ 1,564,472</b>	<b>\$ (11,364,162)</b>
<b>GENERAL REVENUES</b>				
Atlanta Public Schools Board of Education				\$ 10,291,484
<b>TOTAL GENERAL REVENUES</b>				<b>10,291,484</b>
<b>CHANGE IN NET POSITION</b>				<b>(1,072,678)</b>
<b>NET POSITION – BEGINNING OF YEAR</b>				<b>(2,329,136)</b>
<b>NET POSITION – END OF YEAR</b>				<b>\$ (3,401,814)</b>

See accountants' report on supplementary information.

**CENTENNIAL PLACE ACADEMY, INC.  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2020**

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**ASSETS**

**CURRENT ASSETS**

Cash	\$ 3,489,462
Accounts receivable – Title I Funds	61,704
Grants receivable	16,368
Other receivables	3,521
Prepaid items	38,239

<b>TOTAL ASSETS</b>	<b>\$ 3,609,294</b>
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**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	\$ 361,926
Accrued payroll and benefits	447,307
Deferred revenue – PPP grant	696,966

<b>TOTAL LIABILITIES</b>	<b>1,506,199</b>
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**FUND BALANCES**

Nonspendable	38,239
Restricted for use in future years	42,208
Unassigned	2,022,648

<b>TOTAL FUND BALANCES</b>	<b>2,103,095</b>
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<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,609,294</b>
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See accountants' report on supplementary information.

**CENTENNIAL PLACE ACADEMY, INC.**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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<b>TOTAL FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>\$ 2,103,095</b>
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 as assets in governmental funds	
These assets consist of:	
Leasehold improvements	\$ 2,292,053
Technology equipment	588,118
Furniture and equipment	606,376
Accumulated depreciation	<u>(1,906,050)</u>
Total capital assets	1,580,497
Some liabilities, including pension obligations, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Net pension liability	(10,751,137)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds	
These consist of:	
Deferred outflows of resources – pension plan	3,924,935
Deferred inflows of resources – pension plan	<u>(259,204)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ (3,401,814)</u></u></b>

See accountants' report on supplementary information.



**CENTENNIAL PLACE ACADEMY, INC.  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUNDING BALANCE – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

**REVENUES**

Federal funding	\$ 1,351,951
Local funding	91,971
Other revenue	159,164
Total revenues	<u>1,603,086</u>

**EXPENDITURES**

Instruction	6,670,471
Support services	
Pupil services	477,378
Improvement of instructional services	414,964
Educational media services	136,320
School administration	875,420
Business administration	570,523
Maintenance and operation of plant services	898,267
Student transportation services	233,739
Other support services	40,616
Capital outlays:	
Facilities acquisition and construction services	139,016
Total expenditures	<u>10,456,714</u>

**EXCESS OF EXPENDITURES OVER REVENUES**

(8,853,628)

**OTHER FINANCING SOURCES**

Transfers from Atlanta Public Schools	10,291,484
Total other financing sources	<u>10,291,484</u>

**NET CHANGE IN FUND BALANCE**

1,437,856

**FUND BALANCE AT BEGINNING OF YEAR**

665,239

**FUND BALANCE AT END OF YEAR**

\$ 2,103,095

See accountants' report on supplementary information.

**CENTENNIAL PLACE ACADEMY, INC.  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

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**TOTAL NET CHANGE IN FUND BALANCES –**

**GOVERNMENTAL FUNDS**

\$ 1,437,856

Amounts reported for Governmental Activities in the  
Statement of Activities are different because:

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

In the current period, these amounts are:

Capital outlay	139,016	
Depreciation expense	(384,657)	

Excess of capital outlay over depreciation expense		(245,641)
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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  
governmental funds

Pension expense		(2,264,893)
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**CHANGE IN NET POSITION OF  
GOVERNMENTAL ACTIVITIES**

\$ (1,072,678)

See accountants' report on supplementary information.

**CENTENNIAL PLACE ACADEMY, INC.  
SELECTED NOTES TO THE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1. CAPITAL ASSETS**

Each class of capital assets is as follows for the year ended June 30, 2020:

<b>LEASEHOLD IMPROVEMENTS</b>	<b>Cost</b>	<b>Depreciation</b>
Beginning of year balance	\$ 2,195,113	\$ 1,026,524
Acquisitions	96,940	-
Dispositions	-	-
Depreciation expense	-	182,601
End of year balance	<u>\$ 2,292,053</u>	<u>\$ 1,209,125</u>
<b>FURNITURE AND EQUIPMENT</b>		
Beginning of year balance	\$ 602,326	\$ 207,954
Acquisitions	4,050	-
Dispositions	-	-
Depreciation expense	-	87,692
End of year balance	<u>\$ 606,376</u>	<u>\$ 295,646</u>
<b>TECHNOLOGY EQUIPMENT</b>		
Beginning of year balance	\$ 550,092	\$ 286,915
Acquisitions	38,026	-
Dispositions	-	-
Depreciation expense	-	114,364
End of year balance	<u>\$ 588,118</u>	<u>\$ 401,279</u>

**2. RETIREMENT PLAN**

**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 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.

**Plan Description**

All teachers of the Atlanta Public School District (the District) 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 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](http://www.trsga.com/publications).

**CENTENNIAL PLACE ACADEMY, INC.  
SELECTED NOTES TO THE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**2. RETIREMENT PLAN – CONTINUED**

**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 ten years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are 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 2020. The School's contractually required contribution rate for the year ended June 30, 2020 was 21.14% of annual School payroll. The School's contributions to TRS were \$1,222,117 for the year ended June 30, 2020.

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

At June 30, 2020, the School reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the School by the State of Georgia for certain public school support personnel. The amount recognized by the School as its proportionate share of the net pension liability, the related State of Georgia support, 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	\$ 10,751,137
State of Georgia's proportionate share of the net pension liability associated with the School	<u>-</u>
Total	<u><u>\$ 10,751,137</u></u>

**CENTENNIAL PLACE ACADEMY, INC.  
SELECTED NOTES TO THE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2. RETIREMENT PLAN – CONTINUED**

The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 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, 2019. At June 30 2019, the School's proportion was 0.049999%, which was an increase (decrease) of 0.000059% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School recognized pension expense of \$3,487,013 and no revenue for support provided by the State of Georgia for certain support personnel. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 605,989	\$ 3,187
Changes of assumptions	1,031,712	-
Net difference between projected and actual earnings on pension plan investments	-	256,017
Changes in proportion and differences between School contributions and proportionate share of contributions	1,112,876	-
School contributions subsequent to the measurement date	1,174,358	-
Total	<u>\$ 3,924,935</u>	<u>\$ 259,204</u>

School contributions subsequent to the measurement date of \$1,174,358 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, 2021.

**CENTENNIAL PLACE ACADEMY, INC.  
SELECTED NOTES TO THE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**2. RETIREMENT PLAN – CONTINUED**

Other amounts reported as deferred outflows of resources and deferred inflows of resources (\$3,924,935 - \$259,204 = \$3,665,731) related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 2,514,561
2022	361,203
2023	427,217
2024	362,750
2025	-
Thereafter	-
	<u>\$ 3,665,731</u>

**Actuarial Assumptions**

The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases, including inflation	3.00 – 8.75%
Long-term investment rate of return	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50%, semi-annually

Postretirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward one year for males for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set forward two years for males and four years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on November 18, 2015, the numbers of expected future deaths are 8-11% less than the actual number of deaths that occurred during the study period for future retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 with the exception of the long-term assumed rate of return on assets (discount rate) which was changed from 7.50% to 7.25%, and the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

**CENTENNIAL PLACE ACADEMY, INC.  
SELECTED NOTES TO THE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2. RETIREMENT PLAN – CONTINUED**

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:

<b>Asset class</b>	<b>Target allocation</b>	<b>Long-term expected real rate of return*</b>
Fixed income	30.00 %	(0.10) %
U.S. large stocks	51.00	8.90
U.S. small stocks	1.50	13.20
International developed market stocks	12.40	8.90
International emerging market stocks	5.10	10.90
Total	<u>100.00 %</u>	

*\*Rates shown are net 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 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.

**CENTENNIAL PLACE ACADEMY, INC.  
SELECTED NOTES TO THE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2. RETIREMENT PLAN – CONTINUED**

**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 one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current discount rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
School's proportionate share of the net pension liability	\$ 17,452,242	\$ 10,751,137	\$ 5,240,448

**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](http://www.trsga.com/publications).

**Schedule of Proportionate Share of Net Pension Liability**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
School's proportion of the net pension liability	0.049999%	0.049940%	0.047855%	0.044251%	0.033763%
School's proportionate share of the net pension liability	\$ 10,751,137	\$ 9,269,934	\$ 8,893,999	\$ 9,129,475	\$ 5,140,081
State of Georgia's proportionate share of the net pension liability associated with the School	-	-	-	-	-
Total	<u>\$ 10,751,137</u>	<u>\$ 9,269,934</u>	<u>\$ 8,893,999</u>	<u>\$ 9,129,475</u>	<u>\$ 5,140,081</u>
School's covered-employee payroll	\$ 5,847,450	\$ 6,147,829	\$ 5,573,638	\$ 5,560,911	\$ 4,880,750
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	183.86%	150.78%	159.57%	164.17%	105.31%
Plan fiduciary net position as a percentage of the total pension liability	78.56%	80.27%	79.33%	76.06%	81.44%

*Note: Schedule is intended to show information for the last 10 fiscal years.*

*Additional years will be displayed as they become available.*

**Changes of Assumptions**

On November 18, 2005, 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, withdrawal and salary increases. Effective with the June 30, 2018 valuation, the long-term assumed rate of return on assets (discount rate) was changed from 7.50% to 7.25%, and the assumed annual rate of inflation was changed from 2.75% to 2.5%.



**CENTENNIAL PLACE ACADEMY, INC.  
SELECTED NOTES TO THE STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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## **2. RETIREMENT PLAN – CONTINUED**

### **Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 employer contributions were determined on the June 30, 2016 valuations).

The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended June 30, 2020 reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28.0 years
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increases	3.25 – 9.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.5% semi-annually

## **3. NET POSITION AND FUND BALANCE ACCOUNTS**

Non-spendable funds at June 30, 2020 include \$38,239 in prepaid items.

Restricted net assets of \$42,208 at June 30, 2020 are restricted as for the early learning program.

## **4. GRANTS**

	<u>Revenue</u>	<u>Expenditures</u>
Federal funding		
CARES Act Payment Protection Program (CFDA 59.073)	\$ 962,434	\$ 962,434
Title I funding (CFDA 84.010)	359,132	359,132
Title II Funding (CFDA 84.367)	23,982	23,982
Title IV funding (CFDA 84.424)	6,403	6,403
Total federal funding	<u>\$ 1,351,951</u>	<u>\$ 1,351,951</u>
Other funding		
Foundation grants	91,971	
Total other funding	<u>\$ 91,971</u>	

This report does not include a Schedule of Expenditure of Federal Awards because the School's federal expenditures were less than \$750,000 during the year. Title I and the Payment Protection Program are not subject to OMB Uniform Guidance.