

CONCORD CHRISTIAN ACADEMY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2011

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INDEPENDENT AUDITORS' 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, 2011 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 Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized financial information has been derived from Concord Christian Academy's financial statements and, in our report dated August 12, 2010, we expressed an unqualified opinion on those financial statements.

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 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, 2011, and its support, revenue, functional expenses and other changes in net assets, and its cash flows for the year then ended.

Our audit was made for the purpose of forming an opinion on the basic financial statements as a whole. The schedules on pages 10-11 are presented for purposes of additional analysis and are not a required part of the above financial statements. Such information has been subjected to 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 financial statements taken as a whole.

Peter C. Brankman and Company, P.C.

Concord, New Hampshire

September 6, 2011

CONCORD CHRISTIAN ACADEMY
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Operating cash	\$ 124,331	\$ 13,107
Accounts receivable (net of allowance of \$1,000)	21,920	3,530
	146,251	16,637
PROPERTY AND EQUIPMENT		
Land and land improvements	355,516	355,516
Buildings	3,767,381	3,731,901
Equipment	19,675	16,675
Equipment - computers	170,426	170,426
Equipment - buses	62,000	
	4,374,998	4,274,518
Less: Accumulated depreciation	(533,165)	(375,223)
	3,841,833	3,899,295
OTHER ASSETS		
Security deposit		833
		833
TOTAL ASSETS	\$ 3,988,084	\$ 3,916,765

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 31,819	\$ 58,963
Accrued interest payable	32,243	25,361
Lease Payable		47,912
Other accrued expenses	39,256	54,056
Rental deposits	1,800	2,492
Unearned revenue	4,915	
Current portion of notes payable	32,110	250,000
Current portion of mortgage payable	81,854	76,079
Deferred revenue	52,253	64,285
	276,250	579,148
LONG TERM LIABILITIES		
Notes payable	1,066,080	816,215
Mortgage payable	2,555,335	2,644,892
	3,621,415	3,461,107
TOTAL LIABILITIES	3,897,665	4,040,255
NET ASSETS		
Unrestricted	20,766	(123,490)
Temporarily restricted	69,653	
	90,419	(123,490)
TOTAL NET ASSETS	\$ 3,988,084	\$ 3,916,765

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

CONCORD CHRISTIAN ACADEMY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

(With Summarized financial information for the year ended June 30, 2010)

REVENUE AND SUPPORT	Unrestricted	Temporarily Restricted	2011 Total	2010 Total
Gross tuition and curriculum fees	\$ 1,471,374	\$	\$ 1,471,374	\$ 1,523,554
Legacy	77,412		77,412	89,971
Less: Affordability initiatives	(423,546)		(423,546)	(636,125)
	<u>1,125,240</u>		<u>1,125,240</u>	<u>977,400</u>
Contributions	60,626	104,200	164,826	47,345
Fundraising	78,669	10,000	88,669	27,171
Capital Campaign				130,000
Alliance support	46,345		46,345	81,516
Investment income	177		177	52
Miscellaneous	21,681		21,681	39,169
In Kind donations	4,007		4,007	57,268
Net assets released from restriction	44,547	(44,547)		
TOTAL REVENUE AND SUPPORT	<u>1,381,292</u>	<u>69,653</u>	<u>1,450,945</u>	<u>1,359,921</u>
EXPENSES				
Program expenses				
Instruction	570,731		570,731	590,804
Special education	7,966		7,966	745
Athletics	36,006		36,006	42,016
Information technology	18,201		18,201	15,817
Occupancy	78,907		78,907	86,234
Office and related	14,213		14,213	14,170
Transportation	10,884		10,884	21,468
Depreciation	137,803		137,803	117,703
Other expenses	10,463		10,463	15,725
Total program expenses	<u>885,174</u>		<u>885,174</u>	<u>904,682</u>
Fundraising expenses				
Events	7,220		7,220	945
Total fundraising expenses	<u>7,220</u>		<u>7,220</u>	<u>945</u>
Supporting services				
Payroll and related	95,733		95,733	76,490
General and administrative	27,173		27,173	10,594
Interest	201,597		201,597	244,472
Depreciation	20,139		20,139	25,032
Total support services	<u>344,642</u>		<u>344,642</u>	<u>356,588</u>
TOTAL EXPENSES	<u>1,237,036</u>		<u>1,237,036</u>	<u>1,262,215</u>
INCREASE IN NET ASSETS	144,256	69,653	213,909	97,706
NET ASSETS - BEGINNING OF YEAR	<u>(123,490)</u>		<u>(123,490)</u>	<u>(221,196)</u>
NET ASSETS - END OF YEAR	<u>\$ 20,766</u>	<u>\$ 69,653</u>	<u>\$ 90,419</u>	<u>\$ (123,490)</u>

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

CONCORD CHRISTIAN ACADEMY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 213,909	\$ 97,706
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	157,942	142,735
(Increase) decrease in accounts receivable	(18,390)	(2,536)
Decrease in prepaid expenses	833	3,434
(Decrease) in accounts payable	(55,588)	(69,113)
(Decrease) in accrued expenses	(15,492)	(3,831)
Increase in accrued interest	6,882	28,637
Decrease in deposits		5,000
(Decrease) increase in deferred and unearned revenue	(7,117)	7,393
In kind contribution of computers	(19,468)	(38,493)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>263,511</u>	<u>170,932</u>
CASH FLOW FROM INVESTING ACTIVITY		
Purchases of equipment and property	<u>(100,480)</u>	
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(100,480)</u>	
CASH FLOW FROM FINANCING ACTIVITY		
Proceeds from long-term debt	81,930	18,000
Interest added to principal	8,885	8,626
Long term debt converted to contribution	(38,000)	(130,000)
Repayment of long-term debt	<u>(104,622)</u>	<u>(76,203)</u>
NET CASH (USED) BY FINANCING ACTIVITIES	<u>(51,807)</u>	<u>(179,577)</u>
NET INCREASE (DECREASE) IN CASH	111,224	(8,645)
CASH AT BEGINNING OF YEAR	<u>13,107</u>	<u>21,752</u>
CASH AT END OF YEAR	<u>\$ 124,331</u>	<u>\$ 13,107</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 187,833</u>	<u>\$ 244,121</u>

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

CONCORD CHRISTIAN ACADEMY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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 12th grade are conducted in accordance with the Academy's Statement of Faith and the Statements of Mission, Vision, Values, and Community Life, all as set forth in the Academy's Bylaws. The school provides a safe and focused environment, nurturing the child and developing the student. The Core Curriculum provides Bible, Language Arts, Math, Social Studies and Science while the Specials offer Music, Spanish, Art, Computers and Physical Education. The Academy takes pride in offering Dual Credit courses in conjunction with NH Technical Institute and Southern NH University which provide both high school and transferable college credits.

Speakers and other leaders work alongside faculty and staff encouraging spiritual formation and strength in scholarship. Academic excellence and service to others are the goals.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Academy are prepared using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Presentation of Statements

The Academy presents its financial statements according to generally accepted accounting principles for not-for-profit organizations and classifies its revenues and net assets in accordance with donor imposed restrictions. The Organization's net assets are presented as follows:

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

CONCORD CHRISTIAN ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE B - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

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, 2011, 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:

Buildings	40 years
Land improvements	15 years
Furniture and equipment	5 years

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.

Revenue Recognition

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

CONCORD CHRISTIAN ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

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.

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 Revenue 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 comprise the following at June 30, 2011:

Playground expansion	\$ 46,000
Additional classrooms	10,938
Grant receivable	10,000
Auction contributions	<u>2,715</u>
	<u>\$ 69,653</u>

There were no temporarily restricted net assets at June 30, 2010.

NOTE D – DEFERRED REVENUE

At June 30, 2011 and 2010, the Academy held \$52,253 and \$62,220 respectively in deferred revenue, comprising tuition and fees paid in advance of the next school year which begins August 15, 2011. Deferred revenue also includes rental income paid in advance amounting to \$2,065 for 2010.

CONCORD CHRISTIAN ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE E – NOTES PAYABLE

The Academy had the following notes payable as of June 30, 2011:

A mortgage note payable to Merrimack County Savings Bank at an interest Rate of 5.75%. Payments are \$20,026 including principal and interest. The loan matures in 2028.	\$ 2,637,189
A note payable to Laconia Savings Bank secured by general business assets at a rate of 6.75%. The note will mature in October 2012.	238,051
A note payable to Merrimack County Savings Bank secured by vehicles. The interest rate is 7% and the note will mature in October 2015.	54,934
Private notes at varying interest rates (0.00 to 5.00%), payable within one year	16,667
Private notes at varying interest rates (0.00 to 5.99%), payable within two to five years	<u>788,538</u>
Total notes payable	\$ 3,735,379
Less short term liabilities:	
Bank notes due within one year	97,297
Private notes due within one year	<u>16,667</u>
Long-term debt	<u>\$ 3,621,415</u>

NOTE F – AFFORDABILITY INITIATIVES

To help sustain affordability for families, Concord Christian Academy offered tuition reductions under a variety of programs during the year ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Members of Sustaining Churches	\$	\$ 32,896
Members of the Alliance	119,000	222,971
Legacy tuition	81,500	134,167
Needs-based Financial Aid and Others	<u>223,046</u>	<u>246,091</u>
	<u>\$ 423,546</u>	<u>\$ 636,125</u>

CONCORD CHRISTIAN ACADEMY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

NOTE G – 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, while significant and necessary to the Academy's success, cannot be determined and is not included on the financial statements.

NOTE H – SUBSEQUENT EVENTS

Management has evaluated the effect subsequent events would have on the financial statements through September 6, 2011, which is the date the financial statements were available to be issued and has noted no transactions that should be recognized.

CONCORD CHRISTIAN ACADEMY

SUPPLEMENTAL SCHEDULES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

PROGRAM EXPENSES

	2011	2010
Instruction		
Payroll	\$ 419,375	\$ 465,222
Payroll taxes	33,332	34,836
Payroll benefits	26,535	26,943
Workers' compensation	1,922	3,727
Substitute teachers	2,106	5,483
Curriculum expenses	87,030	53,743
Teaching supplies	431	850
Total Instruction Expenses	<u>570,731</u>	<u>590,804</u>
Special Education		
Art	211	34
Music	7,309	518
Science	446	193
Total Special Education Expenses	<u>7,966</u>	<u>745</u>
Athletic		
League and tournaments	2,745	1,870
Officials	8,120	6,035
Equipment	2,731	(16)
Uniforms	1,868	2,675
Awards and gifts	1,340	542
Field Rental	19,202	30,910
Total Athletic Expenses	<u>36,006</u>	<u>42,016</u>
Information technology	18,201	15,817
Occupancy	78,907	86,234
Office and related	14,213	14,170
Transportation	10,884	21,468
Depreciation	137,803	117,703
Other Expenses		
Graduation awards and gifts	695	
Nursing supplies	44	58
Training supplies	2,114	259
Advertising	1,521	4,143
Insurance	6,089	11,265
Total Other Expenses	<u>10,463</u>	<u>15,725</u>
Total Program Expenses	<u>\$ 885,174</u>	<u>\$ 904,682</u>

CONCORD CHRISTIAN ACADEMY

SUPPLEMENTAL SCHEDULES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

ADMINISTRATIVE EXPENSES

Personnel	2011	2010
Payroll	\$ 83,269	\$ 66,547
Payroll taxes	6,006	4,987
Benefits	6,065	2,819
Workers' compensation	393	2,137
Total Personnel Expenses	<u>95,733</u>	<u>76,490</u>
General and Administrative		
Bank charges	1,766	2,078
Professional services - management	20,152	1,781
Professional services - legal and accounting	5,255	6,735
Depreciation	20,139	25,032
Interest	201,597	244,472
Total General and Administrative Expenses	<u>248,909</u>	<u>280,098</u>
Total Operating Expenses	<u>\$ 344,642</u>	<u>\$ 356,588</u>