Audited
Financial Statements

Archbishop Williams High School, Inc.

June 30, 2013

G.T. Reilly & Company
Certified Public Accountants/Business Consultants

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Archbishop Williams High School, Inc.

We have audited the accompanying financial statements of Archbishop Williams High School, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets, and cash flows for the years 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 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the School'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 School'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 Archbishop Williams High School, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

G. T. Reilly & Company

G.T. Reilly & Company

Milton, Massachusetts
September 18, 2013

Statements of Financial Position

June 30

	2013	2012
Assets		
CASH AND CASH EQUIVALENTS (Note 2)	**$ 1,651,121**	$ 1,315,415
CASH DESIGNATED BY THE BOARD (Note 2)	**865,000**	665,000
ACCOUNTS RECEIVABLE, less allowance for doubtful accounts of $43,596 in 2013 and $39,515 in 2012 (Note 2)	**55,979**	45,789
OTHER ASSETS	**20,711**	25,009
INVESTMENTS, AT FAIR VALUE (Notes 2 & 3)	**1,188,075**	1,139,675
	3,780,886	3,190,888
PROPERTY AND EQUIPMENT (Notes 2 & 4)		
Land, building and improvements	**6,160,003**	6,112,443
Furniture, fixtures and equipment	**466,924**	458,799
Vehicles	**42,677**	42,677
Construction-in-progress	**45,000**	-
	6,714,604	6,613,919
Accumulated depreciation	**(1,374,672)**	(1,124,392)
	5,339,932	5,489,527
TOTAL ASSETS	**$ 9,120,818**	$ 8,680,415
Liabilities and Net Assets		
LIABILITIES		
Accounts payable	**$ 559**	$ 3,801
Accrued expenses	**561,866**	368,300
Student deposits	**27,396**	48,067
Deferred tuition revenue (Note 2)	**402,009**	458,135
Revolving loan agreement with the Archdiocese (Note 4)	**3,204,149**	3,219,606
Notes payable (Note 4)	**569,221**	595,492
TOTAL LIABILITIES	**4,765,200**	4,693,401
NET ASSETS (Note 2)		
Unrestricted:		
Undesignated	**2,035,472**	1,959,467
Board-designated (Note 2)	**865,000**	665,000
	2,900,472	2,624,467
Temporarily restricted (Notes 5 & 6)	**848,455**	755,856
Permanently restricted (Notes 5 & 6)	**606,691**	606,691
	4,355,618	3,987,014
	$ 9,120,818	$ 8,680,415

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

Archbishop Williams High School, Inc.

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

	2013				2012			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUE AND SUPPORT								
Tuition and fees	**$ 6,157,095**	**$**	**$**	**$ 6,157,095**	$ 6,000,421	$	$	$ 6,000,421
Less scholarships and financial aid	**(858,080)**			**(858,080)**	(804,550)			(804,550)
Tuition and fees, net	**5,299,015**			**5,299,015**	5,195,871			5,195,871
Contributed services (Note 2)	**27,963**			**27,963**	27,688			27,688
Gifts and donations	**464,659**	**188,887**		**653,546**	417,393	161,275		578,668
Catholic Schools Foundation Grant	**71,840**			**71,840**	61,500			61,500
Auxiliary activities	**80,117**	**45,230**		**125,347**	95,759	50,941		146,700
Rental income	**23,170**			**23,170**	22,966			22,966
Other program income	**32,349**			**32,349**	48,816			48,816
Net assets released from restrictions (Note 5)	**242,113**	**(242,113)**		**-**	213,282	(213,282)		-
Total revenues and support	**6,241,226**	**(7,996)**		**6,233,230**	6,083,275	(1,066)		6,082,209
OPERATING EXPENSES								
Program Services:								
Instruction and student activities	**2,843,962**			**2,843,962**	2,861,891			2,861,891
Auxiliary activities	**171,198**			**171,198**	191,304			191,304
Other programs	**409,329**			**409,329**	429,946			429,946
Total program services	**3,424,489**			**3,424,489**	3,483,141			3,483,141
Supporting Services:								
General and administrative	**1,228,167**			**1,228,167**	1,069,458			1,069,458
Operation & maintenance of plant	**589,583**			**589,583**	574,593			574,593
Development	**283,519**			**283,519**	307,666			307,666
Interest	**198,185**			**198,185**	203,878			203,878
Depreciation	**250,280**			**250,280**	250,930			250,930
Total supporting services	**2,549,734**			**2,549,734**	2,406,525			2,406,525
Total expenses	**5,974,223**			**5,974,223**	5,889,666			5,889,666
CHANGE IN NET ASSETS FROM OPERATIONS	**267,003**	**(7,996)**		**259,007**	193,609	(1,066)		192,543
NON-OPERATING REVENUE AND EXPENSES								
Dividend and interest income	**9,002**	**39,769**		**48,771**	10,731	37,693		48,424
Net realized gain on investments		**6,924**		**6,924**		10,173		10,173
Net unrealized gain (loss) on investments		**53,902**		**53,902**		(66,776)		(66,776)
CHANGE IN NET ASSETS FROM NON-OPERATING REVENUE AND EXPENSES	**9,002**	**100,595**		**109,597**	10,731	(18,910)		(8,179)
INCREASE (DECREASE) IN NET ASSETS	**276,005**	**92,599**		**368,604**	204,340	(19,976)		184,364
NET ASSETS AT BEGINNING OF YEAR	**2,624,467**	**755,856**	**606,691**	**3,987,014**	2,420,127	775,832	606,691	3,802,650
NET ASSETS AT END OF YEAR	**$ 2,900,472**	**$ 848,455**	**$ 606,691**	**$ 4,355,618**	$ 2,624,467	$ 755,856	$ 606,691	$ 3,987,014

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

Statements of Cash Flows

For the Year Ended June 30

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 368,604**	$ 184,364
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**250,280**	250,930
Net realized gains on investments	**(6,924)**	(10,173)
Net unrealized (gain) loss on investments	**(53,902)**	66,776
Changes in operating assets and liabilities:		
Cash designated by the Board	**(200,000)**	(65,000)
Accounts receivable, net	**(10,190)**	(13,844)
Other assets	**4,298**	10,383
Accounts payable	**(3,242)**	2,743
Accrued expenses	**193,566**	(24,307)
Student deposits	**(20,671)**	(13,950)
Deferred tuition	**(56,126)**	(11,447)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**465,693**	376,475
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	**(39,218)**	(79,362)
Sales of investments	**51,644**	53,150
Additions to property and equipment	**(100,685)**	(76,649)
NET CASH APPLIED TO INVESTING ACTIVITIES	**(88,259)**	(102,861)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on revolving loan agreement, net	**(15,457)**	(10,870)
Payments on vehicle note payable	**(7,237)**	(7,207)
Payments on notes payable	**(19,034)**	(17,928)
NET CASH APPLIED TO FINANCING ACTIVITIES	**(41,728)**	(36,005)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**335,706**	237,609
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,315,415**	1,077,806
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,651,121**	$ 1,315,415

Supplemental Cash Flow Information

	2013	2012
Cash paid for interest	**$ 198,185**	$ 203,878

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

Notes to Financial Statements

June 30, 2013

Note 1 – Nature of Organization

Archbishop Williams High School, Inc. (the "School") is a Catholic co-educational high school, which educates young men and women spiritually, academically, morally and physically. The School is part of a Christian community that integrates learning with faith and focuses on developing the whole person. The School also seeks to provide an affordable college preparatory education and to graduate capable and confident young people who are responsible members of their communities, and who are guided by the values of the Catholic Church.

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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results may differ from those estimates.

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 Notes 5 & 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 – 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", 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 measurement 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.

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:

Asset	Estimated Useful Lives in Years
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.

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, 2013 through September 18, 2013, the date these financial statements were available to be issued.

Note 3 – Investments

Investments consist of the following at June 30:

	2013		2012	
	Cost	**Fair Value**	Cost	Fair Value
Investment in Common Investment Fund	**$ 852,546**	**$ 1,033,784**	$ 858,048	$ 985,384
Certificates of Deposit	**154,291**	**154,291**	154,291	154,291
	$ 1,006,837	**$ 1,188,075**	$ 1,012,339	$ 1,139,675

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:

	Level 1	**Level 2**	**Level 3**	**Totals**
June 30, 2013				
Common Investment Fund	**$ -**	**$ 1,033,784**	**$ -**	**$ 1,033,784**
Certificates of Deposit	**154,291**	**-**	**-**	**154,291**
	$ 154,291	**$ 1,033,784**	**$ -**	**$ 1,188,075**
June 30, 2012				
Common Investment Fund	$ -	$ 985,384	$ -	$ 985,384
Certificates of Deposit	154,291	-	-	154,291
	$ 154,291	$ 985,384	$ -	$ 1,139,675

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, 2013. 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 $4,390 and it matures on 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, 2013 and 2012 is $562,675 and $581,709, 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, 2013 and 2012 is $6,546 and $13,783, respectively.

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

Fiscal Year Ending June 30	
2014	$ 26,700
2015	21,370
2016	22,660
2017	24,028
2018	25,478
Thereafter	448,985
	$ 569,221

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% for the years ended June 30, 2013 and 2012). The School has the option to prepay all or part of the principal balance at any time. As of June 30, 2013 and 2012, the outstanding balance under the revolving loan agreement is $3,204,149 and $3,219,606, respectively.

Subsequent Event – In July 2013, the school received a commitment from a bank to provide bond financing for up to $6.5 million to refinance all existing debt as well as finance required renovations on the building. In addition, the bank made a commitment for a $150,000 revolving line of credit to provide temporary and periodic liquidity for the School.

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:

	2013	2012
Scholarships	**$ 79,630**	$ 79,630
Financial aid	**527,061**	527,061
	$ 606,691	$ 606,691

Note 5 - Classification of Net Assets (Cont.)

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

	2013	2012
Scholarships	**$ 358,614**	$ 324,432
Financial aid	**360,966**	366,119
Capital Campaign	**108,967**	51,967
Auxiliary activities	**19,908**	13,338
	$ 848,455	$ 755,856

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

	2013	2012
Scholarships	**$ 49,400**	$ 56,606
Financial aid	**109,053**	98,195
Auxiliary activities	**38,660**	58,481
CSF technology grant	**45,000**	-
	$ 242,113	$ 213,282

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.

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).

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

	Endowment Fund Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
For the year ended June 30, 2013:				
Endowment fund net assets at beginning of year	**$ -**	**$ 381,781**	**$ 606,691**	**$ 988,472**
Interest and dividends	**-**	**38,108**	**-**	**38,108**
Realized and unrealized losses on investments	**-**	**58,283**	**-**	**58,283**
Appropriation of endowment assets for for expenditure	**-**	**(97,050)**	**-**	**(97,050)**
Endowment net assets at end of year	**$ -**	**381,122**	**$ 606,691**	**$ 987,813**

Note 6 – Endowments (Cont.)

	Endowment Fund Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
For the year ended June 30, 2012:				
Endowment fund net assets at beginning of year	$ -	$ 451,370	$ 606,691	$ 1,058,061
Interest and dividends	-	37,285	-	37,285
Realized and unrealized gains on investments	-	(54,918)	-	(54,918)
Appropriation of endowment assets for expenditure	-	(51,956)	-	(51,956)
Endowment net assets at end of year	$ -	$ 381,781	$ 606,691	$ 988,472

Note 7 - Related Party Transactions and Lease Agreement

During the years ended June 30, 2013 and 2012, the School was charged approximately $290,000 and $312,000, respectively, for health, life, disability, workers' compensation and property insurance administered by the RCAB.

Effective July 1, 2010, the School signed a 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.

Note 8 – Employee Benefit Plans

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 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, benefits ceased accruing to all participants. Employees with five or more years of service at that time remain vested. Employees with at least one year of service as of December 31, 2011, are 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.

The Plan is not subject to the Employee Retirement Income Security Act of 1974 (ERISA). Pension expense approximated $125,000 and $160,000 for the years ended June 30, 2013 and 2012, respectively, and represents contributions assessed to the School for the year.

Due to the fact the School’s share of Plan assets and benefit liabilities are pooled together with other non-profit organizations, the Plan is considered a multi-employer pension plan and, therefore, the accrual provisions under generally accepted accounting principles do not apply, and the School is not required to accrue for any unfunded status of the Plan.

Beginning January 1, 2012, the School implemented its own 403(b) plan for the benefit of its employees. The School contributed 2% of eligible participant compensation, or approximately $53,000 and $34,000 for the years ended June 30, 2013 and 2012, respectively, under this plan.

Note 9 – Other Leases Commitments

The School has lease agreements for office equipment and several ipads and accounts for them as operating leases. Total lease expense was $67,000 and $19,000 for the years ended June 30, 2013 and 2012, respectively. The future minimum lease payments for the equipment leases are as follows:

Fiscal Year Ending June 30	
2014	$ 65,651
2015	50,255
	$ 115,906

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, 2013, there was approximately $750,000 of deposits in excess of FDIC 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 $1,033,784 at June 30, 2013.

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, 2013 (see Note 4).