

## **Response by the Southern Regional Education Board to Sunset Hearing Questions**

### **For Southern Regional Education Compact (Section 49-12-101, Tennessee Code Annotated)**

Sunset Termination June 2020

#### **1. Provide a brief introduction to the Southern Regional Education Compact and the Southern Regional Education Board. Who, in Tennessee, has primary responsibility for execution of provisions of the Compact?**

The Southern Regional Education Board, created in 1948, is the nation's first interstate compact for education. It is the only one involved in all levels of education, from PreK to workforce. SREB's mission is to guide and support states as they advance all levels of education to improve the social and economic vitality of the SREB region. SREB's vision is that each child and adult in the SREB region will have high-quality educational opportunities that build on the rich diversity of the region and lead to productive, meaningful lives and robust economies.

*NOTE: In June 2019, the SREB Board approved a strategic plan for the organization. SREB staff are currently working on identifying strategies for reaching those goals and metrics to measure its progress. SREB's strategic plan (mission, vision and goals) and a How We Work graphic are attached.*

Working cooperatively with the states, SREB helps government and education leaders improve educational quality and opportunity. SREB assists states leaders by identifying and directing attention to key issues and collecting, compiling and analyzing comparable data. In addition, SREB conducts broad studies and initiates discussions that lead to recommendations for state and institutional long-range planning, actions, and policy proposals.

SREB also serves as administrator and fiscal agent in arrangements for multi-state educational services and programs. As one example, the SREB Academic Common Market (ACM) enables Tennessee residents to earn degrees in specialized university programs throughout the SREB states while still paying in-state tuition. Through the ACM, Tennessee residents have access to 262 programs in other states that are not available in Tennessee, and Tennessee institutions offer 288 programs to students from other states in the ACM.

SREB's governing Board is composed of 80 members, five from each of the SREB states. The SREB staff, based in Atlanta on the Georgia Institute of Technology campus, is led by Dr. Stephen Pruitt, president.

Advisory groups to the Board include the SREB Legislative Advisory Council. Currently, two special SREB working groups are currently examining critical education topics, the SREB Dual Enrollment Initiative and the Commission on Strategic Partnerships for Work-Ready Students. Shanita Brown, Director of Enrollment Management, Southwest Tennessee Community College, serves on the Dual Initiative's Advisory Panel. The Initiative's work will inform SREB work with the states on those topics. In December of 2018, the SREB Teacher Preparation Commission released its recommendations. Commission members from Tennessee were L. Anthony Wise, President of Pellissippi State College, former state

legislator Roger Kane and Jamie Woodson, Executive Chairman and CEO, Tennessee State Collaborative on Reforming Education The report's findings have spurred a new phase of work in some SREB states— Education Human Capitol Roundtables.

## **2. What other states have entered into the Compact with Tennessee? Have any states beyond the fourteen (14) states enumerated in Section 49-12-101, Tennessee Code Annotated, entered into the Compact?**

The 16 members of the Compact are: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Oklahoma, North Carolina, South Carolina, Tennessee, Texas, Virginia, West Virginia.

Tennessee and 14 of the states listed above (excluding Delaware) were the original states who participated in drafting the Compact and whose legislatures ratified it. The Tennessee legislature ratified the SREB Compact in 1949, becoming the seventh state to do so.

## **3. Who are Tennessee's representatives on the Board of Control for Southern Regional Education?**

The **Board** includes the governor and four gubernatorial appointees from each member state, including at least one state legislator and one educator. Board members serve four-year staggered terms, with one member being appointed annually. Section 49-12-101 of the Tennessee Code states that the members of the Board "shall consist of the governor of each state ex-officio and four (4) additional citizens of each state to be appointed by the governor thereof, at least one of whom shall be a member of the legislature of the state." Tennessee's current representative on the Board are:

Bill Lee, Governor of Tennessee, Nashville, ex officio  
Beth Cox, Hendersonville  
Eddie Smith, former State Representative, Knoxville  
Mark White, State Representative, Memphis  
L. Anthony Wise, President, Pellissippi State College, Knoxville

The **Legislative Advisory Council** of legislators from each state advises the Board. Members are appointed by the governor. Tennessee's current representatives on the Legislative Advisory Council are:

John DeBerry, State Representative, Memphis  
Bill Dunn, State Representative, Knoxville  
Ferrell Haile, State Senator, Gallatin  
Mark White, State Representative, Memphis

## **4. Have any party states withdrawn from the Compact or filed notice of their intent to withdraw? If so, which states and what were their stated reasons for withdrawal?**

All the 15 original states that created the Southern Regional Education Board and Delaware are current members of the Compact. No state has indicated its intention to withdraw from the Compact.

**5. How is the Compact funded? What were the compacts revenues and expenditures for Fiscal Years 2018 and 2019? What is the cost for Tennessee to participate in the Compact? What types of expenses are involved?**

The Board of Control for the Southern Regional Education, d/b/a/ the Southern Regional Education Board, has 16 member states. Each of those states pays the same amount in a compact appropriation and that amount is determined by a vote of the Board each year at its annual meeting. For FY 2017-2018, the appropriation was \$202,391. For FY 2018-19, the appropriation was \$205,497. For FY 2019-20, the appropriation is \$208,508. Appropriations from each member state support core operations and services. SREB leverages the long-standing commitments of states to attract external funding—as much as 10 to 15 times in funding—in external grants and contracts for specific education improvement projects to members states. **The financial reports attached detail the sources of revenues and the expenditures for FYs 2018-2019.**

**6. Are the Compact's revenues and expenditures periodically audited? If so, by whom? Who gets copies of these reports? If available, please provide either a copy of or a link to the most recent audit report.**

The Board of Control for Southern Regional Education is audited annually by an outside auditing firm, Warren Averett. The audits are sent to the entire board. The last two audited financial statements are attached.

**7. How many times did the Board of Control meet in Fiscal Years 2018 and 2019? Which representatives from Tennessee attended these meetings? Are minutes of these meetings maintained, and if yes, where are they maintained?**

The Board or its committees have met four times in the past two years. The Annual Meeting is held each year in June. The Executive Committee meets during Annual Meeting and usually once more during the year to continue the Board's business during the interim. The Finance Committee meets as needed by conference call. Minutes of the Board's Annual Meeting and meetings of the Executive Committee are kept in the President's Office of the Southern Regional Education Board.

**November 2017 Executive Committee Meeting**

Executive Committee member attending: *Representative Harry Brooks*

**June 2018 Southern Regional Education Board Annual Meeting and 67<sup>th</sup> Legislative Work Conference**

Board members attending: *Representative Mark White; L Anthony Wise*

Legislative Advisory Council members attending: *Senator Reginald Tate; Representative Eddie Smith*

Delegates to the Legislative Work Conference designated by Legislative leadership to attend:  
*Senator Ferrell Haile, Representative John DeBerry*

**November 2018 Executive Committee meeting at the Winter Meeting of the Legislative Advisory Council**

No member from Tennessee attended

**June 2019 Southern Regional Education Board Annual Meeting and 68<sup>th</sup> Legislative Work Conference**

Board member attending: *Representative Mark White*

Delegates to the Legislative Work Conference designated by legislative leadership to attend:

*Representative Bill Dunn, Senator Delores Gresham*

The Finance Committee has a conference call scheduled for December 17, 2019.

**8. PER DIEM QUESTIONS**

*Additional information for THEC:*

*SREB covers expenses of members of the Board and the Legislative Advisory Council to attend its meetings, consistent with its reimbursement process. Some items are covered as general expenses charged to SREB (such as meals at the meeting and hotel rooms; some items are reimbursed directly to the member who incurs the expense (mileage if the member drives, etc. Legislative Work Conference designees' expenses at the meeting are covered; they are expected to seek reimbursements from according to their state's procedures. No registration fee is charged for SREB meetings. We have records of reimbursements to Tennessee members attending meetings since 2014 totaling \$12,948.82*

**9. Do the Tennessee representatives meet to confer other than at Board of Control meetings? If so, what records are kept of these meetings and by whom?**

Additional meetings and conferences were held in 2018 and 2019, often in tandem with other convenings. For the Legislative Advisory Council and the Legislative Work Conference, attendance and program session information is kept in the office of State Services at SREB. For commissions and work groups, the SREB office staffing the group keeps attendance and program session records.

These meetings include:

**November 2017: Meeting of the Southern Regional Education Board Legislative Advisory Council:**

Tennessee LAC members attending: *Senator Reginald Tate, Representative Mark White*

**November 2018: Meeting of the Southern Regional Education Board Legislative Advisory Council**

Tennessee LAC member attending: *Representative Mark White*

**November 2019: Meeting of the Southern Regional Education Board Legislative Advisory Council**

Tennessee LAC member attending: *Representative Bill Dunn*

**10. Did the Board of Control create an executive committee and a finance committee? If yes, which representatives from Tennessee serve on each committee? If no representative from Tennessee is currently serving on either committee, who were the last Tennessee members to serve in those committees and when did they serve?**

The Board of Control has an Executive Committee that also acts as the Finance Committee. One member of the Board from each state serves on Executive Committee. Currently, Tennessee is not represented on the Executive Committee, but SREB is working to correct that. Tennessee has a vacancy because former Representative Harry Brooks, a member of the Board who served as Tennessee's Executive Committee representative, is no longer on the Board. He served from 2013-2018 in that capacity.

**11. What reports are prepared in conjunction with the operations and activities of the Compact? Who receives these reports? Please provide a copy of or attach a link to any relevant reports prepared in Fiscal Years 2018 and 2019.**

Copies of SREB reports are mailed to Board members, LAC members, and others, including state legislative education committee members and others, depending on the topic. The list below provides a representative sampling our recent publications. All publications can be found on the SREB website at <https://www.sreb.org/>

**Tennessee Specific Reports**

***Tennessee: State Economic Outlook***

<https://www.sreb.org/publication/tennessee-0>

***Tennessee Featured Facts from the Fact Book on Higher Education***

<https://www.sreb.org/publication/tennessee-featured-facts>

***Tennessee College Affordability Profile***

<https://www.sreb.org/publication/tennessee>

***Tennessee: Looking Closer: 2018 Biennial State Progress Report***

<https://www.sreb.org/publication/pre-k-benefits-2018-update>

***Tennessee Professional Learning***

<https://www.sreb.org/post/tennessee-professional-learning>

***Tennessee ESSA Accountability Provisions and Expectation for College and Career Readiness***

<https://www.sreb.org/post/tennessee-accountability>

## **Policy reports and briefs**

### *Educators*

#### ***State Policies to Improve Teacher Preparation: Report of the SREB Teacher Preparation Commission***

<https://www.sreb.org/publication/state-policies-improve-teacher-preparation>

#### ***Mentoring New Teachers: A Fresh Look***

<https://www.sreb.org/mentoring>

#### ***Improving Educator Feedback and Support: Lessons from Eight SREB States***

<https://www.sreb.org/publication/improving-educator-feedback-and-support-lessons-eight-sreb-states>

### *Workforce*

#### ***Unprepared and Unaware: Upskilling the Workforce for a Decade of Uncertainty***

<https://www.sreb.org/publication/unprepared-and-unaware>

#### ***The SREB Region's Economic Outlook: The Potential Impact of Automation and AI***

<https://www.sreb.org/publication/sreb-regions-economic-outlook>

#### ***A Unified Statewide Vision: Aligning ESSA, Perkins V and WIOA Across the Lifespan***

<https://www.sreb.org/publication/three-federal-statutes-one-state-plan>

#### ***Three Federal Statutes — One State Plan: Coordinating ESSA, Perkins V and WIOA***

<https://www.sreb.org/publication/three-federal-statutes-one-state-plan>

#### ***Above and Beyond: How SREB States Prioritize College and Career Readiness in ESSA Accountability Plans***

<https://www.sreb.org/publication/above-and-beyond-how-sreb-states-prioritize-college-and-career-readiness-essa>

### *Reading and mathematics in the early grades*

#### ***Early Math Matters: Factoring in Teacher Knowledge and Practice***

<https://www.sreb.org/publication/early-math-matters>

#### ***Ready to Read, Ready to Succeed: State Policies That Support Fourth-Grade Reading Success***

<https://www.sreb.org/publication/ready-read-ready-succeed>

#### ***Dyslexia Policies to Improve Teacher Preparation***

<https://www.sreb.org/publication/dyslexia-policies-sreb-states>

***Repeating a Grade: How Well Does It Work?***

<https://www.sreb.org/publication/repeating-grade-how-well-does-it-work>

***Research Recommendations for Dyslexia Screening***

[https://www.sreb.org/sites/main/files/file-attachments/dyslexia\\_screening\\_requirements\\_in\\_sreb\\_states\\_rev\\_oct\\_2018.pdf?1540405426](https://www.sreb.org/sites/main/files/file-attachments/dyslexia_screening_requirements_in_sreb_states_rev_oct_2018.pdf?1540405426)

***Reading and Dyslexia Screening Components and Instruments in SREB States***

<https://www.sreb.org/publication/addressing-dyslexia-schools>

***Pre-K Benefits: 2018 Update***

<https://www.sreb.org/publication/pre-k-benefits-2018-update>

Other

***10 Critical Issues in Educational Technology***

<https://www.sreb.org/news/10-critical-issues-educational-technology>

***Emerging Technologies and New Learning Models That Engage Students***

<https://www.sreb.org/publication/emerging-technologies-and-new-learning-models-engage-students>

***Expanding Accessibility to Digital Spaces Through Improved Policy and Practice***

<https://www.sreb.org/publication/expanding-accessibility-digital-spaces-through-improved-policy-and-practice>

***Alignment of Instructional Materials: Trends in State Efforts and State Profiles***

<https://www.sreb.org/publication/alignment-instructional-materials>

**Promising practices and case studies**

***Literacy Across the Curricula: Teacher Success Stories***

<https://www.sreb.org/publication/literacy-across-curricula>

***Addressing Dyslexia in Schools: Lessons Learned From Two Texas School Systems***

<https://www.sreb.org/publication/addressing-dyslexia-schools>

***Beginning the Bachelor of Science in Nursing in High School: How Kentucky Created a 120 Credit Hour Nursing Career Pathway***

## **Legislative and budget actions on education and briefs**

### ***Improving School Climate***

<https://www.sreb.org/publication/improving-school-climate>

### ***School District Consolidation***

<https://www.sreb.org/publication/school-district-consolidation>

### ***State Legislative Reports***

<https://www.sreb.org/legislative-actions-education>

## **SREB tools for state policymakers and education leaders**

### ***High School to College and Career Policies by topic and by state***

These profiles look at policies that affect students as they make their way from middle grades to high school graduation and into college and careers. <https://www.sreb.org/state-policies-high-school-graduation-and-postsecondary-readiness>

***SREB Insights*** (Compare and understand state policy and practice) <https://insights.sreb.org/#/>

***SREB Data Exchange*** <https://www.sreb.org/test-sreb-state-data-exchange-about>

***2019 Fact Book on Higher Education*** <https://www.sre.org/fact-book-ed-data>

## **12. What were the Compact’s major accomplishments during Fiscal Years 2018 and 2019? What plans and recommendations have been made to agencies and officials of Tennessee regarding the development, establishment, acquisition, operation, and maintenance of educational schools and institutions within Tennessee? What, if any, actions have been taken based on these plans and recommendations?**

- SREB received \$400,000 in new grants in 2019.
- Major publications, specifically the Teacher Preparation Commission report *State Policies to Improve Teacher Preparation* and *Unprepared and Unaware*, were released, both leading to requests for follow-up work in states.
- SREB staff testified in multiple states on issues ranging from states on issues ranging from school climate and safety to dyslexia and from early reading to school finance to Perkins V.
- SREB hosted numerous well attended and high quality convenings including the Legislative Advisory Council, Legislative and Governors’ Staff, Go Alliance, Doctoral Scholars Institute, SREB-SARA, Making Schools Work and College and Career-Readiness Standards Networking Conferences and SREB State Leaders Forum.
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SARA, Making Schools Work and College and Career-Readiness Standards Networking Conferences and SREB State Leaders Forum.

- SREB developed tools that states, districts and schools can use to evaluate quality.
- Wrapped up the five-year educator effectiveness grant and submitted reports to states on progress monitoring and technical assistance.
- Launched Networks for School Improvement in one urban district and developed rural districts initiative.
- SREB finalized work in Georgia related to a need-based financial aid project and in Oklahoma with an evaluation of the state's promise program.
- SREB increased collaboration with the other three regional compacts and several national and regional agencies and organizations such as the National Governors Association, State Higher Education Executive Officers, the Federal Reserve Bank of Atlanta and the Southern Association of Colleges and Schools accrediting organization.
- SREB research, testimony and assistance was used extensively by state legislators and state education agencies in the areas of dyslexia and workforce education.

SREB's report ***Unprepared and Unaware***, released in February of 2019, was a call to action for states, and generated interest among state policymakers. In 10 years, the impact of automation and AI will mean that the SREB states may have as many as 18 million unemployable workers who will lack the skills for the jobs that will be available. Meeting this challenge requires focusing both on adults currently in the workforce and on students just beginning their educational journeys. To support state conversations about this challenge, SREB produced state specific economic reports to help state policymakers understand the impact of the changing job market and how prepared their workforce is for the jobs of the future. Next up is a series of focused publications that will help states examine solutions to many different aspects of being college or career ready.

SREB made a significant move into supporting states' vision for improving the workforce by providing technical assistance and guidance on the alignment of three federal grants, the Every Student Succeeds Act, Perkins V, and the Workforce Innovation and Opportunity Act, signifying a significant tie to our historical mission and niche that SREB fills well. This work began with a presentation to the Legislative Advisory Council, followed by a discussion at the 2018 SREB State Leaders Forum. The work has continued with additional publications and tools and a webinar series.

As states worked on their K-12 accountability systems, SREB facilitated regular calls for a State Accountability network, usually held monthly, between 4/28/17 and 12/3/ 18. The calls allowed SEA colleagues around the region to share information about their ESSA accountability system planning, ask each other questions, and request information from SREB to support their planning. Tennessee Department of Education staff participated.

Based on research and self-assessments, SREB School Improvement workgroups developed a new guide for the curriculum and instruction review and college and career academy implementation rubric. A team is working on a new site development workshop to assist schools in targeting gaps between current practices and student achievement.

SREB's School Improvement Office works actively in SREB states at the school and district level. The information below summarizes some School Improvement activities.

## Making Schools Work

For more than 30 years, SREB has helped teachers, counselors and school leaders empower youth to connect the classroom with the real world. SREB's efforts began in 1987 with High Schools That Work, our premier school improvement process. Now known as Making Schools Work and spanning grades 3-14, the process is grounded in the belief that increased achievement starts with motivating students to make the effort to succeed. Making Schools Work employs a distributed leadership approach to involve the whole school in identifying problems that impact achievement and developing plans to solve them.

With designs for elementary grades (under development), middle grades, high schools and technology centers, Making Schools Work shows school teams how to create improvement plans that address five focus areas:

- engaging students through quality instruction
- aligning curricula with state readiness standards
- ensuring that students can explore careers and complete career pathways that align with their interests and aptitudes
- providing student supports that promote readiness
- promoting leadership for creating and supporting cultures of continuous improvement

Making Schools Work helps schools transform their practices so that students never have to ask, "Why do I need to know this?" With Making Schools Work, students connect classroom learning with their personal goals. Focus teams of teachers, counselors and school leaders collaboratively identify the steps they need to take to address problems of practice. Based on W. Edward Deming's Plan-Do- Check-Act process, our facilitated approach to problem-solving supports focus teams as they foster supportive learning environments, integrate academic and technical content, improve achievement and empower youth to explore and achieve their career goals. During the process, focus teams create a profile of a college- and career-ready graduate that clearly articulates the experiences, skills and knowledge students should have. These profiles help teams establish improvement goals and revise their school's mission and vision to meet the needs of each student. Structured activities, shared resources and ongoing coaching and professional development deepen teams' understanding of effective school and classroom practices.

### ***School Improvement Services in Tennessee schools (note that these are fee for service contracts)***

15-16

- Provided ongoing school improvement support including both Powerful Literacy Practices (PLP) and Powerful Math Practices (PMP) as well as leadership coaching to Whittle Springs Middle School in Knox County.
- Provided ongoing school improvement support including both Powerful Literacy Practices and Powerful Math Practices as well as leadership coaching to Dalewood Middle School in Chattanooga.

- Provided literacy support and Leadership Professional Development to middle and high schools in Shelby County. This included workshops to all low performing schools and leadership professional development to all middle and high schools.
- Provided intensive school improvement support to Trezevant High School in Shelby County.
- Provide PLP and PMP ongoing professional development to Campbell County Middle and High School.

#### 16-17

- Provided ongoing school improvement support to Howard High School in Chattanooga.
- Conducted Technical Assistance Visits at four shared time career centers in Shelby County Schools.
- Provided intensive school improvement technical support to Trezevant High School in Shelby County.
- Provided literacy and leadership support to Jere Baxter Middle School in Metro Nashville Public Schools.
- Provided literacy and leadership support to nine identified middle schools that were in danger of dropping into an at-risk category.

#### 17-18

- Facilitated strategic planning for a complete revamp of career technical education in Shelby County Schools. This included preparing a report to the board with recommendations for improvement.
- Provided intensive school improvement technical support to Trezevant High School in Shelby County.
- Provided ongoing literacy and leadership support to three struggling middle schools in Metro Nashville Public Schools.
- Provided ongoing school improvement technical support to Howard High School in Chattanooga.

#### 18-19

- Conducted a curriculum and instructional review and site development workshop in Rutherford County Schools.
- Conducted needs assessments in Shelby County Schools and facilitated the work for reorganizing the division of college and career readiness. District is using SREB's school improvement process to increase early postsecondary opportunities for students.
- Conducted a curriculum and instructional review and site development workshop at Brainerd High School in Hamilton County.
- Collierville High School implemented an Advanced Career pathway and teachers participated in the summer teacher training institute.

#### 19-20

- Providing instructional training and coaching to elementary and middle school teachers on powerful literacy practices, and the high school is receiving training and coaching related to powerful math practices.

- Providing instructional training and coaching to two middle schools on powerful literacy practices. The high school is implementing the Ready for High School Literacy and Mathematics courses.

### ***Participation at State Leaders Forum***

SREB's State Leaders Forum convenes legislators, policymakers, state board members, secondary and postsecondary education leaders, and workforce development agency representatives to explore policies that help youth graduate from high school with a head start on the postsecondary credentials they need to secure good jobs in high-demand fields.

Tennessee attendees at SREB's State Leaders Forum in October 2015: 6

Tennessee attendees at SREB's State Leaders Forum in November 2016: 3

Tennessee attendees at SREB's State Leaders Forum in November 2017: 5

Tennessee attendees at SREB's State Leaders Forum in December 2018: 1

Tennessee attendees at SREB's State Leaders Forum in November 2019: 1

### ***SREB Making Schools Work Conference***

SREB's Making Schools Work Conference features over 400 sessions that go to the heart of K-12 educational challenges, such as ensuring equitable access to quality learning and addressing the effects of poverty. Approximately, 3,500 educators in grades K-12 attend this premiere professional learning event. The conference was held at the Gaylord Opryland Hotel and Conference Center in 2014 (4,328 attendees) and 2017 (3,324 attendees). During the same years, SREB hosted the College and Career Readiness Networking Conferences in Nashville. In 2014 the CCR Networking Conference had 1,197 attendees, and the 2017 conference had 1,015 attendees.

### ***Teaching to Lead***

SREB's Teaching to Lead teacher preparation program helps new career and technical education teachers become great teachers. Developed by SREB and the National Research Center for Career and Technical Education (NRCCTE), Teaching to Lead supports CTE teachers who are entering the classroom after successful careers. Teaching to Lead has been shown to improve teacher competence and self-efficacy in a study of the model conducted by the NRCCTE at SREB. Two districts in Tennessee have implemented Teaching to Lead—Nashville Public Schools and Rutherford County Schools.

## **13. What, if any, agreements and arrangements has the board entered into with and state(s) and educational institutions or agencies to provide facilities or services for graduate, professional, and technical education during Fiscal Years 2018 and 2019? What were the results of these agreements?**

### Technology Purchasing

Schools, universities and agencies in SREB states saved \$8.3 million on over \$83 million in technology purchases during fiscal year 2018 — more than double the FY2017 savings — through SREB's participation in MHECtech discount agreements. Organizations in each of the 16 SREB states participated. Tennessee saved \$640,238 on \$6,473,518 in technology purchases in fiscal year 2018.

### Academic Common Market

SREB's Academic Common Market, previously mentioned, saved Tennessee students \$1,905,230 in tuition in 2017. That represents an average tuition savings of \$13,609 per student participating. Updated information for 2018-19 is being prepared.

### Reciprocity for On-line Course Authorization

NC-SARA is a nationwide system to offer more high-quality distance education programs for students and ease the regulatory burden on institutions through a state authorization reciprocity agreement. The agreement allows states to authorize participating institutions within their borders to offer distance education to students in other states. It eliminates the need for those institutions to offer distance approvals from other states to where they serve students. The agreement is organized through the four regional education compacts and states join SARA through their compact; colleges and universities join through their states. By participating, colleges and universities in the SREB region save almost \$30 million annually. Tennessee is an approved member of SARA. Colleges and universities in Tennessee saved \$8.9 million for initial authorization and save \$2.6 million annually on renewals, according to estimates in a return-on-investment study by the National Center for Higher Education Management Systems. The attached charts display Tennessee data related to NC-SARA.

### The Regional Contract Program

The SREB Regional Contract Program gives students the opportunity to earn a professional health degree from participating institutions in other states through in-state tuition rates at public institutions, or reduced tuition at private institutions. More than 600 students participate each year. Three different colleges in Tennessee participate in the Regional Contract Program: Meharry Medical College, Southern College of Optometry, and the University of Tennessee. Currently, TN does not pay RCP tuition for any students; the state only receives Regional Contract Program funds for students. That means Tennessee's import ratio is 100%, since it doesn't pay fees for any Tennessee students to go to other states.

More information about these programs, and the previously mentioned Academic Common Market, are attached.

## **14. Describe any items related to the Compact that require legislative attention and your proposed legislative changes.**

No recommended changes.

## **15. Should Tennessee's participation in the Compact be continued? To what extent and in what ways would the absence of the Compact affect the citizens of the Tennessee.**

Yes, Tennessee's participation in the Compact should be continued. SREB has 71 years of experience that it can use to help Tennessee policymakers think strategically about improving education. As a compact member, Tennessee can learn from other SREB states about best practices and can share its achievements to help other states. SREB believes that states, districts, and universities can often do more together than they can alone. Making this happen has been central to SREB's work since its

beginning. SREB strives to help states find unique solutions to common problems. If Tennessee was not a member of the compact, its students and institutions would not benefit from SREB-administered programs. For just four programs--- the Academic Common Market, the Regional Contract Program, SARA, and Technology Purchasing Savings—Tennessee colleges, schools, agencies and students gained or saved \$9.1 in the most recent year for which information is available.

SREB stepped forward decades ago and called for its states to reject double standards, aim for outpacing national measures of performance and ensure high-quality education for all students. In 2012, it set goals for 2020. As states gauge their progress state leaders realize they will reach some goals that seemed daunting, and they will also realize they need to accelerate the pace of gains if they are to reach more goals by 2020. With a decision to aim for national measures and high quality, they made a claim—“SREB states can lead the nation in educational progress.” That claim is as important today as it has always been. SREB stands ready to help each of its states, including Tennessee, realize the bright future that will result from educational progress. SREB can provide information, resources and facilitation on a wealth of topics. As a compact member, that assistance is always available to Tennessee policymakers and institutions to support Tennessee’s vision for education.

**BOARD OF CONTROL FOR  
SOUTHERN REGIONAL EDUCATION**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2018**

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
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JUNE 30, 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Board of Control for Southern Regional Education

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

We have audited the accompanying financial statements of the Board of Control for Southern Regional Education (the "Board") (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and the related statements of activities 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 the Board as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Board's 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Report on Supplemental Information**

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Board taken as a whole. The supplemental schedule listed in the Table of Contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Warren Averett, LLC*

Atlanta, Georgia  
October 18, 2018

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017**

<b>ASSETS</b>		
	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 12,860,290	\$ 11,611,499
Investments	22,830,640	24,020,125
Reimbursements receivable from grantors	2,415,113	2,533,240
Other current assets	938,789	909,560
Total current assets	39,044,832	39,074,424
<b>NET PROPERTY AND EQUIPMENT</b>	896,963	944,244
<b>TOTAL ASSETS</b>	<b>\$ 39,941,795</b>	<b>\$ 40,018,668</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 3,505,170	\$ 3,329,208
Deferred revenues – membership dues and grants	7,339,131	6,305,762
Grants payable	2,251,424	1,897,021
Total current liabilities	13,095,725	11,531,991
<b>NET ASSETS</b>		
Unrestricted		
Board designated	1,328,079	2,303,642
Undesignated	4,071,652	4,328,427
Total unrestricted	5,399,731	6,632,069
Temporarily restricted	21,425,339	21,833,608
Permanently restricted	21,000	21,000
Total net assets	26,846,070	28,486,677
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 39,941,795</b>	<b>\$ 40,018,668</b>

See notes to the financial statements.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
*(with comparative totals for 2017)*

	<b>2018</b>			<b>2017</b>	
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT</b>					
Appropriations by states	\$ 2,833,474	\$ -	\$ -	\$ 2,833,474	\$ 2,991,000
Grants and contract revenue – foundations, federal agencies, and state agencies	-	21,191,257	-	21,191,257	27,764,628
Membership dues	650,304	-	-	650,304	697,559
Assessments	124,916	-	-	124,916	16,077
Investment income	94,420	119,344	-	213,764	301,800
Meeting registration fees	1,766,970	-	-	1,766,970	1,395,997
Publication and subscription sales	21,154	-	-	21,154	6,648
Miscellaneous revenue	298,947	-	-	298,947	128,241
Net assets released from restrictions, satisfaction of program restrictions	21,718,870	(21,718,870)	-	-	-
<b>TOTAL REVENUES, OTHER SUPPORT AND RECLASSIFICATIONS</b>	<b>27,509,055</b>	<b>(408,269)</b>	<b>-</b>	<b>27,100,786</b>	<b>33,301,950</b>

See notes to the financial statements.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION**  
**STATEMENT OF ACTIVITIES – CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
*(with comparative totals for 2017)*

<b>EXPENSES</b>	<b>2018</b>				<b>2017</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>	<b>Total</b>
<b>RESEARCH AND PROGRAMS</b>					
Salaries to staff	\$ 9,955,094	\$ -	\$ -	\$ 9,955,094	\$ 9,786,097
Deferred annuity, group insurance premiums, and social security tax	2,082,849	-	-	2,082,849	2,062,287
Fees for part-time consultants and assistants	3,976,783	-	-	3,976,783	5,274,501
Contract services and grants	240,518	-	-	240,518	2,356,990
Grants to agencies	3,015,404	-	-	3,015,404	3,616,477
Travel and conferences	4,821,427	-	-	4,821,427	5,573,384
Office operations	251,166	-	-	251,166	261,801
Printing and production	267,744	-	-	267,744	303,368
Rent and maintenance	166,050	-	-	166,050	189,224
Professional services	679,112	-	-	679,112	1,021,984
Computer services	177,742	-	-	177,742	211,599
Other expenses	69,352	-	-	69,352	279,734
Allocated general and administrative	513,353	-	-	513,353	550,299
	<u>26,216,594</u>	<u>-</u>	<u>-</u>	<u>26,216,594</u>	<u>31,487,745</u>
Total research and programs					

See notes to the financial statements.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION**  
**STATEMENT OF ACTIVITIES – CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
*(with comparative totals for 2017)*

	2018			2017	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>GENERAL AND ADMINISTRATIVE</b>					
Salaries to staff	\$ 1,200,087	\$ -	\$ -	\$ 1,200,087	\$ 983,422
Deferred annuity, group insurance premiums, and social security tax	268,847	-	-	268,847	232,637
Fees for part-time consultants and assistants	53,473	-	-	53,473	44,967
Grants to individuals	491,744	-	-	491,744	111,223
Travel and conferences	329,116	-	-	329,116	205,916
Office operations	44,168	-	-	44,168	33,456
Printing and production	143	-	-	143	902
Rent and maintenance	151,334	-	-	151,334	152,207
Depreciation	124,034	-	-	124,034	139,149
Professional services	163,065	-	-	163,065	75,369
Computer services	148,087	-	-	148,087	130,895
Other expenses	64,054	-	-	64,054	56,332
Allocated general and administrative	(513,353)	-	-	(513,353)	(550,299)
Total general and administrative	<u>2,524,799</u>	<u>-</u>	<u>-</u>	<u>2,524,799</u>	<u>1,616,176</u>
<b>TOTAL EXPENSES</b>	<u>28,741,393</u>	<u>-</u>	<u>-</u>	<u>28,741,393</u>	<u>33,103,921</u>
<b>CHANGES IN NET ASSETS</b>	(1,232,338)	(408,269)	-	(1,640,607)	198,029
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>6,632,069</u>	<u>21,833,608</u>	<u>21,000</u>	<u>28,486,677</u>	<u>28,288,648</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 5,399,731</u>	<u>\$ 21,425,339</u>	<u>\$ 21,000</u>	<u>\$ 26,846,070</u>	<u>\$ 28,486,677</u>

See notes to the financial statements.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (1,640,607)	\$ 198,029
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	124,034	139,149
Net loss on investments	241,697	83,167
Changes in operating assets and liabilities		
Reimbursements receivable from grantors	118,127	9,871,567
Other current assets	(29,229)	(88,519)
Accounts payable and accrued expenses	175,962	(391,415)
Deferred revenues	1,033,369	(5,591,379)
Grants payable	354,403	88,204
Net cash provided by operating activities	<u>377,756</u>	<u>4,308,803</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemptions (purchases) of investments, net	947,788	(1,639,891)
Purchases of equipment	<u>(76,753)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>871,035</u>	<u>(1,639,891)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,248,791	2,668,912
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>11,611,499</u>	<u>8,942,587</u>
<b>AT END OF YEAR</b>	<u><u>\$ 12,860,290</u></u>	<u><u>\$ 11,611,499</u></u>

See notes to the financial statements.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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## **1. ORGANIZATION**

The Board of Control for Southern Regional Education (the Board) was created in 1948 to serve as the operating agency of the nation's first interstate compact working to improve public pre-K through 12<sup>th</sup> grade and higher education. Sixteen member states contribute funds to the Board to be used for administration, development, research and education programs.

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

### **Basis of Accounting**

The Board prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Board presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities Presentation of Financial Statements*. Under FASB ASC 958, the Board reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

### **Presentation**

The amounts shown for the year ended June 30, 2017 in the accompanying financial statements are included to provide a basis for comparison with 2018 and present summarized totals only. Accordingly, the 2017 totals are not intended to present all information necessary for a fair presentation in conformity with GAAP. Such information should be read in conjunction with the Board's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

### **Reclassifications**

Certain 2017 accounts have been reclassified to conform to the 2018 presentation. Total net assets and changes in net assets, as previously reported for 2017, were unchanged due to these reclassifications.

### **Cash and Cash Equivalents**

The Board considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Money market funds and certificates of deposits with a maturity of greater than three months are classified as investments.

### **Contributions, Grants and Net Assets**

Contributions are recognized when the donor makes a promise to give to the Board that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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

**Contributions, Grants and Net Assets – Continued**

The Board receives grants that are structured as contributions. The related revenue is recognized as described above. In addition the Board receives reimbursement basis grants for which revenue is recognized as expenditures are made.

The permanently restricted classification is used if the donor stipulations are restricted for a specified purpose whereby gifts of cash and other assets must be invested in perpetuity to provide a permanent source of income for the Board. All of the income from permanently restricted net assets is derived from the Plunkett Endowment. The income from this endowment is used to provide an annual award to recognize an outstanding educator.

**Investments**

The Board adheres to the provisions of FASB ASC 820, *Fair Value Measurements*, for its investments. The standard provides guidance for using fair value to measure assets and liabilities. Under the standard, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1: Quoted prices for identical instruments in active markets at the measurement date. Investments that are listed on a United States securities exchange are valued at their last sales price on the largest United States securities exchange on which such securities have traded.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active and model-derived valuation in which all significant inputs and significant value drivers are observable in active markets at the date and for the anticipated term of the instrument.
- Level 3: Valuation derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Board's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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

**Investments – Continued**

The Board holds certain government and corporate bonds that are considered Level 2 investments. Management has determined broker reported prices are a reasonable estimation of fair value as of June 30, 2018 and 2017. Broker reported prices are determined using inputs including last trade prices, current market conditions, perceived market movements, news and other relevant information.

The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Fair Value of Financial Instruments and Credit Risk**

Financial instruments, principally cash, receivables, investments, and accounts payable, are reported at fair value. The Board places its cash with financial institutions. At times, these investments are in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

**Revenue Recognition**

Membership dues are recognized over the membership period. Revenue from the sale of publications is recognized at the time of sale. Revenue for assessments, meeting registration and presentation fees is recognized as services are performed. Grant and contract revenue are primarily reimbursement basis and are recognized as expenditures are made.

An allowance for uncollectible receivables is provided based on management's evaluation of potential uncollectible promises receivable at year end. Management does not consider any amounts to be uncollectible at June 30, 2018 and 2017.

**Deferred Revenue**

Deferred revenue represents membership payments, registration fees and grant monies received in current and prior years that relate to subsequent years.

**Appropriations**

The member states pay appropriations to the Board in an amount that is determined annually by the Board of Directors.

**Agency Funds**

The Board serves as the fiscal agent and administrator of interstate arrangements for regional educational services and institutions. The Board also serves as administrator of the Minority Doctoral Scholars Program.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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

**Concentration**

For the year ended June 30, 2018, there was one individual donor who represented 49% of the Board's revenue. There were two program members representing 29% of accounts receivable at June 30, 2018.

For the year ended June 30, 2017, there were two individual donors who represented 56% of the Board's revenue. There were two program members representing 37% of accounts receivable at June 30, 2017.

**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the classes of depreciable property. The Board capitalizes all expenditures for property and equipment over \$10,000. Useful lives are as follows:

Furniture and equipment	3-10 years
Leasehold improvements	5-10 years
Building	50 years

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Tax Status**

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

**New Accounting Pronouncements**

In August 2016 FASB issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 (1) reduces the number of net asset classes presented from three to two; (2) requires the presentation of expense by functional and natural classification in one location; (3) requires quantitative and qualitative disclosures about liquidity and availability of financial assets; and (4) requires additional policy disclosures regarding board designated funds. The ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Board expects to implement the provisions of ASU 2016-14 during 2019. The Board is evaluating the impact of the new standard on its current policies and reporting methodologies.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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

**Events Occurring After Report Date**

Management has evaluated events and transactions that occurred between June 30, 2018 and October 18, 2018, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**3. INVESTMENTS**

The following tables present the Board's composition of the investments at fair value and the related level in the fair value hierarchy as defined by FASB ASC 820 used to measure those investments at June 30, 2018 and 2017:

<b>Investment</b>	<b>Fair Value Measurements as of June 30, 2018</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Corporate bonds (United States)				
Banking and finance	\$ 4,501,970	\$ -	\$ 4,501,970	\$ -
Other	9,288,404	-	9,288,404	-
Foreign bonds (United Kingdom)	484,295	-	484,295	-
Certificates of deposit	7,262,664	-	7,262,664	-
Mutual funds	1,293,307	1,293,307	-	-
	<u>\$ 22,830,640</u>	<u>\$ 1,293,307</u>	<u>\$ 21,537,333</u>	<u>\$ -</u>

<b>Investment</b>	<b>Fair Value Measurements as of June 30, 2017</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Corporate bonds (United States)				
Banking and finance	\$ 3,573,978	\$ -	\$ 3,573,978	\$ -
Other	9,834,504	-	9,834,504	-
Foreign bonds (United Kingdom)	1,960,810	-	1,960,810	-
Certificates of deposit	7,459,040	-	7,459,040	-
Mutual funds	1,191,793	1,191,793	-	-
	<u>\$ 24,020,125</u>	<u>\$ 1,191,793</u>	<u>\$ 22,828,332</u>	<u>\$ -</u>

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**3. INVESTMENTS – CONTINUED**

Investment income for the years ended June 30, 2018 and 2017 is composed of:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 502,553	\$ 432,967
Net loss on investments	(241,697)	(83,167)
Brokerage fees	(47,092)	(48,000)
	<u>\$ 213,764</u>	<u>\$ 301,800</u>

**4. PROPERTY AND EQUIPMENT**

The Board's property and equipment consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Building	\$ 1,625,000	\$ 1,625,000
Furniture and equipment	797,465	729,793
Leasehold improvements	1,006,609	1,006,609
	3,429,074	3,361,402
Accumulated depreciation	(2,532,111)	(2,417,158)
	<u>\$ 896,963</u>	<u>\$ 944,244</u>

Depreciation expense of \$124,034 and \$139,149 was recorded for the years ended June 30, 2018 and 2017, respectively.

**5. BENEFIT PLANS**

The Board has a defined contribution pension plan (the Plan), which covers substantially all employees and provides for the purchase of individual deferred annuity contracts from Teachers Insurance and Annuity Association of America. The Board contributed \$936,991 and \$915,583 to the Plan for the years ended June 30, 2018 and 2017, respectively.

In 2006, the Board established a 457(b) Deferred Compensation Plan to provide deferred compensation for a select group of employees. The President and the senior executives reporting directly to the President are eligible to participate in the Deferred Compensation Plan. Eligible employees are allowed to make elective salary deferrals up to the maximum amount permitted by law. The Board does not make any contributions to the Deferred Compensation Plan. The Deferred Compensation Plan provides for the purchase of individual deferred annuity contracts from Teachers Insurance and Annuity Association of America.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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**6. CAPITAL LEASE**

The Board entered into a lease obligation in 1987 with the Board of Regents of the State of Georgia to occupy an office building for a 50-year period. The lease required annual payments of \$90,000 through 2011. For the remaining 25 years under the lease term, no further lease payments are required, and the Board is entitled to occupy the building. This obligation has been recorded as a capital lease. However, the Board does not own the building and the lease does not address extension or purchase options when the lease terminates in 2036.

At June 30, 2018 the cost of assets under capital lease was \$1,625,000. Depreciation expense for the year ended June 30, 2018 related to the capitalized building was \$32,500 and at June 30, 2018 accumulated depreciation was \$1,040,000.

**7. LEASE COMMITMENTS**

The Board has obligations under various non-cancelable operating leases for office equipment. Related rental expense for the years ended June 30, 2018 and 2017 amounted to approximately \$20,000. Future minimum lease payments under these leases are as follows:

<u>Year ending June 30,</u>		
2019	\$	20,550
2020		6,733
2021		2,805

**8. COMPOSITION OF NET ASSETS**

Unrestricted net assets have been designated by the Board of Directors as follows:

	<u>2018</u>	<u>2017</u>
Reserve for contingencies	\$ 324,489	\$ 324,489
Quality of Education Program	1,003,590	1,979,153
	<u>\$ 1,328,079</u>	<u>\$ 2,303,642</u>

Temporarily restricted net assets of \$21,245,339 and \$21,833,608 for 2018 and 2017, respectively, are available for various educational programs specifically restricted by the respective donors.

Permanently restricted net assets of \$21,000 represent the Plunkett Endowment.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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**9. AGENCY RELATIONSHIPS**

The Board acts as a fiscal agent by receiving funds from various states and disbursing them to qualified recipients. As of June 30, 2018 and 2017, funds received that had not yet been disbursed, amounted to \$2,050,342 and \$1,705,276, respectively, which is included in grants payable on the statements of financial position. The remaining balance in grants payable is attributable to the funds on deposit for future state staff development, software rebates and travel expenses.

**SUPPLEMENTARY INFORMATION**

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENT OF REVENUES AND EXPENSES BY PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2018**

	Advanced Career - Income Stream	Arkansas Department of Career Education	Alternative Certification for CTE Teachers	Advanced Careers General	Advanced Careers New Jersey	Advanced Careers Ohio Automated Technology	SREB-AGEP Doctoral Scholars Program	Birmingham City Schools, Alabama	Alabama Contracts	University of Alabama at Birmingham	Alabama Huntsville City Schools	Alabama Marshall County and Dekalb County	Alabama Science and Technology Initiative
<b>REVENUES AND OTHER SUPPORT</b>													
Appropriations by states	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & contract revenue	51,085	-	144,480	-	54,868	210,219	107,850	366,190	121,990	332,400	12,705	164,340	-
Assessments	11,218	-	-	-	-	-	-	-	-	-	-	-	-
Membership dues	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	299,874	-	26,237	160,000	-	-	-	-	68,278	-	33,583	-	161
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Meeting registration fees	54,897	-	-	-	-	-	-	-	-	-	-	-	-
Publication and subscription sales	1,800	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	219,827	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>638,701</b>	<b>-</b>	<b>170,717</b>	<b>160,000</b>	<b>54,868</b>	<b>210,219</b>	<b>107,850</b>	<b>366,190</b>	<b>190,268</b>	<b>332,400</b>	<b>46,288</b>	<b>164,340</b>	<b>161</b>
<b>EXPENSES</b>													
Research and Programs:													
Salaries of staff	377,620	-	108,898	24,558	21,421	67,532	27,410	53,789	94,262	45,293	35,736	55,664	-
Deferred annuity, group ins, and SS	80,412	-	16,417	5,899	3,796	12,665	4,495	10,366	18,619	8,299	6,646	10,206	97
Fees for part-time consultants	183,824	-	14,500	27,245	-	108,499	-	7,614	1,575	4,275	-	-	-
Program support	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and conferences	155,582	-	42,180	-	9,037	5,743	4,394	27,142	19,134	18,195	10,339	32,445	-
Office operations	23,180	-	2,650	3,677	140	589	4,330	1,730	2,003	767	52	167	-
Printing and production	12,811	-	668	-	-	104	205	-	89	25	-	40	-
Rent and maintenance	-	-	-	250	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	40	-	60	73,420	20	20	-	-	40	-	-	-	-
Contracted Services	40,315	-	-	-	5,000	-	45,826	-	-	-	-	-	-
Computer services	1,709	-	2,756	96	48	96	-	9,457	696	-	-	-	-
Other expense	2,654	-	279	60	60	130	50	15	1,936	150	126	116	-
Allocated general and administrative	-	-	-	-	3,952	-	21,140	11,011	13,835	7,700	5,290	9,864	64
<b>TOTAL EXPENSES</b>	<b>878,147</b>	<b>-</b>	<b>188,408</b>	<b>135,205</b>	<b>43,474</b>	<b>195,378</b>	<b>107,850</b>	<b>121,124</b>	<b>152,189</b>	<b>84,704</b>	<b>58,189</b>	<b>108,502</b>	<b>161</b>
<b>CHANGES IN NET ASSETS</b>	<b>(239,446)</b>	<b>-</b>	<b>(17,691)</b>	<b>24,795</b>	<b>11,394</b>	<b>14,841</b>	<b>-</b>	<b>245,066</b>	<b>38,079</b>	<b>247,696</b>	<b>(11,901)</b>	<b>55,838</b>	<b>-</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>239,446</b>	<b>12,201</b>	<b>17,692</b>	<b>13,124</b>	<b>16,820</b>	<b>26,155</b>	<b>-</b>	<b>-</b>	<b>47,449</b>	<b>107,396</b>	<b>11,901</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ 12,201</b>	<b>\$ 1</b>	<b>\$ 37,919</b>	<b>\$ 28,214</b>	<b>\$ 40,996</b>	<b>\$ -</b>	<b>\$ 245,066</b>	<b>\$ 85,528</b>	<b>\$ 355,092</b>	<b>\$ -</b>	<b>\$ 55,838</b>	<b>\$ -</b>

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENT OF REVENUES AND EXPENSES BY PROGRAM – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018**

	AK, LA, OK Contracts	Bill & Melinda Gates Foundation	Bill & Melinda Gates Foundation Gen Ops	Camdenton Schools, Missouri	Council for Collegiate Nursing	Compact Faculty Institute	Compact for Faculty Diversity	LDC/MDC Open- Invitation Conference	Contracted Professional Development Services	Connecticut New Britain School District	Distance Learning Policy Laboratory	District of Columbia Department of Education	Dooly County School District
<b>REVENUES AND OTHER SUPPORT</b>													
Appropriations by states	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & contract revenue	105,325	10,460,853	-	100,980	-	-	568,979	-	27,610	209,530	-	-	7,260
Assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Membership dues	-	-	-	-	85,054	-	-	-	-	-	-	-	-
Transfers	200,006	-	990,000	-	-	299,743	33,983	6,375	19,000	-	-	-	-
Interest	-	61,117	-	-	-	-	41,181	-	-	-	-	-	-
Meeting registration fees	-	-	-	-	34,747	435,360	1,000	137,212	-	-	-	-	-
Publication and subscription sales	-	-	-	-	-	1,650	3,500	-	-	-	-	-	-
Miscellaneous revenue	-	-	24,883	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>305,331</b>	<b>10,521,970</b>	<b>1,014,883</b>	<b>100,980</b>	<b>119,801</b>	<b>736,753</b>	<b>648,643</b>	<b>143,587</b>	<b>46,610</b>	<b>209,530</b>	<b>-</b>	<b>-</b>	<b>7,260</b>
<b>EXPENSES</b>													
Research and Programs:													
Salaries of staff	71,842	2,681,857	555,684	54,341	25,863	-	320,321	12,433	45,388	46,814	-	7,469	19,435
Deferred annuity, group ins, and SS	16,632	529,811	128,618	10,373	3,940	-	73,383	3,412	8,970	8,957	-	1,665	3,837
Fees for part-time consultants	5,850	1,011,822	558,014	6,400	5,000	27,005	25,527	-	-	59,212	-	-	-
Program support	-	3,747,666	(491,744)	-	-	-	-	-	-	-	-	-	-
Travel and conferences	34,789	1,156,139	200,050	43,012	30,900	714,759	23,494	68,738	5,197	37,380	-	1,024	3,571
Office operations	914	53,314	4,599	442	2,748	5,009	6,543	7,208	67	528	-	-	23
Printing and production	-	118,119	2,918	47	1,146	15,404	10,673	13,975	-	144	-	-	-
Rent and maintenance	-	198	-	-	7,450	-	5,650	48,937	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	1,026,220	140	-	26	-	65,840	-	-	1,117	-	-	900
Contracted Services	-	164,021	8,620	-	-	2,500	6,896	-	-	-	-	-	-
Computer services	135	22,821	68,408	48	125	109	1,801	3,451	-	25	-	-	-
Other expense	155	9,984	1,347	127	1,599	2,224	824	1,479	120	56	-	19	55
Allocated general and administrative	-	-	-	11,479	-	-	39,370	-	5,974	15,342	-	1,018	2,782
<b>TOTAL EXPENSES</b>	<b>130,317</b>	<b>10,521,972</b>	<b>1,036,654</b>	<b>126,269</b>	<b>78,797</b>	<b>767,010</b>	<b>580,322</b>	<b>159,633</b>	<b>65,716</b>	<b>169,575</b>	<b>-</b>	<b>11,195</b>	<b>30,603</b>
<b>CHANGES IN NET ASSETS</b>	<b>175,014</b>	<b>(2)</b>	<b>(21,771)</b>	<b>(25,289)</b>	<b>41,004</b>	<b>(30,257)</b>	<b>68,321</b>	<b>(16,046)</b>	<b>(19,106)</b>	<b>39,955</b>	<b>-</b>	<b>(11,195)</b>	<b>(23,343)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>-</b>	<b>2</b>	<b>21,771</b>	<b>37,514</b>	<b>50,933</b>	<b>425,140</b>	<b>3,184,995</b>	<b>28,493</b>	<b>21,424</b>	<b>-</b>	<b>44,356</b>	<b>44,881</b>	<b>36,050</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 175,014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,225</b>	<b>\$ 91,937</b>	<b>\$ 394,883</b>	<b>\$ 3,253,316</b>	<b>\$ 12,447</b>	<b>\$ 2,318</b>	<b>\$ 39,955</b>	<b>\$ 44,356</b>	<b>\$ 33,686</b>	<b>\$ 12,707</b>

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENT OF REVENUES AND EXPENSES BY PROGRAM – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018**

	Dover High School	Dalton Public Schools GA	Direct Services Developmental	Dothan City Schools, Alabama	Doctoral Scholars Professional Development	Camden County GA Public Schools	Georgia Contracts	Georgia's Career Pathways Audit	Georgia Fulton County Schools	Gates Award Post Secondary Education	Gates Student Surveys	Geneva County Board of Education	Gwinnett County Schools, GA
<b>REVENUES AND OTHER SUPPORT</b>													
Appropriations by states	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & contract revenue	-	8,250	-	290,400	-	52,774	38,115	82,500	-	126,681	89,258	-	163,350
Assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Membership dues	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	2,762	-	-	-	-	102,840	-	-	-	-	-	-
Interest	-	-	-	-	1,825	-	-	-	-	916	1,574	-	-
Meeting registration fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Publication and subscription sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>-</b>	<b>11,012</b>	<b>-</b>	<b>290,400</b>	<b>1,825</b>	<b>52,774</b>	<b>140,955</b>	<b>82,500</b>	<b>-</b>	<b>127,597</b>	<b>90,832</b>	<b>-</b>	<b>163,350</b>
<b>EXPENSES</b>													
Research and Programs:													
Salaries of staff	2,942	17,761	17,746	113,391	-	29,360	46,213	32,525	-	38,370	713	13,580	112,389
Deferred annuity, group ins, and SS	493	3,742	3,089	21,219	-	5,375	9,755	6,263	-	7,346	55	2,561	21,802
Fees for part-time consultants	-	-	-	-	-	5,200	9,750	-	-	28,300	2,999	-	-
Program support	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and conferences	580	-	1,289	41,579	9,962	12,162	10,229	518	-	12,969	4,451	-	42,298
Office operations	81	-	-	313	-	6	69	2	-	561	-	-	2,249
Printing and production	-	-	-	272	-	-	110	-	-	199	-	-	45
Rent and maintenance	-	-	-	540	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	225	3,062	-	2,840	-	-	8,278	9,327
Contracted Services	-	-	-	-	2,000	-	-	-	-	23,000	72,437	-	-
Computer services	100	-	-	-	-	-	325	-	-	-	-	-	48
Other expense	2	42	51	251	-	71	116	36	-	106	3	38	272
Allocated general and administrative	420	2,155	-	17,757	-	5,240	7,687	-	-	16,744	10,174	1,618	18,030
<b>TOTAL EXPENSES</b>	<b>4,618</b>	<b>23,700</b>	<b>22,175</b>	<b>195,322</b>	<b>11,962</b>	<b>57,639</b>	<b>87,316</b>	<b>39,344</b>	<b>2,840</b>	<b>127,595</b>	<b>90,832</b>	<b>26,075</b>	<b>206,460</b>
<b>CHANGES IN NET ASSETS</b>	<b>(4,618)</b>	<b>(12,688)</b>	<b>(22,175)</b>	<b>95,078</b>	<b>(10,137)</b>	<b>(4,865)</b>	<b>53,639</b>	<b>43,156</b>	<b>(2,840)</b>	<b>2</b>	<b>-</b>	<b>(26,075)</b>	<b>(43,110)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>13,111</b>	<b>12,688</b>	<b>22,484</b>	<b>125,755</b>	<b>170,107</b>	<b>11,245</b>	<b>38,505</b>	<b>-</b>	<b>2,840</b>	<b>-</b>	<b>-</b>	<b>26,075</b>	<b>44,588</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 8,493</b>	<b>\$ -</b>	<b>\$ 309</b>	<b>\$ 220,833</b>	<b>\$ 159,970</b>	<b>\$ 6,380</b>	<b>\$ 92,144</b>	<b>\$ 43,156</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,478</b>

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENT OF REVENUES AND EXPENSES BY PROGRAM – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Go Alliance	Collaborative Counselor Training Initiative	State of Pennsylvania	High Schools That Work Sites	HSTW Special Publication Grant	Rock Island-Milan School District	IT Technology Fund	Jefferson County Alabama	Jefferson County Public Schools, Kentucky	Kentucky Educational Development Corporation	Kentucky Louisville Middle Schools	Kentucky Schools
<b>REVENUES AND OTHER SUPPORT</b>													
Appropriations by states	\$ 1,679,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & contract revenue	-	1,500	160,000	15,062	12,980	-	19,567	-	407,230	159,885	63,360	15,730	31,790
Assessments	-	-	-	-	-	-	-	1,080	-	-	-	-	-
Membership dues	-	102,000	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	61,346	-	2,715	52,660	-	30,059	-	10,000	11,458
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Meeting registration fees	-	2,500	1,200	-	-	-	-	-	-	-	-	-	-
Publication and subscription sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>1,679,033</b>	<b>106,000</b>	<b>161,200</b>	<b>15,062</b>	<b>74,326</b>	<b>-</b>	<b>22,282</b>	<b>53,740</b>	<b>407,230</b>	<b>189,944</b>	<b>63,360</b>	<b>25,730</b>	<b>43,248</b>
<b>EXPENSES</b>													
Research and Programs:													
Salaries of staff	1,194,820	66,925	90,548	45,043	2,567	30,229	7,445	-	225,732	47,429	22,955	8,562	-
Deferred annuity, group ins, and SS	262,766	11,641	20,520	8,836	572	20,281	1,329	-	42,781	10,877	4,112	1,806	-
Fees for part-time consultants	11,644	4,500	25,500	900	7,563	-	5,549	-	4,050	62,300	18,350	23,400	7,400
Program support	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and conferences	130,294	32,034	12,349	15,054	10,244	-	5,903	-	128,632	33,300	7,655	470	4,590
Office operations	25,581	2,771	2,351	742	144	-	-	1,381	2,293	207	57	150	-
Printing and production	26,668	-	-	366	694	-	8	-	31	84	-	-	-
Rent and maintenance	1,670	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	34	-	2,250	2,200	-	-	-	1,245	17,507	1,220	6,940	30,059
Contracted Services	2,699	-	12,795	-	-	-	-	-	-	-	-	-	-
Computer services	16,166	761	-	175	2,735	-	-	(10,131)	2,501	25	-	99	-
Other expense	6,725	205	195	2,000	3	-	22	-	555	131	31	34	-
Allocated general and administrative	-	-	-	7,537	-	-	2,026	-	40,782	16,496	5,316	3,875	1,199
<b>TOTAL EXPENSES</b>	<b>1,679,033</b>	<b>118,871</b>	<b>164,258</b>	<b>82,903</b>	<b>26,722</b>	<b>50,510</b>	<b>22,282</b>	<b>(8,750)</b>	<b>448,602</b>	<b>188,356</b>	<b>59,696</b>	<b>45,336</b>	<b>43,248</b>
<b>CHANGES IN NET ASSETS</b>	<b>-</b>	<b>(12,871)</b>	<b>(3,058)</b>	<b>(67,841)</b>	<b>47,604</b>	<b>(50,510)</b>	<b>-</b>	<b>62,490</b>	<b>(41,372)</b>	<b>1,588</b>	<b>3,664</b>	<b>(19,606)</b>	<b>-</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>-</b>	<b>104,699</b>	<b>102,528</b>	<b>96,221</b>	<b>-</b>	<b>90,801</b>	<b>-</b>	<b>33,115</b>	<b>154,453</b>	<b>(1,588)</b>	<b>12,785</b>	<b>22,134</b>	<b>-</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ 91,828</b>	<b>\$ 99,470</b>	<b>\$ 28,380</b>	<b>\$ 47,604</b>	<b>\$ 40,291</b>	<b>\$ -</b>	<b>\$ 95,605</b>	<b>\$ 113,081</b>	<b>\$ -</b>	<b>\$ 16,449</b>	<b>\$ 2,528</b>	<b>\$ -</b>

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENT OF REVENUES AND EXPENSES BY PROGRAM – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018**

	Literacy and Math Contracts	Leadership State Initiatives	The Springfield Public Schools	Doctoral Scholars Program	Middle Grades Consortium	Board of School Commissioners of Mobile County, Al	Mississippi Contracted Sites	National Assessment Education Progress	NASA	North Carolina Advanced Manufacturing Skills	North Carolina Brunswick County School District	North Carolina Guilford County Schools	Hoke County Schools, NC
<b>REVENUES AND OTHER SUPPORT</b>													
Appropriations by states	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & contract revenue	157,158	14,968	47,353	-	44,440	91,300	50,350	1,000	75,000	75,295	84,040	13,750	167,998
Assessments	-	-	-	-	-	-	-	112,600	-	-	-	-	-
Membership dues	-	-	-	-	47,000	-	-	-	-	-	-	-	-
Transfers	20,448	-	12,000	-	-	-	100,000	69,110	-	-	-	391	8,431
Interest	-	-	-	12,720	-	-	-	-	-	-	-	-	-
Meeting registration fees	-	2,550	-	-	-	-	-	-	-	-	-	-	-
Publication and subscription sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	11,044	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>177,606</b>	<b>17,518</b>	<b>59,353</b>	<b>23,764</b>	<b>91,440</b>	<b>91,300</b>	<b>150,350</b>	<b>182,710</b>	<b>75,000</b>	<b>75,295</b>	<b>84,040</b>	<b>14,141</b>	<b>176,429</b>
<b>EXPENSES</b>													
Research and Programs:													
Salaries of staff	15,570	93,270	22,441	-	46,043	58,822	13,127	199,992	-	35,453	23,147	8,063	65,425
Deferred annuity, group ins, and SS	2,808	22,117	4,884	-	9,965	11,530	2,884	45,450	-	8,626	5,115	1,298	11,851
Fees for part-time consultants	6,825	30,525	-	-	2,550	4,300	35,250	19,950	-	-	37,050	-	44,200
Program support	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and conferences	6,131	25,032	12,839	-	23,436	11,764	19,445	2,853	-	7,028	12,971	3,058	21,499
Office operations	166	1,666	118	-	1,912	1,058	257	2,700	-	435	65	-	447
Printing and production	401	45	19	-	92	62	-	16	-	-	128	-	-
Rent and maintenance	-	540	-	-	-	-	-	250	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	140	1,319	-	1,990	20	20	60	64,980	7,350	1,200	750	-
Contracted Services	2,250	-	-	-	-	-	-	113,475	-	-	-	-	-
Computer services	-	2,048	123	-	287	96	-	1,682	-	50	25	-	75
Other expense	53	3,642	40	158	1,669	178	38	1,840	-	84	60	-	146
Allocated general and administrative	3,420	-	4,178	-	-	8,783	7,102	-	-	5,903	7,976	-	14,364
<b>TOTAL EXPENSES</b>	<b>37,624</b>	<b>179,025</b>	<b>45,961</b>	<b>158</b>	<b>87,944</b>	<b>96,613</b>	<b>78,123</b>	<b>388,268</b>	<b>64,980</b>	<b>64,929</b>	<b>87,737</b>	<b>13,169</b>	<b>158,007</b>
<b>CHANGES IN NET ASSETS</b>	<b>139,982</b>	<b>(161,507)</b>	<b>13,392</b>	<b>23,606</b>	<b>3,496</b>	<b>(5,313)</b>	<b>72,227</b>	<b>(205,558)</b>	<b>10,020</b>	<b>10,366</b>	<b>(3,697)</b>	<b>972</b>	<b>18,422</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>-</b>	<b>449,477</b>	<b>(157)</b>	<b>361,418</b>	<b>164,875</b>	<b>185,566</b>	<b>92,652</b>	<b>795,440</b>	<b>-</b>	<b>(577)</b>	<b>6,956</b>	<b>96</b>	<b>104</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 139,982</b>	<b>\$ 287,970</b>	<b>\$ 13,235</b>	<b>\$ 385,024</b>	<b>\$ 168,371</b>	<b>\$ 180,253</b>	<b>\$ 164,879</b>	<b>\$ 589,882</b>	<b>\$ 10,020</b>	<b>\$ 9,789</b>	<b>\$ 3,259</b>	<b>\$ 1,068</b>	<b>\$ 18,526</b>

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENT OF REVENUES AND EXPENSES BY PROGRAM – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018**

	Hoke County School District	North Carolina Roanoke Rapids	North Carolina Robeson County Schools	North Carolina Stanly County Schools	North East Florida Consortium of Schools	New Jersey Lakewood School District	New Mexico Contracts	New Mexico Public Education Department	New Mexico Teach	National Research Center Customize Profession	National Research Center Conference Presentations	Federal Way Schools, WA	National Research Center Manhattan Strategy
<b>REVENUES AND OTHER SUPPORT</b>													
Appropriations by states	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & contract revenue	-	40,480	-	69,465	-	7,570	540,573	83,840	1,051,325	95,727	5,000	46,255	-
Assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Membership dues	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	100,000	5,201	100,000	-	1,200,000	-	-	-	1,344
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Meeting registration fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Publication and subscription sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	-	40,480	-	69,465	100,000	12,771	640,573	83,840	2,251,325	95,727	5,000	46,255	1,344
<b>EXPENSES</b>													
Research and Programs:													
Salaries of staff	1,971	17,924	1,218	2,704	15,265	57,689	74,686	248,953	158,780	9,750	4,875	12,000	-
Deferred annuity, group ins, and SS	306	3,168	277	484	2,912	9,006	15,688	51,473	30,735	746	735	918	-
Fees for part-time consultants	-	8,175	-	46,043	-	-	26,050	6,910	423,980	42,139	-	8,600	-
Program support	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and conferences	628	5,613	-	-	1,287	13,932	37,698	132,905	85,528	16,062	-	5,430	-
Office operations	-	-	-	10	31	731	1,251	6,496	1,467	447	-	112	-
Printing and production	-	57	-	-	-	30	62	119	62	816	-	-	-
Rent and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	8,431	-	21,974	225	-	600	2,250	1,877,940	363	1,482	-	-	983
Contracted Services	-	-	-	-	-	-	-	1,368	114,934	4,075	-	-	-
Computer services	-	-	-	-	-	485	1,201	2,268	170	96	-	-	-
Other expense	-	30	1	(1,597)	31	220	931	4,914	298	8	18	-	-
Allocated general and administrative	228	3,497	180	5,107	1,953	8,269	15,982	45,585	81,632	7,420	-	2,706	98
<b>TOTAL EXPENSES</b>	11,564	38,464	23,650	52,976	21,479	90,962	175,799	2,378,931	897,949	83,041	5,628	29,766	1,081
<b>CHANGES IN NET ASSETS</b>	(11,564)	2,016	(23,650)	16,489	78,521	(78,191)	464,774	(2,295,091)	1,353,376	12,686	(628)	16,489	263
<b>NET ASSETS AT BEGINNING OF YEAR</b>	11,564	1,480	23,650	8,558	31,134	78,193	88,559	2,669,931	(9)	20,677	1,253	-	(262)
<b>NET ASSETS AT END OF YEAR</b>	\$ -	\$ 3,496	\$ -	\$ 25,047	\$ 109,655	\$ 2	\$ 553,333	\$ 374,840	\$ 1,353,367	\$ 33,363	\$ 625	\$ 16,489	\$ 1

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENT OF REVENUES AND EXPENSES BY PROGRAM – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018**

	National Research New Mexico Cooperative Education	National Council State Authorization Reciprocal	National-Staff Development Project	New York Boards of Cooperative Educational SE	Buffalo Public Schools	New York City Small Learning Communities	Oklahoma Contracts	Pinellas County Schools	Plunkett Award Fund	Principal Preparation for Excellence and Equity	Quitman County School District	Richland County School District One, SC	Readiness Courses
<b>REVENUES AND OTHER SUPPORT</b>													
Appropriations by states	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & contract revenue	-	640,000	-	61,051	179,140	138,550	-	166,676	-	175,266	43,560	70,000	-
Assessments	-	-	-	18	-	-	-	-	-	-	-	-	-
Membership dues	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	78	-	250	11,422	-	30,040	-	18,495	-	26,030	-	-	-
Interest	-	-	-	-	-	-	-	-	11	-	-	-	-
Meeting registration fees	-	-	61,400	8,050	-	-	-	-	-	-	-	-	-
Publication and subscription sales	-	-	-	-	-	-	-	-	-	-	-	-	14,082
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>78</b>	<b>640,000</b>	<b>61,650</b>	<b>80,541</b>	<b>179,140</b>	<b>168,590</b>	<b>-</b>	<b>185,171</b>	<b>11</b>	<b>201,296</b>	<b>43,560</b>	<b>70,000</b>	<b>14,082</b>
<b>EXPENSES</b>													
Research and Programs:													
Salaries of staff	4,076	150,311	7,253	13,386	73,249	60,288	-	54,995	-	47,868	18,583	16,452	-
Deferred annuity, group ins, and SS	637	32,984	1,867	1,682	15,288	10,261	-	12,405	-	11,266	3,158	3,264	-
Fees for part-time consultants	-	159,000	-	13,438	41,963	21,575	-	53,340	-	146,121	23,600	52,500	-
Program support	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and conferences	-	78,338	71,116	4,234	65,867	50,299	-	24,875	-	7,866	8,860	14,575	-
Office operations	749	7,786	1,939	28	1,561	982	-	1,337	-	215	10	-	1,675
Printing and production	-	3,776	2,718	-	178	-	-	1,547	-	29	-	-	2,350
Rent and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	65,060	-	750	19,278	7,740	6	17,195	-	-	900	20	631
Contracted Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer services	-	1,481	-	-	150	389	-	-	-	-	-	-	-
Other expense	572	6,990	25	39	183	111	-	151	-	127	51	44	-
Allocated general and administrative	603	107,500	-	3,356	20,091	15,164	-	16,585	-	17,079	5,516	6,080	466
<b>TOTAL EXPENSES</b>	<b>6,637</b>	<b>613,226</b>	<b>84,918</b>	<b>36,913</b>	<b>237,808</b>	<b>166,809</b>	<b>6</b>	<b>182,430</b>	<b>-</b>	<b>230,571</b>	<b>60,678</b>	<b>92,935</b>	<b>5,122</b>
<b>CHANGES IN NET ASSETS</b>	<b>(6,559)</b>	<b>26,774</b>	<b>(23,268)</b>	<b>43,628</b>	<b>(58,668)</b>	<b>1,781</b>	<b>(6)</b>	<b>2,741</b>	<b>11</b>	<b>(29,275)</b>	<b>(17,118)</b>	<b>(22,935)</b>	<b>8,960</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>6,560</b>	<b>515,572</b>	<b>152,740</b>	<b>2,708</b>	<b>106,186</b>	<b>(1,782)</b>	<b>6</b>	<b>(2,741)</b>	<b>4,133</b>	<b>29,275</b>	<b>42,183</b>	<b>25,956</b>	<b>(203)</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1</b>	<b>\$ 542,346</b>	<b>\$ 129,472</b>	<b>\$ 46,336</b>	<b>\$ 47,518</b>	<b>\$ (1)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,144</b>	<b>\$ -</b>	<b>\$ 25,065</b>	<b>\$ 3,021</b>	<b>\$ 8,757</b>

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENT OF REVENUES AND EXPENSES BY PROGRAM – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018**

	Readiness Contracts	SARA Reserves Fund	South Carolina Contracts	Sharable Content Object Repositories for Education	South Carolina Department of Education	Sumter County School District	SC Williamsburg County School District	State Educa- Tech Co- Operative	Sloan Foundation	Sloan Foundation Directors	Teacher Supply and Demand	Technology Centers That Work	Technology Centers Alabama
<b>REVENUES AND OTHER SUPPORT</b>													
Appropriations by states	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & contract revenue	9,500	115,000	120,556	-	64,600	21,230	17,880	-	136,464	66,572	-	349,974	78,250
Assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Membership dues	-	-	-	-	-	-	-	144,000	-	-	-	20,000	-
Transfers	-	-	-	-	-	-	5,652	52,982	-	-	-	6,300	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Meeting registration fees	-	-	-	-	-	-	-	1,410	-	-	-	1,800	-
Publication and subscription sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>9,500</b>	<b>115,000</b>	<b>120,556</b>	<b>-</b>	<b>64,600</b>	<b>21,230</b>	<b>23,532</b>	<b>198,392</b>	<b>136,464</b>	<b>66,572</b>	<b>-</b>	<b>378,074</b>	<b>78,250</b>
<b>EXPENSES</b>													
Research and Programs:													
Salaries of staff	1,318	-	61,382	-	41,440	10,468	-	44,474	-	-	-	234,027	31,637
Deferred annuity, group ins, and SS	236	-	13,213	-	8,100	2,258	-	10,664	-	-	-	54,029	7,957
Fees for part-time consultants	-	-	7,575	-	1,500	-	-	(12,700)	-	-	-	72,119	35,125
Program support	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and conferences	1,994	-	22,152	-	6,758	1,954	-	5,247	-	-	-	94,586	18,708
Office operations	-	-	744	-	662	25	-	560	-	-	-	4,605	84
Printing and production	-	-	62	-	-	-	-	3,533	-	-	-	629	-
Rent and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	24,672	37,982	13,000	27	21,393	10	136,464	66,572	-	4,108	1,500
Contracted Services	-	-	-	-	-	-	-	380	-	-	-	-	-
Computer services	-	-	269	-	200	25	-	4,294	-	-	-	4,012	-
Other expense	5	-	1,953	-	742	27	-	114	-	-	-	600	63
Allocated general and administrative	355	-	10,737	-	7,852	1,478	2,139	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>3,908</b>	<b>-</b>	<b>142,759</b>	<b>37,982</b>	<b>80,254</b>	<b>16,262</b>	<b>23,532</b>	<b>56,576</b>	<b>136,464</b>	<b>66,572</b>	<b>-</b>	<b>468,715</b>	<b>95,074</b>
<b>CHANGES IN NET ASSETS</b>	<b>5,592</b>	<b>115,000</b>	<b>(22,203)</b>	<b>(37,982)</b>	<b>(15,654)</b>	<b>4,968</b>	<b>-</b>	<b>141,816</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(90,641)</b>	<b>(16,824)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>5,000</b>	<b>100,000</b>	<b>24,635</b>	<b>37,982</b>	<b>51,803</b>	<b>(580)</b>	<b>-</b>	<b>215,830</b>	<b>-</b>	<b>-</b>	<b>33,256</b>	<b>165,779</b>	<b>62,603</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 10,592</b>	<b>\$ 215,000</b>	<b>\$ 2,432</b>	<b>\$ -</b>	<b>\$ 36,149</b>	<b>\$ 4,388</b>	<b>\$ -</b>	<b>\$ 357,646</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,256</b>	<b>\$ 75,138</b>	<b>\$ 45,779</b>

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENT OF REVENUES AND EXPENSES BY PROGRAM – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018**

	Technology Centers that Work Kentucky	State of Pennsylvania	Technology Centers That Work Philadelphia	Tennessee First to the Top Schools	Metropolitan Government of Nashville	Texas Enhanced Network	Texas San Antonio Independent School District	Vocational Education Consortium	Vocational Education Summer Conference Project	Vermont Agency of Education	WICHE Pass	WV High Schools, Tech Centers and Advanced Car	WV Literacy/ Math Design Collaborative
<b>REVENUES AND OTHER SUPPORT</b>													
Appropriations by states	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & contract revenue	68,460	190,257	27,540	195,473	89,700	281,988	14,740	-	-	-	-	330,197	(9,350)
Assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Membership dues	-	-	-	-	-	-	-	252,250	-	-	-	-	-
Transfers	-	103,401	18,153	-	-	7,560	1,220	96,089	21,953	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Meeting registration fees	-	-	-	-	-	-	-	-	1,024,494	-	-	-	-
Publication and subscription sales	-	-	-	-	-	-	-	65	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>68,460</b>	<b>293,658</b>	<b>45,693</b>	<b>195,473</b>	<b>89,700</b>	<b>289,548</b>	<b>15,960</b>	<b>348,404</b>	<b>1,046,447</b>	<b>-</b>	<b>-</b>	<b>330,197</b>	<b>(9,350)</b>
<b>EXPENSES</b>													
Research and Programs:													
Salaries of staff	4,666	130,429	9,583	142,172	26,321	152,569	21,377	183,698	180,861	554	1,383	100,463	2,434
Deferred annuity, group ins, and SS	1,134	31,729	2,698	18,458	3,509	29,224	3,382	42,409	47,592	85	-	31,136	570
Fees for part-time consultants	16,875	87,888	21,000	4,875	34,150	32,381	-	10,774	5,500	-	-	93,099	500
Program support	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and conferences	7,488	104,724	3,855	27,939	21,506	72,530	11,048	95,933	339,935	-	8,988	41,506	1,152
Office operations	-	958	-	1,104	2,029	2,198	362	19,363	21,529	-	-	1,147	-
Printing and production	29	61	-	127	3	468	-	12,949	32,118	-	-	413	-
Rent and maintenance	-	-	-	-	200	-	-	250	100,115	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	6,300	20	187	2,590	-	520	3,810	388,564	290,080	39,672	-	47,880	20,448
Contracted Services	-	-	-	-	-	-	-	41,218	15,303	-	-	-	-
Computer services	-	208	-	2,575	150	171	-	12,133	18,398	-	-	96	-
Other expense	6	1,749	27	325	49	378	95	646	6,821	-	-	220	-
Allocated general and administrative	-	-	3,735	20,016	8,792	29,044	3,686	(336,696)	-	64	-	31,596	402
<b>TOTAL EXPENSES</b>	<b>36,498</b>	<b>357,766</b>	<b>41,085</b>	<b>220,181</b>	<b>96,709</b>	<b>319,483</b>	<b>43,760</b>	<b>471,241</b>	<b>1,058,252</b>	<b>40,375</b>	<b>10,371</b>	<b>347,556</b>	<b>25,506</b>
<b>CHANGES IN NET ASSETS</b>	<b>31,962</b>	<b>(64,108)</b>	<b>4,608</b>	<b>(24,708)</b>	<b>(7,009)</b>	<b>(29,935)</b>	<b>(27,800)</b>	<b>(122,837)</b>	<b>(11,805)</b>	<b>(40,375)</b>	<b>(10,371)</b>	<b>(17,359)</b>	<b>(34,856)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>96,287</b>	<b>64,108</b>	<b>(4,609)</b>	<b>31,132</b>	<b>22,557</b>	<b>29,935</b>	<b>27,800</b>	<b>4,644,613</b>	<b>4,551,212</b>	<b>40,375</b>	<b>10,371</b>	<b>200,078</b>	<b>34,856</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 128,249</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ 6,424</b>	<b>\$ 15,548</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,521,776</b>	<b>\$ 4,539,407</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 182,719</b>	<b>\$ -</b>

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENT OF REVENUES AND EXPENSES BY PROGRAM – CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018**

	West Virginia STEM Benedum Foundation	Eliminations	Total Program	NonProgram	Plunkett Endowment Fund	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Appropriations by states	\$ -	\$ -	\$ 1,679,033	\$ 1,154,441	\$ -	\$ 2,833,474
Grants & contract revenue	-	-	21,191,257	-	-	21,191,257
Assessments	-	-	124,916	-	-	124,916
Membership dues	-	-	650,304	-	-	650,304
Transfers	34,856	(4,462,486)	-	-	-	-
Interest	-	-	119,344	94,420	-	213,764
Meeting registration fees	-	-	1,766,620	350	-	1,766,970
Publication and subscription sales	-	-	21,097	57	-	21,154
Miscellaneous revenue	-	-	255,754	43,193	-	298,947
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>34,856</b>	<b>(4,462,486)</b>	<b>25,808,325</b>	<b>1,292,461</b>	<b>-</b>	<b>27,100,786</b>
<b>EXPENSES</b>						
Research and Programs:						
Salaries of staff	19,334	-	9,955,094	1,200,087	-	11,155,181
Deferred annuity, group ins, and SS	3,942	-	2,082,849	268,847	-	2,351,696
Fees for part-time consultants	48,271	-	3,976,783	53,473	-	4,030,256
Program support	-	-	3,255,922	491,744	-	3,747,666
Travel and conferences	2,449	-	4,821,427	329,116	-	5,150,543
Office operations	507	-	251,166	44,168	-	295,334
Printing and production	-	-	267,744	143	-	267,887
Rent and maintenance	-	-	166,050	151,334	-	317,384
Depreciation	-	-	-	124,034	-	124,034
Transfers	-	(4,462,486)	-	-	-	-
Contracted Services	-	-	679,112	163,065	-	842,177
Computer services	-	-	177,742	148,087	-	325,829
Other expense	23	-	69,352	64,054	-	133,406
Allocated general and administrative	7,453	-	513,353	(513,353)	-	-
<b>TOTAL EXPENSES</b>	<b>81,979</b>	<b>(4,462,486)</b>	<b>26,216,594</b>	<b>2,524,799</b>	<b>-</b>	<b>28,741,393</b>
<b>CHANGES IN NET ASSETS</b>	<b>(47,123)</b>	<b>-</b>	<b>(408,269)</b>	<b>(1,232,338)</b>	<b>-</b>	<b>(1,640,607)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>47,123</b>	<b>-</b>	<b>21,833,608</b>	<b>6,632,069</b>	<b>21,000</b>	<b>28,486,677</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,425,339</b>	<b>\$ 5,399,731</b>	<b>\$ 21,000</b>	<b>\$ 26,846,070</b>

**BOARD OF CONTROL FOR  
SOUTHERN REGIONAL EDUCATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
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JUNE 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Board of Control for Southern Regional Education

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

We have audited the accompanying financial statements of the Board of Control for Southern Regional Education (the Board) (a nonprofit organization) which comprise the statements of financial position as of June 30, 2019 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 the Board as of June 30, 2019 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Board's 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Warren Averett, LLC*

Atlanta, Georgia  
October 14, 2019

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018**

<b>ASSETS</b>		
	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 9,698,666	\$ 12,860,290
Investments	23,701,296	22,830,640
Reimbursements receivable from grantors	1,814,160	2,415,113
Other current assets	<u>778,055</u>	<u>938,789</u>
Total current assets	35,992,177	39,044,832
<b>NET PROPERTY AND EQUIPMENT</b>	<u>901,129</u>	<u>896,963</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 36,893,306</u></u>	<u><u>\$ 39,941,795</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 2,504,982	\$ 3,505,170
Deferred revenues – membership dues and grants	4,239,153	7,339,131
Grants payable	<u>2,210,901</u>	<u>2,251,424</u>
Total current liabilities	<u>8,955,036</u>	<u>13,095,725</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Board designated	1,088,979	1,328,079
Undesignated	<u>4,613,089</u>	<u>4,071,652</u>
Total net assets without donor restrictions	<u>5,702,068</u>	<u>5,399,731</u>
With donor restrictions		
Restricted by purpose or time	22,215,202	21,425,339
Restricted in perpetuity	<u>21,000</u>	<u>21,000</u>
Total net assets with donor restrictions	<u>22,236,202</u>	<u>21,446,339</u>
Total net assets	<u>27,938,270</u>	<u>26,846,070</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 36,893,306</u></u>	<u><u>\$ 39,941,795</u></u>

See notes to the financial statements.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
*(with comparative totals for 2018)*

	<b>2019</b>			<b>2018</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT</b>				
Appropriations by states	\$ 3,081,405	\$ -	\$ 3,081,405	\$ 2,833,474
Grants and contract revenue – foundations, federal agencies, and state agencies	-	18,001,870	18,001,870	21,191,258
Membership dues	585,120	-	585,120	650,304
Assessments	25,804	-	25,804	124,916
Investment income	1,099,134	225,227	1,324,361	213,764
Meeting registration fees	1,805,267	-	1,805,267	1,766,970
Publication and subscription sales	47,563	-	47,563	21,154
Miscellaneous revenue	472,023	-	472,023	298,947
Net assets released from restrictions, satisfaction of program restrictions	17,437,234	(17,437,234)	-	-
<b>TOTAL REVENUES, OTHER SUPPORT AND RECLASSIFICATIONS</b>	<b>24,553,550</b>	<b>789,863</b>	<b>25,343,413</b>	<b>27,100,787</b>
<b>EXPENSES</b>				
Education Technology and Multistate Cooperative Program	484,242	-	484,242	548,166
Educational Policies and Data	1,827,486	-	1,827,486	1,449,278
Health and Human Services	71,802	-	71,802	78,771
School Improvement	9,973,565	-	9,973,565	11,700,285
Special Programs	7,891,969	-	7,891,969	10,761,064
Total program expenses	20,249,064	-	20,249,064	24,537,564
General and administrative	4,002,149	-	4,002,149	4,203,830
<b>TOTAL EXPENSES</b>	<b>24,251,213</b>	<b>-</b>	<b>24,251,213</b>	<b>28,741,394</b>
<b>CHANGES IN NET ASSETS</b>	<b>302,337</b>	<b>789,863</b>	<b>1,092,200</b>	<b>(1,640,607)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>5,399,731</b>	<b>21,446,339</b>	<b>26,846,070</b>	<b>28,486,677</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 5,702,068</b>	<b>\$ 22,236,202</b>	<b>\$ 27,938,270</b>	<b>\$ 26,846,070</b>

See notes to the financial statements.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Program Services</b>							
	<b>Education Technology and Multistate Cooperative Program</b>	<b>Educational Policies and Data</b>	<b>Health and Human Services</b>	<b>School Improvement</b>	<b>Special Programs</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Total</b>
Salaries to staff	\$ 247,892	\$ 399,294	\$ 18,446	\$ 4,707,367	\$ 3,358,978	\$ 8,731,977	\$ 2,186,930	\$ 10,918,907
Deferred annuity, group insurance premiums and social security tax	61,672	90,102	2,518	942,109	697,849	1,794,250	508,327	2,302,577
Total personnel costs	309,564	489,396	20,964	5,649,476	4,056,827	10,526,227	2,695,257	13,221,484
Fees for part-time consultants and assistants	45,000	87,088	-	1,701,601	1,081,223	2,914,912	123,435	3,038,347
Funding to other organizations	-	-	-	4,500	1,179,174	1,183,674	-	1,183,674
Travel and conferences	94,458	1,035,593	39,830	1,910,865	1,094,573	4,175,319	398,268	4,573,587
Office operations	21,284	35,276	1,731	100,569	102,851	261,711	75,657	337,368
Printing and production	1,312	30,753	492	66,681	27,393	126,631	42,944	169,575
Rent and maintenance	4,486	6,966	7,200	166,957	1,058	186,667	139,874	326,541
Depreciation expense	-	-	-	-	-	-	112,231	112,231
Professional services	75	97,785	-	231,266	175,092	504,218	230,319	734,537
Computer services	7,631	37,348	151	69,402	162,745	277,277	117,131	394,408
Other expenses	432	7,281	1,434	72,248	11,033	92,428	67,033	159,461
	<u>\$ 484,242</u>	<u>\$ 1,827,486</u>	<u>\$ 71,802</u>	<u>\$ 9,973,565</u>	<u>\$ 7,891,969</u>	<u>\$ 20,249,064</u>	<u>\$ 4,002,149</u>	<u>\$ 24,251,213</u>

See notes to the financial statements.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 1,092,200	\$ (1,640,607)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Depreciation expense	112,231	124,034
Net (gain) loss on investments	(603,521)	241,697
Changes in operating assets and liabilities		
Reimbursements receivable from grantors	600,953	118,127
Other current assets	160,734	(29,229)
Accounts payable and accrued expenses	(1,000,188)	175,962
Deferred revenues	(3,099,978)	1,033,369
Grants payable	(40,523)	354,403
Net cash (used in) provided by operating activities	<u>(2,778,092)</u>	<u>377,756</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchases) redemptions of investments, net	(267,135)	947,788
Purchases of equipment	<u>(116,397)</u>	<u>(76,753)</u>
Net cash (used in) provided by investing activities	<u>(383,532)</u>	<u>871,035</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(3,161,624)	1,248,791
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>12,860,290</u>	<u>11,611,499</u>
<b>AT END OF YEAR</b>	<u>\$ 9,698,666</u>	<u>\$ 12,860,290</u>

See notes to the financial statements.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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## **1. ORGANIZATION**

The Board of Control for Southern Regional Education (the Board) was created in 1948 to serve as the operating agency of the nation's first interstate compact working to improve public pre-K through 12<sup>th</sup> grade and higher education. Sixteen member states contribute funds to the Board to be used for administration, development, research and education programs.

The Board's programs include:

- *Education Technology and Multistate Cooperative Programs* – manages programs that help states, colleges and schools share resources.
- *Educational Policies and Data* – compiles, analyzes and publishes reports on education data and policies.
- *School Improvement* – contracts with the states, districts and schools on a range of school improvement services, including consulting, professions development, coaching, curricula, and teaching strategies.
- *Health and Human Services* – brings together nursing deans from universities in the Board states and pursues projects to strengthen nursing schools.
- *Special Programs* – originates from the President's office and includes grants and contracts that cross programs.

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

### **Adoption of New Accounting Pronouncement**

In August 2016 the FASB issued ASU 2016-14-*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which made several improvements to current financial reporting for not-for-profits. The guidance was effective for the Board's annual financial statements for the year ended June 30, 2019. The changes in the ASU were applied on a retrospective basis, which means that all financial statements presented reflected the changes and the effect was disclosed for each period presented. The standard does not require the presentation of the statement of functional expenses for 2018.

### **Basis of Presentation**

The financial statements of the Board 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 Board and changes therein are classified and reported as follows:

#### ***Without Donor Restrictions***

Net assets that are not subject to donor-imposed restrictions.

#### ***Board Designated***

Assets designated by the Board to be held for specified purposes. The Board can elect to remove these designations in the future.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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

***With Donor Restrictions***

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Board and/or passage of time as well as net assets subject to donor-imposed stipulations that the Board maintain them permanently. Earnings from the Board's net assets held in perpetuity are restricted by donors to provide a permanent source of income.

**Presentation**

The amounts shown for the year ended June 30, 2018 in the accompanying financial statements are included to provide a basis for comparison with 2019 and present summarized totals only. Accordingly, the 2018 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 Board's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**Reclassifications**

Certain 2018 accounts have been reclassified to conform to the 2019 presentation. Total net assets and changes in net assets, as previously reported for 2018, were unchanged due to these reclassifications.

**Cash and Cash Equivalents**

The Board considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Money market funds and certificates of deposits with a maturity of greater than three months are classified as investments.

**Accounting for Contributions**

The Board records contributions at the date of the gift. Donated investments are recorded at their fair value on the date donated. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated by the donor for specific purposes or for use in a future period are reported as an increase to net assets with donor restrictions.

The Board receives grants that are structured as contributions. The related revenue is recognized as described above. In addition the Board receives reimbursement basis grants for which revenue is recognized as expenditures are made.

Restrictions on contributions expire when a purpose or time restriction is accomplished. Upon satisfaction, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying statement of activities as net assets released from restrictions. Net assets with donor restrictions include the principal amount of contributions accepted with the stipulation from the donors that the principal be maintained in perpetuity.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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

**Investments**

The Board adheres to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, for its investments. The standard provides guidance for using fair value to measure assets and liabilities. Under the standard, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1: Quoted prices for identical instruments in active markets at the measurement date. Investments that are listed on a United States securities exchange are valued at their last sales price on the largest United States securities exchange on which such securities have traded.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active and model-derived valuation in which all significant inputs and significant value drivers are observable in active markets at the date and for the anticipated term of the instrument.
- Level 3: Valuation derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Board's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The Board holds certain government and corporate bonds that are considered Level 2 investments. Management has determined broker reported prices are a reasonable estimation of fair value as of June 30, 2019 and 2018. Broker reported prices are determined using inputs including last trade prices, current market conditions, perceived market movements, news and other relevant information.

The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Fair Value of Financial Instruments and Credit Risk**

Financial instruments, principally cash, receivables, investments and accounts payable, are reported at fair value. The Board places its cash with financial institutions. At times, these investments are in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk in these situations to be minimal.

**Revenue Recognition**

Membership dues are recognized over the membership period. Revenue from the sale of publications is recognized at the time of sale. Revenue for assessments, meeting registration and presentation fees is recognized as services are performed. Grant and contract revenue are primarily reimbursement basis and are recognized as expenditures are made.

An allowance for uncollectible receivables is provided based on management's evaluation of potential uncollectible promises receivable at year end. Management does not consider any amounts to be uncollectible at June 30, 2019 and 2018.

**Deferred Revenue**

Deferred revenue represents membership payments, registration fees and grant monies received in current and prior years that relate to subsequent years.

**Appropriations**

The member states pay appropriations to the Board in an amount that is determined annually by the Board of Directors.

**Agency Funds**

The Board serves as the fiscal agent and administrator of interstate arrangements for regional educational services and institutions. The Board also serves as administrator of the Minority Doctoral Scholars Program.

**Concentration**

For the year ended June 30, 2019, there was one individual donor who represented 43% of the Board's revenue. There was one program member representing 11% of accounts receivable at June 30, 2019.

For the year ended June 30, 2018, there was one individual donor who represented 49% of the Board's revenue. There were two program members representing 29% of accounts receivable at June 30, 2018.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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

**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the classes of depreciable property. The Board capitalizes all expenditures for property and equipment over \$10,000. Useful lives are as follows:

Furniture and equipment	3-10 years
Leasehold improvements	5-10 years
Building	50 years

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and functional expenses. Accordingly, certain costs have been allocated among the program services benefited based a personnel-cost basis.

**Tax Status**

The Board 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.

**Recently Issued Accounting Standards**

In May 2014 the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* superseding the guidance in former ACS 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 new guidance will be effective for fiscal year ending June 30, 2020 for the Board. The Board does not expect the adoption to have a material impact on the financial statements.

In June 2018 the FASB issued ASU 2018-08 *Not-for-Profit Entities (Topic 958-605)* clarifying the accounting guidance for contributions received and contributions made to further improve the scope and the accounting guidance for revenue recognition, to assist entities distinguishing between contributions (non-reciprocal) and exchange (reciprocal) transactions and to determine whether a contribution is conditional. The effective date of the amendment is fiscal year ending June 30, 2020. The Board does not expect the adoption to have a material impact on the financial statements.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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

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 balance sheets 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 standard update allows for a modified retrospective application and is effective as of the first quarter of calendar year 2020; 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 Board's financial position, results of activities, cash flows and related disclosures.

**Events Occurring After Report Date**

Management has evaluated events and transactions that occurred between June 30, 2019 and October 14, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**3. INVESTMENTS**

The following tables present the Board's composition of the investments at fair value and the related level in the fair value hierarchy as defined by FASB ASC 820 *Fair Value Measurements* used to measure those investments at June 30, 2019 and 2018:

<b>Investment</b>	<b>Fair Value Measurements as of June 30, 2019</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Corporate bonds (United States)				
Banking and finance	\$ 2,081,476	\$ -	\$ 2,081,476	\$ -
Other	8,737,208	-	8,737,208	-
Government bonds	1,236,737	-	1,236,737	-
Foreign bonds (United Kingdom)	1,308,021	-	1,308,021	-
Certificates of deposit	8,992,775	-	8,992,775	-
Mutual funds	1,345,079	1,345,079	-	-
	<u>\$ 23,701,296</u>	<u>\$ 1,345,079</u>	<u>\$ 22,356,217</u>	<u>\$ -</u>

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**3. INVESTMENTS – CONTINUED**

<u>Investment</u>	<u>Fair Value Measurements as of June 30, 2018</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate bonds (United States)				
Banking and finance	\$ 4,501,970	\$ -	\$ 4,501,970	\$ -
Other	9,288,404	-	9,288,404	-
Foreign bonds (United Kingdom)	484,295	-	484,295	-
Certificates of deposit	7,262,664	-	7,262,664	-
Mutual funds	1,293,307	1,293,307	-	-
	<u>\$ 22,830,640</u>	<u>\$ 1,293,307</u>	<u>\$ 21,537,333</u>	<u>\$ -</u>

Investment income for the years ended June 30, 2019 and 2018 is composed of:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 771,732	\$ 502,553
Net gain (loss) on investments	603,521	(241,697)
Brokerage fees	(50,892)	(47,092)
	<u>\$ 1,324,361</u>	<u>\$ 213,764</u>

**4. PROPERTY AND EQUIPMENT**

The Board's property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Building	\$ 1,625,000	\$ 1,625,000
Furniture and equipment	797,465	797,465
Leasehold improvements	1,123,005	1,006,609
	3,545,470	3,429,074
Accumulated depreciation	(2,644,341)	(2,532,111)
	<u>\$ 901,129</u>	<u>\$ 896,963</u>

Depreciation expense of \$112,231 and \$124,034 was recorded for the years ended June 30, 2019 and 2018, respectively.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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**5. BENEFIT PLANS**

The Board has a defined contribution pension plan (the Plan), which covers substantially all employees and provides for the purchase of individual deferred annuity contracts from Teachers Insurance and Annuity Association of America. The Board contributed \$916,162 and \$936,991 to the Plan for the years ended June 30, 2019 and 2018, respectively.

In 2006 the Board established a 457(b) Deferred Compensation Plan to provide deferred compensation for a select group of employees. The President and the senior executives reporting directly to the President are eligible to participate in the Deferred Compensation Plan. Eligible employees are allowed to make elective salary deferrals up to the maximum amount permitted by law. The Board does not make any contributions to the Deferred Compensation Plan. The Deferred Compensation Plan provides for the purchase of individual deferred annuity contracts from Teachers Insurance and Annuity Association of America.

**6. CAPITAL LEASE**

The Board entered into a lease obligation in 1987 with the Board of Regents of the State of Georgia to occupy an office building for a 50-year period. The lease required annual payments of \$90,000 through 2011. For the remaining 25 years under the lease term, no further lease payments are required, and the Board is entitled to occupy the building. This obligation has been recorded as a capital lease. However, the Board does not own the building and the lease does not address extension or purchase options when the lease terminates in 2036.

At June 30, 2019 the cost of assets under capital lease was \$1,625,000. Depreciation expense for the year ended June 30, 2019 related to the capitalized building was \$32,500 and at June 30, 2019 accumulated depreciation was \$1,072,500.

**7. LEASE COMMITMENTS**

The Board has obligations under various non-cancelable operating leases for office equipment. Related rental expense for the years ended June 30, 2019 and 2018 amounted to approximately \$20,000. Future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>		
2020	\$	6,733
2021		2,805

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**8. COMPOSITION OF NET ASSETS**

At June 30, 2019 and 2018 net assets without donor restrictions have been designated by the Board of Directors as follows:

	<u>2019</u>	<u>2018</u>
Reserve for contingencies	\$ 324,489	\$ 324,489
Quality of Education Program	764,490	1,003,590
	<u>\$ 1,088,979</u>	<u>\$ 1,328,079</u>

Net assets with donor restrictions were available for the following purposes at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditures for specific purpose:		
High Schools That Work	\$ 16,201,547	\$ 15,646,536
Education policies	5,093,687	4,885,163
Council for Collegiate Nursing	132,508	91,939
Other educational programs	787,460	801,701
	22,215,202	21,425,339
Subject to restriction in perpetuity:		
Plunkett Endowment	21,000	21,000
	<u>\$ 22,236,202</u>	<u>\$ 21,446,339</u>

Net assets with donor restrictions released from restrictions during the year ended June 30, 2019 was as follows:

High Schools That Work	\$ 14,143,621
Education policies	2,083,553
Council for Collegiate Nursing	71,801
Other educational programs	1,138,259
	<u>\$ 17,437,234</u>

Net assets subject to restrictions in perpetuity are restricted to provide an annual award to recognize an outstanding educator.

**BOARD OF CONTROL FOR SOUTHERN REGIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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**9. AGENCY RELATIONSHIPS**

The Board acts as a fiscal agent by receiving funds from various states and disbursing them to qualified recipients. As of June 30, 2019 and 2018, funds received that had not yet been disbursed, amounted to \$2,053,456 and \$2,050,342, respectively, which is included in grants payable on the statements of financial position. The remaining balance in grants payable is attributable to the funds on deposit for future state staff development, software rebates and travel expenses.

**10. LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the Board's financial assets as of June 30, 2019 and 2018, 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, perpetual endowments, and accumulated earnings net of appropriations within one year.

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 9,698,666	\$ 12,860,290
Investments	23,701,296	22,830,640
Reimbursements receivable from grantors	<u>1,814,160</u>	<u>2,415,113</u>
Financial assets, at year-end	35,214,122	38,106,043
Less: Assets unavailable for general expenditures within one year:		
Board designated	1,088,979	1,328,079
Net assets with donor purpose or time restrictions	22,215,202	21,425,339
Net assets restricted in perpetuity	<u>21,000</u>	<u>21,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,888,941</u>	<u>\$ 15,331,625</u>

The Board is substantially supported by grants and contract revenue. Because a donor's restrictions requires resources to be used in a particular manner or in a future period, the Board must maintain sufficient resources to meet those responsibilities to donors. The Board's endowment funds consist of donor-restricted endowments. Therefore, certain financial assets may not be available for general expenditures within one year. As part of the Board'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.

**SREB Regional Contract Program  
Meharry Medical College  
History and Statistics**

Per SREB records, Meharry Medical College last updated its master contract with SREB for the Regional Contract Program for Academic Year 2018-19, with Exhibit A-1 amendment for 2019-20. Following are the RCP stats per academic year for the last 5 years:

<b>Academic Year</b>	<b>Participating State</b>	<b>Program</b>	<b>Total Slots Filled</b>	<b>RCP Contract Rate</b>	<b>State Rate (Exception)</b>	<b>Total Paid by State</b>
2015-2016	Arkansas	Dentistry	2	\$19,000		\$38,000
<b><i>2015-2016 Institutional Tuition Earned:</i></b>						<b><i>\$38,000</i></b>
2016-2017	Arkansas	Dentistry	2	\$20,300		\$40,600
<b><i>2016-2017 Institutional Tuition Earned:</i></b>						<b><i>\$40,600</i></b>
2017-2018	Arkansas	Dentistry	2	\$21,300		\$42,600
<b><i>2017-2018 Institutional Tuition Earned:</i></b>						<b><i>\$42,600</i></b>
2018-2019	Arkansas	Dentistry	1	\$21,900		\$21,900
<b><i>2018-2019 Institutional Tuition Earned:</i></b>						<b><i>\$21,900</i></b>
Fall 2019	Arkansas	Dentistry	1	\$21,900		\$10,950
<b><i>Fall 2019 Institutional Tuition Earned:</i></b>						<b><i>\$10,950</i></b>
<b><i>5-year Total Institutional Tuition Earned:</i></b>						<b><i>\$154,050</i></b>

**SREB Regional Contract Program  
Southern College of Optometry  
History and Statistics**

Per SREB records, Southern College of Optometry entered into a master contract with SREB for the Regional Contract Program for Academic Year 2018-19, with Exhibit A-1 amendment for 2019-20. Following are the RCP stats per academic year for the last 5 years:

<b>Academic Year</b>	<b>Participating State</b>	<b>Program</b>	<b>Total Slots Filled</b>	<b>RCP Contract Rate</b>	<b>State Rate (Exception)</b>	<b>Total Paid by State</b>
2015-2016	Arkansas	Optometry	20	\$16,700		\$334,000
2015-2016	Georgia	Optometry	24	\$16,700		\$400,800
2015-2016	Kentucky	Optometry	18	\$16,700		\$300,600
2015-2016	Louisiana	Optometry	20	\$16,700		\$334,000
2015-2016	Mississippi	Optometry	30	\$16,700		\$501,000
2015-2016	South Carolina	Optometry	13.5	\$16,700		\$225,450
<b>2015-2016 Institutional Tuition Earned:</b>						<b>\$2,095,850</b>
2016-2017	Arkansas	Optometry	20	\$17,800		\$356,000
2016-2017	Georgia	Optometry	24	\$17,800		\$427,200
2016-2017	Kentucky	Optometry	19	\$17,800	\$16,700	\$317,300
2016-2017	Louisiana	Optometry	23	\$17,800		\$409,400
2016-2017	Mississippi	Optometry	29	\$17,800		\$516,200
2016-2017	South Carolina	Optometry	10	\$17,800		\$178,000
<b>2016-2017 Institutional Tuition Earned:</b>						<b>\$2,204,100</b>
2017-2018	Arkansas	Optometry	20	\$18,700		\$374,000
2017-2018	Georgia	Optometry	24	\$18,700		\$448,800
2017-2018	Kentucky	Optometry	17	\$18,700	\$17,600	\$299,200
2017-2018	Louisiana	Optometry	21	\$18,700		\$392,700
2017-2018	Mississippi	Optometry	24	\$18,700		\$448,800
2017-2018	South Carolina	Optometry	11	\$18,700		\$205,700
<b>2017-2018 Institutional Tuition Earned:</b>						<b>\$2,169,200</b>
2018-2019	Arkansas	Optometry	20	\$19,200		\$384,000
2018-2019	Georgia	Optometry	24	\$19,200		\$460,800
2018-2019	Kentucky	Optometry	13	\$19,200		\$249,600
2018-2019	Louisiana	Optometry	23	\$19,200		\$441,600
2018-2019	Mississippi	Optometry	25	\$19,200		\$480,000
2018-2019	South Carolina	Optometry	12	\$19,200		\$230,400
<b>2018-2019 Institutional Tuition Earned:</b>						<b>\$2,246,400</b>
Fall 2019	Arkansas	Optometry	20	\$19,200		\$192,000
Fall 2019	Georgia	Optometry	24	\$19,200		\$230,400
Fall 2019	Kentucky	Optometry	13	\$19,200		\$124,800
Fall 2019	Louisiana	Optometry	31	\$19,200		\$297,600
Fall 2019	Mississippi	Optometry	24	\$19,200		\$230,400
Fall 2019	South Carolina	Optometry	8	\$19,200		\$76,800
<b>Fall 2019 Institutional Tuition Earned:</b>						<b>\$1,152,000</b>
<b>5-year Total Institutional Tuition Earned:</b>						<b>\$9,867,550</b>

**SREB Regional Contract Program  
University of Tennessee  
History and Statistics**

Per SREB records, the University of Tennessee entered into a master contract with SREB for the Regional Contract Program for Academic Year 2015-16, with Exhibit A-1 amendments each year thereafter. Following are the RCP stats per academic year for the last 5 years:

<b>Academic Year</b>	<b>Participating State</b>	<b>Program</b>	<b>Total Slots Filled</b>	<b>RCP Contract Rate</b>	<b>State Rate (Exception)</b>	<b>Total Paid by State</b>
2015-2016	Arkansas	Dentistry	86	\$19,000		\$1,634,000
<b><i>2015-2016 Institutional Tuition Earned:</i></b>						<b><i>\$1,634,000</i></b>
2016-2017	Arkansas	Dentistry	84	\$20,300		\$1,705,200
<b><i>2016-2017 Institutional Tuition Earned:</i></b>						<b><i>\$1,705,200</i></b>
2017-2018	Arkansas	Dentistry	83	\$21,300		\$1,767,900
<b><i>2017-2018 Institutional Tuition Earned:</i></b>						<b><i>\$1,767,900</i></b>
2018-2019	Arkansas	Dentistry	86.5	\$21,900		\$1,894,350
<b><i>2018-2019 Institutional Tuition Earned:</i></b>						<b><i>\$1,894,350</i></b>
Fall 2019	Arkansas	Dentistry	92	\$21,900		\$1,007,400
<b><i>Fall 2019 Institutional Tuition Earned:</i></b>						<b><i>\$1,007,400</i></b>
<b><i>5-year Total Institutional Tuition Earned:</i></b>						<b><i>\$8,008,850</i></b>

# 2017 Tuition Savings

## ACM Tuition Savings by State of Residence

State	Tuition Savings
Alabama	\$1,582,597
Arkansas	\$1,059,953
Delaware	\$1,785,136
Florida	\$260,740
Georgia	\$19,182,377
Kentucky	\$3,224,207
Louisiana	\$1,035,069
Maryland	\$9,020,644
Mississippi	\$871,720
Oklahoma	\$526,105
South Carolina	\$1,087,018
Tennessee	\$1,905,230
Texas	\$366,138
Virginia	\$8,419,259
West Virginia	\$978,585
<b>Total</b>	<b>\$51,304,778</b>

\*Tuition savings by state were calculated by determining the difference between in- and out-of-state tuition for each program during the AY 16-17 then adding the difference for each student certified. Savings reflected are only for the AY 16-17.

## ACM Average Tuition Savings per Student by State of Residence

State	Tuition Savings
Alabama	\$12,763
Arkansas	\$14,520
Delaware	\$15,389
Florida	\$11,852
Georgia	\$16,623
Kentucky	\$16,367
Louisiana	\$12,623
Maryland	\$16,224
Mississippi	\$13,621
Oklahoma	\$37,579
South Carolina	\$8,984
Tennessee	\$13,609
Texas	\$10,769
Virginia	\$16,476
West Virginia	\$14,606

\*Average savings per student, for the AY 16-17 were calculated by taking the total state savings and dividing it by the number of certified students.

## State Authorization Reciprocity Agreement: Institutional Cost/Savings Analysis

### Tennessee's Estimated Costs for Initial Authorization

	<i>Small Institution</i>	<i>Medium Institution</i>	<i>Large Institution</i>	<i>Total Estimated Authorization Costs</i>
Estimated Costs	\$ 3,024,000	\$ 3,864,000	\$ 2,368,800	\$ 9,256,800
% of Total Costs	0.33	0.42	0.26	

### Tennessee's Estimated Costs for Renewal Authorization

	<i>Small Institution</i>	<i>Medium Institution</i>	<i>Large Institution</i>	<i>Total Estimated Authorization Costs</i>
Estimated Costs	\$ 1,056,000	\$ 1,232,800	\$ 640,800	\$ 2,929,600
% of Total Costs	0.36	0.42	0.22	

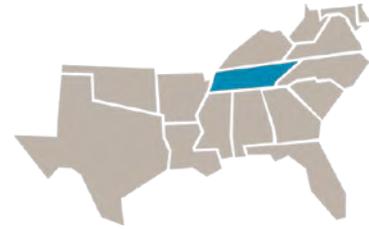
### Tennessee's Estimated Savings for Initial Authorization

<i>State</i>	<i>Estimated Costs for S/M/L Institutions</i>	<i>State and NC SARA Costs</i>	<i>SREB Affiliation Fee</i>	<i>Estimated Savings</i>
TN	\$ 9,256,800	\$ 352,000		\$ 8,904,800

### Tennessee's Estimated Savings for Renewal Authorization

<i>State</i>	<i>Estimated Costs for S/M/L Institutions</i>	<i>State and NC SARA Costs</i>	<i>SREB Affiliation Fee</i>	<i>Estimated Savings</i>
TN	\$ 2,929,600	\$ 352,000		\$ 2,577,600

# SREB Services to Tennessee



A nonpartisan interstate compact formed among legislators and governors in 1948, the Southern Regional Education Board serves states and districts to improve education, from early childhood through graduate degrees and adult learning.

## Sharing scarce resources. Maximizing state dollars.

FY 2019-20 appropriations for each SREB state: **\$208,508**

SREB leverages this support from states to attract 10 to 15 times as much in grants and contracts for specific projects for compact states. With just the four SREB programs below, Tennessee colleges, schools, agencies and students saved or gained **\$9.1 million** in the most recent year.

### *Academic Common Market*

In 2017, 132 Tennessee students participated, **saving \$13,609 each** on average and a total of **\$1.9 million** in out-of-state tuition.

### *Regional Contract Program*

Tennessee institutions received over **\$4 million** from contracts for in-state tuition with other SREB states in 2018-19.

### *State Authorization Reciprocity Agreement (SARA)*

Colleges and universities in Tennessee avoided **\$8.9 million** in initial authorization fees and save an estimated **\$2.6 million annually** on renewals through this collaboration among states to bring high-quality distance offerings to students and ease financial and regulatory burdens on states.

### *Technology Purchasing Savings*

With tech purchasing contracts available through SREB, Tennessee schools, colleges and state agencies **saved \$640,238** on \$6.5 million in purchases in fiscal year 2018.

## Helping K-12 schools improve

SREB states have priority access to effective research-based school improvement services, from career pathway reviews to curricula to professional development. A few examples in Tennessee:

### *Making Schools Work*

Tennessee is a member of this network. SREB is delivering 60 days of on-site coaching and professional development in two Tennessee districts during 2018-19.

### *Summer PD Conferences*

19 Tennessee teachers and other school leaders attended in 2018.

## Bringing together leaders to find unique solutions to common challenges

SREB convenes state policymakers and educators to tackle tough problems together, both within and among states.

- Commissions to explore best practices and recommend policy options
- In-state roundtables for real progress on complicated issues
- Legislative meetings to advise the Board and study regional trends

*Tennessee representation in SREB leadership and collaborative programs:*

### *Board*

Bill Lee, Governor *ex officio*

Beth Cox, Hendersonville

Eddie Smith, former State Representative,  
Knoxville

Mark White, State Representative, Memphis

L. Anthony Wise, President, Pellissippi State  
Community College, Knoxville

### *Legislative Advisory Council*

John DeBerry, State Representative, Memphis

Bill Dunn, State Representative, Knoxville

Ferrell Haile, State Senator, Gallatin

Mark White, State Representative, Memphis

### *Council on Collegiate Education for Nursing*

Six Tennessee colleges serve with this regional  
council to improve nursing education.

### *Doctoral Scholars Program*

Because its scholars complete their doctorates faster, this program saves states up to \$120,000 on the education of each Ph.D. graduate. In this program to improve the diversity of the faculty:

- Tennessee funded 19 Ph.D. students in 2017-18.
- 40 graduates of the program work in Tennessee.

### *Educational Technology Cooperative*

Tennessee Board of Regents

### *Go Alliance*

Tennessee is a member of this program to help first-in-the-family students succeed in college.

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We track and analyze education state by state so we can better serve you with custom information, support and technical assistance. Find data and policy details by state or topic, and see how your state compares to others in the SREB region.

- Progress on policy and education benchmarks
- Best practices and promising practices
- Interactive education data
- Legislative and budget actions on education

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Give us a call. Lee Posey, Vice President, State Services, (404) 962-9637 or [Lee.Posey@sreb.org](mailto:Lee.Posey@sreb.org)