

**ST. ANDREW'S SCHOOL AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL
STATEMENTS**

June 30, 2017

TABLE OF CONTENTS

Independent Auditor's Report	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5-7



INDEPENDENT AUDITOR'S REPORT

To the Board of St. Andrew's School
Richmond, Virginia

We have audited the accompanying consolidated financial statements of St. Andrew's School (a nonprofit corporation) and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Andrew's School and Subsidiaries as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

October 30, 2017

ST. ANDREW'S SCHOOL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,114,323
Pledges receivable - current	41,650
Accounts receivable	598
Prepaid expenses	<u>1,043</u>

Total current assets **2,157,614**

Property and Equipment

School equipment	188,384
Furniture and fixtures	107,410
Library books and materials	22,955
Software	17,583
Leasehold improvements	2,208,104
Accumulated depreciation	<u>(361,497)</u>

Total property and equipment **2,182,939**

Other Assets

Investment in St. Andrew's Apartments LLC	<u>427,332</u>
---	----------------

Total Assets **\$ 4,767,885**

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 72,441
Prepaid student fees	<u>11,355</u>

Total current liabilities **83,796**

Net Assets

Unrestricted - designated for 2017/18 school operations	853,455
Unrestricted - other	<u>3,585,242</u>
Total unrestricted net assets	4,438,697
Temporarily restricted	221,001
Permanently restricted	<u>24,391</u>

Total net assets **4,684,089**

Total Liabilities and Net Assets **\$ 4,767,885**

See accompanying notes to consolidated financial statements.

ST. ANDREW'S SCHOOL AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Other Support				
Contributions - St. Andrew's Association	\$ 250,008	\$ -	\$ -	\$ 250,008
Contributions - other	1,194,797	307,218	-	1,502,015
Program revenue	67,179	-	-	67,179
Interest and dividend income	8,587	-	-	8,587
Net assets released from restriction	<u>546,003</u>	<u>(546,003)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>2,066,574</u>	<u>(238,785)</u>	<u>-</u>	<u>1,827,789</u>
Expenses				
School operation expenses				
Salaries	953,257	-	-	953,257
Employee health insurance	96,639	-	-	96,639
Retirement plan	19,555	-	-	19,555
Telephone	10,067	-	-	10,067
Insurance - general	13,848	-	-	13,848
Books and school supplies	17,821	-	-	17,821
Program expenses	245,687	-	-	245,687
Professional development	9,887	-	-	9,887
Office equipment, supplies, repairs	19,211	-	-	19,211
Taxes and licenses	69,643	-	-	69,643
Professional fees	61,725	-	-	61,725
Buildings and grounds	<u>119,896</u>	<u>-</u>	<u>-</u>	<u>119,896</u>
Total school operation expenses	<u>1,637,236</u>	<u>-</u>	<u>-</u>	<u>1,637,236</u>
Dues and subscriptions	6,065	-	-	6,065
Fundraising expenses	208,894	-	-	208,894
Marketing	14,070	-	-	14,070
Loss on investment in LLC	23,310	-	-	23,310
Depreciation expense	<u>98,196</u>	<u>-</u>	<u>-</u>	<u>98,196</u>
Total expenses	<u>1,987,771</u>	<u>-</u>	<u>-</u>	<u>1,987,771</u>
Change in net assets	78,803	(238,785)	-	(159,982)
Net Assets, beginning of year	<u>4,359,894</u>	<u>459,786</u>	<u>24,391</u>	<u>4,844,071</u>
Net Assets, end of year	<u>\$ 4,438,697</u>	<u>\$ 221,001</u>	<u>\$24,391</u>	<u>\$ 4,684,089</u>

See accompanying notes to consolidated financial statements.

ST. ANDREW'S SCHOOL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

Cash Flows from Operating Activities

Change in net assets	\$ (159,982)
Adjustments to reconcile change in net assets to net cash and cash equivalents used by operating activities	
Depreciation	98,196
Loss on investment in LLC	23,310
In-kind donation of capitalized architectural services	(29,700)
(Increase) decrease in operating assets	
Pledges receivable	83,850
Accounts receivable	3,026
Increase (decrease) in operating liabilities	
Accounts payable	(23,435)
Prepaid student fees	(540)
	(5,275)

Cash Flows from Investing Activities

Payment for leasehold improvements	(66,735)
	(66,735)

Decrease in cash and cash equivalents **(72,010)**

Cash and Cash Equivalents, beginning of year **2,186,333**

Cash and Cash Equivalents, end of year **\$ 2,114,323**

Noncash Investing Activity

During the year ended June 30, 2017, the School received a donation of architectural services in the amount of \$29,700 which has been capitalized as part of leasehold improvements.

See accompanying notes to consolidated financial statements.

ST. ANDREW'S SCHOOL AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. Summary of Significant Accounting Policies

These consolidated financial statements include the accounts of St. Andrew's School and its Subsidiaries (the School) - St. Andrew's Master Tenant, LLC, a single-member LLC created to sell tax credits, and St. Andrew's Holdings, LLC, a single member LLC created to hold a real estate partnership interest.

Organization and Nature of Activities: St. Andrew's School is a non-stock, nonprofit corporation which operates a private school for children in grades K-5. The School's support comes primarily from individual donor contributions, grants from foundations, and from St. Andrew's Association.

Basis of Presentation: The School follows Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-210-50, "Presentation of Financial Statements." Accordingly, the School reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Public Support and Revenue: Annual campaign contributions have been designated by the Board of Directors for unrestricted use in the following school year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give which are due in the next year are reflected as current promises to give and are recorded at their net realizable value.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Cash and Cash Equivalents: The School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment: Property and equipment are capitalized at cost. School furniture, fixtures, software, and leasehold improvements are depreciated using the straight-line method over estimated useful lives ranging from three to forty years. Library books and materials are depreciated using the straight-line method over an estimated useful life of seven years.

Income Taxes: The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School's Forms 990 for the years 2013 forward are subject to examination by tax authorities, generally for three years after the return has been filed.

Use of Estimates: The School uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Evaluation of Subsequent Events: Management has evaluated subsequent events through October 30, 2017, which is the date the consolidated financial statements were available to be issued.

ST. ANDREW'S SCHOOL AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

2. Temporarily Restricted Assets

Temporarily restricted net assets include pledges receivable and gifts restricted by donors for the following purposes:

Extended day	\$ 85,330
Technology	10,070
Music	45,600
Library	13,500
Wellness and nutrition	7,775
Administrative salaries	11,990
Time restricted	35,000
Miscellaneous programs	11,736
	<u>\$ 221,001</u>

3. Permanently Restricted Assets

Permanently restricted net assets consist of prior-year contributions to a commencement award and current and prior contributions to the William Nelson Glenn Fund. Donors to the Glenn Fund have limited the School's use of their gifts by requiring its income to be spent for the purchase of school supplies.

4. Fundraising Expense

Fundraising expense consists of the following:

Salaries and related taxes	\$ 125,897
Grant writer	3,875
Consulting	42,941
Printing, supplies, and other development costs	36,181
	<u>\$ 208,894</u>

5. Related Party Transactions

St. Andrew's Association (the Association) is a private foundation that owns the real property used by the School and provides a portion of the School's operating revenue. During the year ended June 30, 2017, the Association contributed \$250,008 for the operation of the School.

In addition, the School is the sole member of St. Andrew's Holdings LLC, that is in turn an equal member with St. Andrew's Association in St. Andrew's Apartments LLC.

ST. ANDREW'S SCHOOL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

6. Retirement Plan

The School maintains a SIMPLE IRA plan covering employees who earn \$5,000 per annum in both the current and prior year. The School makes a 2% nonelective safe harbor contribution. Contributions for the year ended June 30, 2017 totaled \$19,555.

7. Concentration of Credit Risk

The School had \$1,414,595 cash on deposit in uninsured money funds at June 30, 2017.