

**Audited
Financial Statements**
**Archbishop Williams
High School, Inc.**
June 30, 2011

Archbishop Williams High School, Inc.

Audited Financial Statements

June 30, 2011

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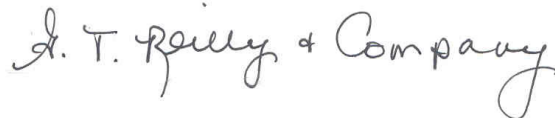
INDEPENDENT AUDITORS' REPORT

Board of Directors
Archbishop Williams High School, Inc.

We have audited the accompanying statements of financial position of Archbishop Williams High School, Inc. as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Archbishop Williams High School, Inc. at June 30, 2011 and 2010, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



G. T. Reilly & Company

Milton, Massachusetts
November 30, 2011

Archbishop Williams High School, Inc.

Statements of Financial Position

June 30

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
CASH AND CASH EQUIVALENTS (Note 2)	\$ 1,077,806	\$ 997,429
CASH DESIGNATED BY THE BOARD (Note 2)	600,000	500,000
ACCOUNTS RECEIVABLE, less allowance for doubtful accounts of \$50,905 in 2011 and \$48,380 in 2010 (Note 2)	31,945	35,910
OTHER ASSETS	35,392	32,456
INVESTMENTS, AT FAIR VALUE (Notes 2 & 3)	<u>1,170,066</u>	<u>1,043,100</u>
	<u>2,915,209</u>	<u>2,608,895</u>
PROPERTY AND EQUIPMENT (Notes 2 & 4)		
Land, building and improvements	6,072,259	5,967,729
Furniture, fixtures and equipment	422,334	402,123
Vehicles	42,677	42,677
	<u>6,537,270</u>	<u>6,412,529</u>
Accumulated depreciation	<u>(873,462)</u>	<u>(621,609)</u>
	<u>5,663,808</u>	<u>5,790,920</u>
 TOTAL ASSETS	 <u>\$ 8,579,017</u>	 <u>\$ 8,399,815</u>
<u>Liabilities and Net Assets</u>		
LIABILITIES		
Accounts payable	\$ 1,058	\$ 27,802
Accrued expenses	392,607	352,229
Student deposits	62,017	59,567
Deferred tuition revenue (Note 2)	469,582	236,158
Revolving loan agreement with the Archdiocese (Note 4)	3,230,476	3,211,808
Notes payable (Note 4)	620,627	644,735
	<u>4,776,367</u>	<u>4,532,299</u>
 TOTAL LIABILITIES	 <u>4,776,367</u>	 <u>4,532,299</u>
NET ASSETS (Note 2)		
Unrestricted:		
Undesignated	1,820,127	2,138,848
Board-designated (Note 2)	600,000	500,000
	<u>2,420,127</u>	<u>2,638,848</u>
Temporarily restricted (Notes 5 & 6)	775,832	621,977
Permanently restricted (Notes 5 & 6)	606,691	606,691
	<u>3,802,650</u>	<u>3,867,516</u>
	<u>\$ 8,579,017</u>	<u>\$ 8,399,815</u>

Archbishop Williams High School, Inc.

Statements of Activities and Changes in Net Assets For the Year Ended June 30

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUE AND SUPPORT								
Tuition and fees	\$ 5,486,081	\$	\$	\$ 5,486,081	\$ 5,145,830	\$	\$	\$ 5,145,830
Less scholarships and financial aid	(787,825)			(787,825)	(571,450)			(571,450)
Tuition and fees, net	4,698,256			4,698,256	4,574,380			4,574,380
Contributed equipment and services (Note 2)	25,673			25,673	26,229			26,229
Gifts and donations	409,672	90,840		500,512	372,262	134,225		506,487
Catholic Schools Foundation Grant	60,000			60,000	70,000			70,000
Auxiliary activities	89,366	32,885		122,251	103,508	41,438		144,946
Rental income	28,292			28,292	25,023			25,023
Other program income	49,120			49,120	57,579			57,579
Net assets released from restrictions (Note 5)	145,808	(145,808)		-	154,613	(154,613)		-
Total revenues and support	5,506,187	(22,083)		5,484,104	5,383,594	21,050		5,404,644
OPERATING EXPENSES								
Program Services:								
Instruction and student activities	2,763,494			2,763,494	2,868,537			2,868,537
Auxiliary activities	162,030			162,030	167,037			167,037
Other programs	389,494			389,494	435,925			435,925
Total program services	3,315,018			3,315,018	3,471,499			3,471,499
Supporting Services:								
General and administrative	1,017,716			1,017,716	1,007,755			1,007,755
Operation & maintenance of plant	602,433			602,433	495,321			495,321
Development	337,379			337,379	394,137			394,137
Interest	204,455			204,455	212,376			212,376
Depreciation	251,853			251,853	245,284			245,284
Total supporting services	2,413,836			2,413,836	2,354,873			2,354,873
Total expenses	5,728,854			5,728,854	5,826,372			5,826,372
CHANGE IN NET ASSETS FROM OPERATIONS	(222,667)			(222,667)	(442,778)			(442,778)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		(22,083)		(22,083)		21,050		21,050
NON-OPERATING REVENUE AND EXPENSES								
Dividend and interest income	3,946	37,637		41,583	5,508	35,370		40,878
Net realized gain on investments		3,168		3,168				
Net unrealized gain on investments		135,133		135,133	3,314	58,978		62,292
CHANGE IN NET ASSETS FROM NON-OPERATING REVENUE AND EXPENSES	3,946	175,938		179,884	8,822	94,348		103,170
(DECREASE) INCREASE IN NET ASSETS	(218,721)	153,855		(64,866)	(433,956)	115,398		(318,558)
NET ASSETS AT BEGINNING OF YEAR	2,638,848	621,977	606,691	3,867,516	3,072,804	506,579	606,691	4,186,074
NET ASSETS AT END OF YEAR	\$ 2,420,127	\$ 775,832	\$ 606,691	\$ 3,802,650	\$ 2,638,848	\$ 621,977	\$ 606,691	\$ 3,867,516

Archbishop Williams High School, Inc.

Statements of Cash Flows

For the Year Ended June 30

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (64,866)	\$ (318,558)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	251,853	245,284
Net realized gains on investments	(3,168)	-
Net unrealized gain on investments	(135,133)	(62,292)
Changes in operating assets and liabilities:		
Cash designated by the Board	(100,000)	-
Accounts receivable, net	3,965	(13,793)
Other assets	(2,936)	(19,087)
Accounts payable	(26,744)	(34,531)
Accrued expenses	40,378	30,283
Student deposits	2,450	(4,262)
Deferred tuition	233,424	(50,570)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>199,223</u>	<u>(227,526)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(38,465)	(35,989)
Sales of investments	49,800	45,000
Additions to property and equipment	(124,741)	(292,718)
NET CASH APPLIED TO INVESTING ACTIVITIES	<u>(113,406)</u>	<u>(283,707)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments on) revolving loan agreement, net	18,668	(3,095)
Payments on vehicle note payable	(7,237)	(7,207)
Payments on notes payable	(16,871)	(16,321)
NET CASH APPLIED TO FINANCING ACTIVITIES	<u>(5,440)</u>	<u>(26,623)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	80,377	(537,856)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>997,429</u>	1,535,285
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,077,806</u>	<u>\$ 997,429</u>
<u>Supplemental Cash Flow Information</u>		
Cash paid for interest	<u>\$ 204,455</u>	<u>\$ 212,376</u>

Archbishop Williams High School, Inc.

Notes to Financial Statements

June 30, 2011

Note 1 – Nature of Organization

Archbishop Williams High School, Inc. (the "School") is a private high school located in Braintree, Massachusetts. The School's mission is to provide a strong academic foundation which promotes Christian faith and morals and provides a deeper understanding of Catholic religious tradition.

Note 2 – Significant Accounting Policies

Basis of Presentation – The accompanying financial statements of Archbishop Williams High School, Inc. are prepared under the accrual method of accounting.

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Financial Statement Presentation - The School presents a statement of financial position and a statement of activities segregated into three classes of net assets determined by donor-imposed restrictions as follows: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Endowment funds established by donor restrictions to permanently maintain the principal, while allowing the use of income generated therefrom, are classified as permanently restricted net assets. Income derived from the investment of endowment funds is reported as unrestricted revenue or as restricted revenue depending on the terms of the donor instrument. Unrealized gains or losses on endowment fund investments are reported as increases or decreases in temporarily restricted net assets unless the donor explicitly states otherwise (see Note 5 and Note 6).

Contributions and Donor Restrictions - Use-restricted contributions are reported as increases to temporarily or permanently restricted net assets when received. When a donor restriction expires either by use of the funds for the specified purpose or by the expiration of a time restriction, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services and Equipment – Support arising from contributed services of religious personnel to the School has been recognized in the statement of activities with an equal amount recognized as expense, if the services provided require special skills and would need to be purchased by the School if not contributed. The computation of the value of the contributed services represents the difference between stipends and other amounts paid to or on behalf of the religious personnel and the comparable compensation that would be paid to lay persons if lay persons were to occupy those positions.

The accompanying statements of activities do not reflect an amount for support with an equal amount reflected for expense representing the difference between the amounts of rent paid and the estimated fair rental value of the facilities (contributed facilities), because management did not believe it was practical to estimate such fair value (see Note 7). If such amount were estimated and recorded, it would have no effect on the amount of the "Change in Net Assets" as reported in the School's accompanying statements of activities for either year.

Note 2 – Significant Accounting Policies (Cont.)

Fair Value Measurements - The School follows Accounting Standards Codification (ASC) Topic 820, “Fair Value Measurements and Disclosures” (ASC Topic 820), for assets and liabilities that are measured at fair value on a recurring basis, and to determine fair value disclosures. This standard applies to certain other existing accounting pronouncements that require or permit fair value measurements. Fair value measurements principles apply to the reporting of the School’s investments (see Note 3).

Cash and Equivalents – The School considers highly liquid investments with maturities of three months or less at purchase to be cash equivalents. Cash designated by the board consists of funds that are designated by the School’s Board of Directors for future replacement, improvement or additions to property and equipment.

Accounts Receivable - Accounts receivable are stated net of an allowance for doubtful accounts, which is reported on the face of the School’s statement of financial position. The allowance is established via a provision for bad debts charged to operations. On a periodic basis, management evaluates its accounts receivable and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible, based on evaluations of the collectibility of individual accounts, the School’s history of prior loss experience and on current economic conditions.

Accounts are written off and charged against the allowance when management believes that the collectibility of the specific account is unlikely.

Contributions Receivable – Contributions, including unconditional promises to give, are recognized as revenues in the period made. Contributions receivable that are, in effect, “unconditional promises to give” are recorded at the present value of future cash flows. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. There were no contributions receivable for the years ended June 30, 2011 and 2010.

Investments - The School reports investments in mutual funds and certificates of deposit at fair value. Increases or decreases in the fair value of such investments are reflected in the statement of activity (see Note 3).

Property and Equipment – Property and equipment are stated at cost. Donated equipment is reported at the estimated value at the time of donation. Maintenance and repairs are expensed as incurred, whereas major purchases are capitalized.

Depreciation is provided over the estimated useful lives of the assets by using straight-line methods. The estimated useful lives used in the computation are as follows:

<u>Asset</u>	<u>Estimated Useful Lives in Years</u>
Building and improvements	10 - 39
Furniture, fixtures and equipment	3 - 7

Deferred Tuition Revenue – Deferred revenue consists of tuition and seat deposits received in the current fiscal year that are applicable to future fiscal years.

Tuition Revenue – Gross tuition and fees reflect the School’s normal tuition rates for all students. Scholarships given on the basis of financial need and/or achievement are netted against gross tuition and fees.

Note 2 – Significant Accounting Policies (Cont.)

Auxiliary Activities' Revenue – Auxiliary activities' revenue includes activities related to the School's operations, such as the School bookstore. Auxiliary activities' revenue is recognized in the period to which it relates.

Income Tax Status - The School is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax.

Evaluation of Subsequent Events – Management evaluates subsequent events involving the School for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after June 30, 2011 through November 30, 2011, the date these financial statements were available to be issued.

Note 3 – Investments

Investments consist of the following at June 30:

	2011		2010	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Investment in Common Investment Fund	\$ 822,741	\$ 1,016,853	\$ 832,449	\$ 891,428
Certificates of Deposit	153,213	153,213	151,672	151,672
	<u>\$ 975,954</u>	<u>\$ 1,170,066</u>	<u>\$ 984,121</u>	<u>\$ 1,043,100</u>

The investment in the Common Investment Fund represents shares in a mutual fund established by The Roman Catholic Archbishop of Boston, A Corporation Sole (RCAB), to provide a common investment pool in which it and other related entities may participate.

The School currently receives a quarterly dividend from the Common Investment Fund equaling 1% (4% annually) of the prior quarter's fair value. These dividends are reinvested on a quarterly basis.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value accounting standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three tiers are defined as:

Level 1 - Observable inputs such as quoted prices in active markets.

Level 2 - Inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market.

Level 3 - Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions and are significant to the fair measurement.

The School's financial assets that are reported at fair value on a recurring basis, by level within the fair value hierarchy, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
June 30, 2011				
Common Investment Fund	\$ -	\$ 1,016,853	\$ -	\$ 1,016,853
Certificates of Deposit	153,213	-	-	153,213
	<u>\$ 153,213</u>	<u>\$ 1,016,853</u>	<u>\$ -</u>	<u>\$ 1,170,066</u>
June 30, 2010				
Common Investment Fund	\$ -	\$ 891,428	\$ -	\$ 891,428
Certificates of Deposit	151,672	-	-	151,672
	<u>\$ 151,672</u>	<u>\$ 891,428</u>	<u>\$ -</u>	<u>\$ 1,043,100</u>

Note 3 – Investments (Cont.)

The School's unit holdings in the Common Investment Fund do not have quoted prices in active markets or significant other observable inputs that have quoted market prices although the School can redeem its investment at the net asset value per share at June 30, 2011. These assets are classified as being valued using Level 2 inputs. The School estimates the fair value of its unit holdings in the Common Investment Fund based on the School's share of the underlying investment portfolio that consists of actively traded equities, bonds and money market funds.

Certificates of deposit are classified as being valued using Level 1 inputs under the fair value hierarchy. The School estimates the cost of the certificates of deposit to approximate the fair value.

Note 4 - Notes Payable

Mortgage Note Payable - The School entered into a \$692,000 note payable with Braintree Co-operative Bank in April, 2005 to partially fund the acquisition of real estate at 40 Independence Avenue in Braintree, Massachusetts. The note bears interest at a fixed rate of 5.875% through April 15, 2015, at which time the interest rate may change no more than +/- 2% based upon the current index at that time made available by the Federal Reserve Board. The interest rate will continue to be reviewed and updated based upon the current index every 60 months thereafter starting on April 15, 2015. The interest rate may never exceed 11.625% nor drop below 5.625% at any time during the term of the note. The note is currently payable in monthly interest and principal installments of \$4,301 and it matures April 15, 2030. This note is collateralized by a first mortgage on land and a building. The outstanding balance of this note at June 30, 2011 and 2010 is \$599,637 and \$616,508, respectively.

Vehicle Note Payable - The School entered into a \$36,000 note payable with General Motors Acceptance Corporation in June, 2009 for the purchase of a transportation van. The note is non-interest bearing and matures in June, 2014. The note is payable in monthly principal installments of \$600. The outstanding balance of this note at June 30, 2011 and 2010 is \$20,990 and \$28,227, respectively.

Principal Maturities - Annual principal maturities on long-term debt are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	
2012	\$ 25,615
2013	26,677
2014	27,170
2015	21,783
2016	23,040
Thereafter	<u>496,342</u>
	<u>\$ 620,627</u>

Revolving Loan Agreement - In August, 2007, the School entered into a \$3.25 million revolving loan agreement with the RCAB as a means of financing a \$3.5 million contract to renovate the School's athletic field. Interest is charged and paid on the unpaid principal balance at the rate for revolving loan fund institutional loans (5.25% and 5.5% for the years ended June 30, 2011 and 2010, respectively). The School has the option to prepay all or part of the principal balance at any time. As of June 30, 2011 and 2010, the outstanding balance for the revolving loan agreement is \$3,230,476 and \$3,211,808, respectively.

Interest Expense - Interest expense on all borrowings for the year ended June 30, 2011 and 2010 was \$204,455 and \$212,376, respectively.

Note 5 - Classification of Net Assets

Permanently restricted net assets at June 30 are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2011</u>	<u>2010</u>
Scholarships	\$ 79,630	\$ 79,630
Financial aid	<u>527,061</u>	<u>527,061</u>
	<u>\$ 606,691</u>	<u>\$ 606,691</u>

Temporarily restricted net assets consist of the following at June 30:

	<u>2011</u>	<u>2010</u>
Scholarships	\$ 304,683	\$ 259,890
Financial aid	450,271	338,086
Auxiliary activities	<u>20,878</u>	<u>24,001</u>
	<u>\$ 775,832</u>	<u>\$ 621,977</u>

Temporarily restricted net assets were released for the following purposes for the year ended June 30:

	<u>2011</u>	<u>2010</u>
Scholarships	\$ 56,650	\$ 61,850
Financial aid	53,150	62,800
Auxiliary activities	<u>36,008</u>	<u>29,963</u>
	<u>\$ 145,808</u>	<u>\$ 154,613</u>

Note 6 - Endowments

The School's endowments consist of individual funds established for scholarships and financial aid to the students of the School. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Funds with Deficiencies - From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the "historic dollar value". Deficiencies of this nature are reported by a charge to unrestricted net assets. These deficiencies result from unfavorable market fluctuations that occur. Over time, these deficiencies may reverse due to the appreciation of the underlying investments. There were no deficiencies as of June 30, 2011 and 2010.

Endowment Investment Policy - The School has adopted an investment philosophy which attempts to provide a predictable stream of returns thereby making funds available for scholarships and financial aid, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for donor-specified periods. The endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, investment returns are achieved through capital appreciation (realized and unrealized) and dividend income (see Note 3, Investments, for more details on the School's investments and how they are valued).

Note 6 – Endowments (Cont.)

Endowment net asset composition and changes by type of fund is as follows:

	Endowment Fund Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
For the year ended June 30, 2011:				
Endowment fund net assets at beginning of year	\$ -	\$ 328,582	\$ 606,691	\$ 935,273
Interest and dividends	-	37,637	-	37,637
Realized and unrealized gains on investments	-	138,301	-	138,301
Appropriation of endowment assets for for expenditure	-	(53,150)	-	(53,150)
Endowment net assets at end of year	<u>\$ -</u>	<u>\$ 451,370</u>	<u>\$ 606,691</u>	<u>\$ 1,058,061</u>
For the year ended June 30, 2010:				
Endowment fund net assets at beginning of year	\$ (3,314)	\$ 284,034	\$ 606,691	\$ 887,411
Interest and dividends	-	35,370	-	35,370
Realized and unrealized losses on investments	3,314	58,978	-	62,292
Appropriation of endowment assets for expenditure	-	(49,800)	-	(49,800)
Endowment net assets at end of year	<u>\$ -</u>	<u>\$ 328,582</u>	<u>\$ 606,691</u>	<u>\$ 935,273</u>

Note 7 - Related Party Transactions and Lease Agreement

During the years ended June 30, 2011 and 2010, the School was charged \$234,015 and \$300,289, respectively, for health, life, disability, workers' compensation and property insurance administered by the RCAB.

Effective July 1, 2010, the School signed a new 50-year lease with RCAB. The lease requires annual payments of one dollar for the first 30 years. During the next ten years of the lease, the School will be required to pay \$50,000 per year. During the last ten years of the lease, the School will be required to pay \$100,000 per year. The School is obligated under the lease agreement to pay all utilities, maintenance, insurance, and other operating expenses on the premises.

A significant amount of the School's investments are in the Common Investment Fund of the RCAB (see Note 3). Additionally, as more fully discussed in Note 4, the School has a \$3.25 million revolving loan agreement with the RCAB.

In addition, during the years ended June 30, 2011 and 2010, the School, with board approval, purchased professional services from a firm owned by a board member in the amount of \$13,400 and \$14,940, respectively. There were no amounts payable to this firm at June 30, 2011 and 2010.

Note 8 - Pension Plan

The School participates with other organizations affiliated with the Archdiocese of Boston in a multiemployer noncontributory, defined-benefit pension plan covering substantially all lay employees. Benefits are provided through the Roman Catholic Archdiocese of Boston Pension Plan (the Plan).

The Plan is not subject to the Employee Retirement Income Security Act of 1974 (ERISA). Pension expense approximated \$187,000 and \$176,000 for the years ended June 30, 2011 and 2010, respectively, and represents contributions assessed to the School for the year.

Note 8 - Pension Plan (Cont.)

Accumulated plan benefit information, as provided by consulting actuaries, has not been distinguished from the benefits of the other organizations participating in the multiemployer plan and, therefore, such information is not presented herein. At June 30, 2011, the financial statements of the entire multi-employer plan reflected net assets available for plan benefits of \$285 million, and an actuarial present value of accumulated plan benefits of approximately \$329 million.

The Plan Trustees voted to amend the Plan to implement a hard freeze effective December 31, 2011. Under the provision of the amendment, any employee hired after December 1, 2010 would not be eligible to become a participant in the Plan. As of December 31, 2011, all participants will stop accruing benefits. Employees with five or more years of service will remain vested. Employees with at least one year of service as of December 31, 2011, will be allowed to continue to add years of service towards vesting after the freeze date. Voluntary lump sum distributions and monthly in-service annuities were also offered.

Under this new structure, beginning January 1, 2012, the School will have the option to implement its own plan.

Note 9 – Other Leases Commitments

The School has lease agreements for office equipment and accounts for them as operating leases. Office equipment lease expense was \$11,468 and \$21,063 for the years ended June 30, 2011 and 2010, respectively. The future minimum lease payments for the copier lease are as follows:

Fiscal Year <u>Ending June 30</u>	
2012	\$ 11,258
2013	11,258
2014	9,507
2015	1,526
	<u>\$ 33,549</u>

Note 10 - Financial Instruments and Concentrations of Credit Risk

The School's financial instruments that potentially subject it to concentrations of credit risk consist of cash, cash equivalents, investments and debt.

The School maintains its cash, cash equivalents and certificates of deposit in high-quality financial institutions. At times, the amounts on deposit at any institution are in excess of insured limits. At June 30, 2011, there were no deposits in excess of insured limits based on bank balances.

As more fully discussed in Note 3, the School's investments consist principally of common investment funds administered by the RCAB in the amount of \$1,016,853 at June 30, 2011.

The School has a \$3.25 million revolving loan agreement with the RCAB with an outstanding balance of approximately \$3.2 million at June 30, 2011 (see Note 4).