

CONCORD CHRISTIAN ACADEMY  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
JUNE 30, 2007

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INDEPENDENT AUDITOR'S REPORT

Concord Christian Academy  
Concord, New Hampshire

We have audited the statement of assets, liabilities and net assets of the Concord Christian Academy (a New Hampshire not-for-profit organization) as of June 30, 2007 and the related statements of support, revenue, functional expenses and other changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Concord Christian Academy as of June 30, 2007, and its support, revenue, functional expenses and other changes in net assets, and its cash flows for the year then ended.

*Peter C. Brankman and Company, P.C.*

Concord, New Hampshire  
September 28, 2007

CONCORD CHRISTIAN ACADEMY  
STATEMENT OF FINANCIAL POSITION

June 30, 2007

ASSETS

CURRENT ASSETS	
Operating cash	\$ 67,874
Accounts receivable (net of allowance of \$5,000)	4,946
Prepaid expense	1,895
Security deposit	833
	<u>75,548</u>
PROPERTY AND EQUIPMENT	
Land-Engineering / Architecture	279,382
Land purchases	185,000
	<u>464,382</u>
TOTAL ASSETS	<u>\$ 539,930</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 88,094
Accrued expenses	41,540
Deferred revenue	142,048
	<u>271,682</u>
LONG TERM LIABILITIES	
Notes payable	70,000
TOTAL LIABILITIES	<u>341,682</u>
NET ASSETS	
Unrestricted	163,248
Temporarily restricted	35,000
	<u>198,248</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 539,930</u>

The accompanying notes are an integral part of the financial statements.

CONCORD CHRISTIAN ACADEMY

STATEMENT OF ACTIVITIES

For the year ended June 30, 2007

REVENUE AND SUPPORT	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Tuition and fees	\$ 567,687		\$ 567,687
Legacy	127,000		127,000
Contributions	62,709	10,432	73,141
Capital Campaign		35,000	35,000
Alliance support	32,371		32,371
Annual board pledge	66,290		66,290
Investment income	835		835
	<u>856,892</u>	<u>45,432</u>	<u>902,324</u>
Net assets released from restriction	10,432	(10,432)	
TOTAL REVENUE AND SUPPORT	<u>867,324</u>	<u>35,000</u>	<u>902,324</u>
 EXPENSES			
Program expenses			
Instruction	500,823		500,823
Special education	12,418		12,418
Athletics	11,255		11,255
Information technology	31,771		31,771
Other expenses	105,574		105,574
Total program expenses	<u>661,841</u>		<u>661,841</u>
Supporting services			
Payroll and related	12,362		12,362
General and administrative	61,359		61,359
Total support services	<u>73,721</u>		<u>73,721</u>
TOTAL EXPENSES	<u>735,562</u>		<u>735,562</u>
INCREASE IN NET ASSETS	131,762	35,000	166,762
NET ASSETS - BEGINNING OF YEAR	<u>31,486</u>		<u>31,486</u>
NET ASSETS - END OF YEAR	<u>\$ 163,248</u>	<u>\$ 35,000</u>	<u>\$ 198,248</u>

The accompanying notes are an integral part of the financial statements.

CONCORD CHRISTIAN ACADEMY

STATEMENT OF CASH FLOWS

For the year ended June 30, 2007

OPERATING ACTIVITIES	
Change in net assets	\$ 166,762
Adjustments to reconcile change in net assets to net cash provided by operating activities	
(Increase) in accounts receivable	(4,946)
(Increase) in prepaid expenses	(1,895)
(Increase) in security deposit	(833)
Increase in accounts payable	88,094
Increase in accrued expenses	41,540
Increase in deferred revenue	117,820
Increase in notes payable	70,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>476,542</u>
CASH FLOW FROM INVESTING ACTIVITY	
Capital expenditures	<u>(464,382)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(464,382)</u>
NET INCREASE IN CASH	12,160
CASH AT BEGINNING OF YEAR	<u>55,714</u>
CASH AT END OF YEAR	<u><u>\$ 67,874</u></u>

The accompanying notes are an integral part of the financial statements.

CONCORD CHRISTIAN ACADEMY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

**NOTE A - ORGANIZATION**

Concord Christian Academy (the Academy) was incorporated in the State of New Hampshire on June 2, 2006, as a voluntary not-for-profit corporation pursuant to New Hampshire Revised Statutes Annotated Chapter 292. The Academy's mission is stated as follows:

**Concord Christian Academy**  
*An Educational Community*  
**Building Integrity & Modeling Service**

Christian day school operations for pre-Kindergarten through High School are conducted in accordance with the Academy's Statement of Faith and the Academy's Statements of Mission, Vision, Values, and Community Life, all as set forth in the Academy's Bylaws.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Academy are prepared using the accrual basis of accounting.

Presentation of Statements

The Academy has elected to follow Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the Academy is required to report 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. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Academy and changes therein are classified and reported as follows:

Unrestricted net assets -- Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets -- Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Academy and/or the passage of time. When a restriction expires, net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

CONCORD CHRISTIAN ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Presentation of Statements (continued)

Permanently restricted net assets – Net asset subject to donor-imposed stipulation that they be maintained permanently by the Academy. For the year ended June 30, 2007, there were no permanently restricted net assets.

Property and Equipment

Equipment is recorded at cost or, if donated, at fair market value at the date of donation. Assets purchased with a useful life in excess of one year are capitalized. Provision is made by the straight-line method for depreciation by annual charges to operations calculated to absorb the costs over the estimated useful lives of the assets as follows:

Furniture and equipment	5 years
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For the year ended June 30, 2007, the Academy used school furniture and equipment that had been received as contributions. These items are considered to have nominal value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Academy considers cash and cash equivalents to include only cash on hand and cash in checking accounts, savings accounts and money market accounts if readily available for current operations.

CONCORD CHRISTIAN ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)**

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor and accepted as such by the Academy with written documentation of the restrictions. Amounts received that are restricted for future periods or for specific purposes are reported as temporarily restricted and permanently restricted support, depending on the nature of the restriction.

Revenue Recognition

The Organization is supported primarily through tuition payments and donor contributions. Donated goods are recorded at fair market value at the time of receipt.

Income Taxes

The Academy is a not-for-profit corporation and has been recognized as tax exempt under Section 501(c)(3) of the Internal Revenue Code and as a public charity pursuant to Section 170(b)(1)(A)(II) of that Code. An Internal Service determination letter was issued confirming such status effective June 2, 2006.

Advertising

The Organization expenses advertising costs as incurred.

**NOTE C -- TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following as of June 30, 2007:

Capital campaign contributions for the purchase of a new building	<u>\$35,000</u>
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**NOTE D -- DEFERRED REVENUE**

At June 30, 2007, the Academy held \$142,048 in deferred revenue, comprised of tuition and fees paid in advance of the next school year which begins August 15, 2007.

CONCORD CHRISTIAN ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

**NOTE E – NOTES PAYABLE**

The Academy has two notes payable as of June 30, 2007. The proceeds from a note for \$20,000 were received in June and the note was executed on August 23, 2007. This note bears interest at 5%, compounded annually, and will mature on August 23, 2012. Another note dated June 29, 2007, for \$50,000 at 0% interest matured on July 29, 2007 and was extended at no interest, until paid in full on September 22, 2007. At June 30, 2007, no interest expense was incurred.

**NOTE F – VOLUNTEERS**

Parents and other family members volunteer their time and efforts to the Academy to further the academic goals and the values expressed in the school's mission. The value of this time and effort cannot be determined and is not included on the financial statements.

**NOTE G – SUBSEQUENT EVENTS**

On August 8, 2007, the Academy purchased land, buildings, furniture and equipment at 37 Regional Drive in Concord, New Hampshire. \$2,823,750 of first mortgage financing was supplied to support (i) the balance of the acquisition price of \$2,950,000 and (ii) \$500,000 of Phase 1.a. renovations to convert the facilities to school use.

The Academy has continued to raise funds through a combination of gifts and borrowings from families and friends of the Academy for various purposes, including facilities enlargement and program enhancement.

CONCORD CHRISTIAN ACADEMY

SUPPLEMENTAL SCHEDULE

For the year ended June 30, 2007

PROGRAM EXPENSES

Instruction	
Payroll	\$ 416,788
Payroll taxes	27,470
Payroll benefits	31,746
Substitute teachers	1,920
Curriculum expenses	16,965
Teaching supplies	5,934
Total Instruction Expenses	<u>500,823</u>
Special Education	
Art	7,126
Music	4,791
Physical education equipment	374
Science	127
Total Special Education Expenses	<u>12,418</u>
Athletic	
League and tournaments	1,040
Officials	483
Equipment	267
Uniforms	2,034
Awards and gifts	480
Field Rental	6,951
Total Athletic Expenses	<u>11,255</u>
Information technology	31,771
Other Expenses	
Graduation awards and gifts	567
Nursing supplies	440
Training supplies	4,927
Occupancy	42,029
Office and related	20,771
Advertising	26,004
Accreditation	200
Insurance	10,636
Total Other Expenses	<u>105,574</u>
Total Program Expenses	<u><u>\$ 661,841</u></u>

CONCORD CHRISTIAN ACADEMY

SUPPLEMENTAL SCHEDULE

For the year ended June 30, 2007

ADMINISTRATIVE EXPENSES

Personnel		
Payroll	\$	10,657
Payroll taxes		815
Benefits		837
Workers' compensation		53
Total Personnel Expenses		<u>12,362</u>
General and Administrative		
Bank charges		870
Professional services		8,709
Professional Fees-Start Up		51,780
Total General and Administrative Expenses		<u>61,359</u>
Total Operating Expenses	\$	<u><u>73,721</u></u>