Elizabeth Seton Academy, Inc.

Financial Statements

June 30, 2013
(With Comparative Totals for June 30, 2012)

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Elizabeth Seton Academy, Inc.
Dorchester, Massachusetts

Report on Financial Statements

We have audited the accompanying financial statements of **Elizabeth Seton Academy, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and the related statements of activities and cash flows for the year then ended and statements of activities and functional expenses for the year 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 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 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 risks of material misstatement of the 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 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 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 2013 financial statements referred to above present fairly, in all material respects, the financial position of **Elizabeth Seton Academy, Inc.** as of June 30, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

MARCUMGROUP MEMBER

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Prior Period Financial Statements and Report on Summarized Comparative Information

The financial statements of Elizabeth Seton Academy, Inc. as of June 30, 2012, and for the year then ended, were audited by Braver P.C., whose practice was combined with Marcum LLP as of January 1, 2014, and whose report dated January 31, 2013, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Needham, Massachusetts
May 14, 2014

Elizabeth Seton Academy, Inc.

Statements of Financial Position
June 30, 2013
(With Summarized Comparative Totals for June 30, 2012)

	2013	2012
Assets		
Cash	$ 174,629	$ 128,209
Certificates of deposit	78,935	78,382
Accounts receivable, net of allowance for uncollectible accounts of $4,200 and $65,000 in 2013 and 2012, respectively	17,490	70,855
Prepaid expenses	-	5,256
Unconditional promises to give	22,199	159,414
Property and equipment, net of accumulated depreciation of $116,721 and $106,630 in 2013 and 2012, respectively	18,494	28,585
Total assets	$ 311,747	$ 470,701
Liabilities and Net Assets		
Liabilities		
Line of credit	$ 188,860	$ 195,000
Accounts payable and accrued expenses	212,185	131,037
Tuition received in advance	39,607	11,495
Total liabilities	440,652	337,532
Net assets		
Unrestricted	(303,080)	(74,243)
Temporarily restricted	100,170	130,407
Permanently restricted	74,005	77,005
Total net assets	(128,905)	133,169
Total liabilities and net assets	$ 311,747	$ 470,701

The accompanying notes are an integral part of these financial statements

Elizabeth Seton Academy, Inc.

Statement of Activities
For the Year Ended June 30, 2013
(With Summarized Comparative Totals for the Year Ended June 30, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013	Total 2012
Support and revenues					
Tuition and fees, net of financial aid	$ 586,379	$ -	$ -	$ 586,379	$ 606,194
Contributions and gifts	220,959	6,053	-	227,012	430,905
Special events, net of expenses	97,519	-	-	97,519	131,892
Miscellaneous income	1,736	-	-	1,736	3,469
Net assets released from restrictions	39,290	(36,290)	(3,000)	-	-
Total support and revenues	945,883	(30,237)	(3,000)	912,646	1,172,460
Expenses					
Program	579,270	-	-	579,270	665,641
Management and general	492,592	-	-	492,592	448,532
Fundraising	102,858	-	-	102,858	45,524
Total expenses	1,174,720	-	-	1,174,720	1,159,697
Change in net assets	(228,837)	(30,237)	(3,000)	(262,074)	12,763
Net assets, beginning of year	(74,243)	130,407	77,005	133,169	120,406
Net assets, end of year	$ (303,080)	$ 100,170	$ 74,005	$ (128,905)	$ 133,169

Elizabeth Seton Academy, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2013
(With Summarized Comparative Totals for the Year Ended June 30, 2012)

	Program	Management and General	Fundraising	Total 2013	Total 2012
Teachers and administrative staff	$ 427,030	$ 254,654	$ 80,664	$ 762,348	$ 680,673
Uncollectible accounts expense	-	122,413	-	122,413	59,963
Rental expense	49,395	13,172	3,293	65,860	62,400
Employee benefits	38,133	14,871	5,553	58,557	25,338
Payroll taxes	26,490	16,481	5,338	48,309	45,057
Professional fees	-	39,933	-	39,933	48,184
Special events	-	-	35,652	35,652	32,974
Sports programs	12,481	-	-	12,481	8,268
Depreciation	-	10,091	-	10,091	14,949
Miscellaneous	9,238	-	624	9,862	7,057
Interest expense	-	8,806	-	8,806	11,501
Insurance	5,086	1,356	339	6,781	3,434
Educational expenses	6,674	-	-	6,674	18,069
Telephone	3,181	1,591	1,591	6,363	7,167
Software	-	1,995	2,668	4,663	5,555
Office expenses	-	2,519	524	3,043	5,685
Admissions	-	1,855	-	1,855	-
Advertising	-	978	638	1,616	3,736
Ministry expenses	1,562	-	-	1,562	3,967
Information technology	-	1,275	-	1,275	-
Postage	-	581	645	1,226	2,599
Printing	-	21	859	880	6,403
Travel	-	-	122	122	684
Repairs and maintenance	-	-	-	-	134,454
Retirement	-	-	-	-	4,524
Religious compensation	-	-	-	-	30
	579,270	492,592	138,510	1,210,372	1,192,671
Less special events	-	-	35,652	35,652	32,974
Total functional expenses	$ 579,270	$ 492,592	$ 102,858	$ 1,174,720	$ 1,159,697

Elizabeth Seton Academy, Inc.

Statements of Cash Flows
For the Year Ended June 30, 2013
(With Summarized Comparative Totals for the Year Ended June 30, 2012)

	2013	2012
Cash flows from operating activities		
Change in net assets	$ (262,074)	$ 12,763
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	10,091	14,949
Uncollectible accounts expense	122,413	59,963
Changes in operating assets and liabilities		
Accounts receivable	(69,048)	(75,918)
Prepaid expenses	5,256	649
Unconditional promises to give	137,215	90,417
Accounts payable and accrued expenses	81,148	(2,672)
Tuition received in advance	28,112	(16,564)
Net cash provided by operating activities	53,113	83,587
Cash flows from investing activities		
Interest reinvested on certificates of deposits	(553)	(599)
Net cash used in investing activities	(553)	(599)
Cash flows from financing activities		
Net repayments on line of credit	(6,140)	(55,000)
Net cash used in financing activities	(6,140)	(55,000)
Net increase in cash	46,420	27,988
Cash, beginning of year	128,209	100,221
Cash, end of year	$ 174,629	$ 128,209
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 8,806	$ 11,970

Supplemental Disclosure of Non-Cash Investing and Financing Activities

During the year ended June 30, 2012, repayments of $47,417 on the note payable (Note 7) were satisfied via reductions of unconditional promises to give from the same party.

Elizabeth Seton Academy, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2013
(With Summarized Comparative Totals for the Year Ended June 30, 2012)

1. Organization

Elizabeth Seton Academy, Inc. (the "School") was organized as a corporate not-for-profit organization under the laws of the Commonwealth of Massachusetts. The School's mission is to provide an affordable, quality college preparatory education in the Catholic tradition for adolescent women of Boston's inner city and surrounding communities. The School grants diplomas for completion of all applicable secondary education requirements in the Commonwealth of Massachusetts.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Presentation – Net Asset Categories

The School 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.

Unrestricted Net Assets

Unrestricted net assets represent those assets which the School may use at its discretion.

Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor-imposed stipulations that limit the use of the donated asset. When a donor restriction expires or the purpose of the restriction is accomplished, temporarily restricted 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

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained by the School indefinitely. Generally, the donors of those assets permit the School to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates

Management uses estimates and assumptions in preparing 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. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectible accounts expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances, which remain outstanding after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined the allowance for doubtful accounts at June 30, 2013 and 2012 to be $4,200 and $65,000, respectively. The School wrote off $122,413 of uncollectible accounts receivables during the year ended June 30, 2013.

Pledges, Grants and Other Receivables

Pledges, grants and other receivables are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectible accounts expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances, which remain outstanding after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to pledges, grants and other receivables.

Investments and Investment Income

Investments in marketable equity securities with readily determinable fair values are stated at fair value. Fair value is defined as the closing value of the securities from its market on the balance sheet date. Real estate investments and equity securities without readily determinable fair values are stated at cost. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

All acquisitions of property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from three years for vehicles to ten years for fixtures and thirty-nine years for leasehold improvements.

Tuition and Fees

Revenue from student tuition and fees is reported ratably throughout the school year in which it is earned. Student deposits, along with advance payments for tuition, are deferred and will be recorded as revenues in the year in which the sessions are held.

2. Summary of Significant Accounting Policies (Continued)

Public Support and Revenue

Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. The majority of the promises to give are received from contributors in Massachusetts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end. The allowance for uncollectible promises at June 30, 2013 and 2012 is zero.

Unconditional promises to give are recognized as revenues and as assets in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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 statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Recognition of Donor Restrictions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The School is exempt under 501(c)(3) of the Internal Revenue Code. The School is also exempt from Massachusetts income and excise taxes under Massachusetts General Law 180. Income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. The School did not receive any unrelated business income in 2013 and 2012. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

2. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The School evaluates all significant tax positions. As of June 30, 2013 and 2012, the School does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The School's tax returns are subject to examination by the appropriate taxing jurisdictions. There are no such examinations in progress or pending. As of June 30, 2013, the School's federal and state tax returns generally remain open for examination for three years from the date filed with each jurisdiction.

Advertising

The School expenses the cost of advertising as incurred. Advertising expense for the years ended June 30, 2013 and 2012 was $1,616 and $3,736, respectively.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Endowment

The School's endowment consists of individual funds established for scholarships, programs and the long-term funding of operational expenses. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions and in accordance with local law.

Uniform Prudent Management of Institutional funds Acts (UPMIFA) Interpretation of Relevant Law

The Board of Trustees of the School has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the prudent conduct of management in determining the amount of endowment earnings and principal that is available for use in operations absent explicit donor stipulations to the contrary. As a result of this interpretation, the School classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the School and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the School
(7) The investment policies of the School.

Elizabeth Seton Academy, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2013
(With Summarized Comparative Totals for the Year Ended June 30, 2012)

2. Summary of Significant Accounting Policies (Continued)

Return Objectives and Risk Parameters

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment 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 a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to preserve the original value of the assets. The School expects its endowment funds, over time, to provide an average annual rate of return of 2% - 3%. Actual returns in any given year may vary from this amount.
To satisfy its long-term rate-of-return objectives within the specified risk parameters, the School invests conservatively in FDIC guaranteed short-term certificates of deposit.

Spending Policy

The School has a policy of appropriating for distribution each year the current investment earnings on its permanently restricted endowment funds determined as of June 30th of each year. In establishing this policy, the School considered the long-term expected return on its endowment. Accordingly, over the long term, the School expects the current spending policy to preserve the original value of its endowment. This is consistent with the School's objective to maintain the purchasing power of the endowment assets held in perpetuity.

3. Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30:

	2013	2012
Amounts due in:		
Less than one year	$ 22,199	$ 147,941
One to five years	-	11,995
	22,199	159,936
Less discounts to net present value	-	(522)
Unconditional promises to give, net	$ 22,199	$ 159,414

Unconditional promises to give due in more than one year are discounted at 4.50% at June 30, 2012.

4. Fair Value Measurements

GAAP established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

4. Fair Value Measurements (Continued)

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurements and unobservable.

Investment assets, consisting solely of certificates of deposit, have been classified as Level 1.

5. Property and Equipment

Property and equipment consist of the following as of June 30:

	2013	2012
Furniture, fixtures and equipment	55,957	$ 55,957
Computer equipment and software	71,793	71,793
Leasehold improvements	7,465	7,465
	135,215	135,215
Accumulated depreciation	(116,721)	(106,630)
Property and equipment, net	$ 18,494	$ 28,585

Depreciation expense for each of the years ended June 30, 2013 and 2012 was $10,091 and $14,949, respectively.

6. Revolving Demand Line of Credit

The School has a revolving line of credit from which they can draw up to the lesser of $250,000 or 75% of certain accounts receivable and unconditional promises to give. The note matured on December 31, 2012 and was extended until December 31, 2013. As of June 30, 2013 and 2012, there were outstanding balances of $188,859 and $195,000, respectively. Bank advances on the credit line are payable on demand and carry the prime rate plus 1% (4.25% as of June 30, 2013). The advances on the credit line are secured by substantially all School assets.

7. Note Payable

The School entered into an unsecured interest-free note payable from a third party of $125,000 to pay the outstanding balance on the line of credit. The note calls for monthly principal payments of $2,083 beginning in January 2008 and ending in June 2012. Interest expense has been imputed at 6%. The note was repaid in full during the year ended June 30, 2012.

8. Donated Services

The value of donated services included as in-kind contributions in the financial statements and the corresponding expenses for the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Teachers and administrative staff	$ 258	$ -
Professional fees	19,938	29,522
Telephone	-	25
Repairs	-	130,350
	$ 20,196	$ 159,897

9. Operating Leases

The School rents space on a tenant-at-will basis for its current facility in Dorchester, Massachusetts. Rent expense for 2013 and 2012 was $65,860 and $62,400, respectively.

10. Concentrations of Credit Risk

The School places its cash deposits and temporary cash investments with financial institutions of high credit quality. At times, cash and cash equivalents may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit. At December 31, 2013, all of the School's cash is held at three different financial institutions.

The School has no significant off-balance sheet concentration of credit risk such as foreign currency exchange contracts, option contracts or other hedging arrangements. Financial instruments, which potentially subject the School to concentrations of credit risk, consist primarily of temporary cash investments.

The risk of loss associated with accounts receivable and unconditional promises to give are limited to the amount owing to the School. Management believes that the risk of loss is minimal.

11. Commitments and Contingencies

Grants, bequests, and endowments often require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, the Board of Trustees deems the contingency unlikely since, by accepting the gifts and their terms, it has made a commitment to fulfill the provisions of the gift.

12. Restricted Net Assets

Time restricted net assets represent certain pledges receivable and will become unrestricted upon receipt from the donor.

Changes in temporary restricted net assets are as follows for the year ended June 30, 2013:

	Beginning of Year	Additions	Satisfactions	End of Year
Temporarily restricted net assets				
Intern program	$ 5,898	$ -	$ 5,898	$ -
Ministry	835	-	835	-
Performing arts	10,000	5,000	487	14,513
Science, math, technology and afterschool	38,884	500	9,190	30,194
Scholarship	74,790	553	19,880	55,463
	$ 130,407	$ 6,053	$ 36,290	$ 100,170

	Beginning of Year	Additions	Satisfactions	End of Year
Permanently restricted net assets				
Scholarship fund	$ 77,005	$ -	$ 3,000	$ 74,005

Due to the low rate of return of one the permanently restricted funds; one donor gave the School permission to spend additional amounts for a scholarship for the current year. No such release was authorized for the prior year.

12. Restricted Net Assets (Continued)

Changes in temporary restricted net assets are as follows for the year ended June 30, 2012:

	Beginning of Year	Additions	Satisfactions	End of Year
Temporarily restricted net assets				
Time restricted	$ -	$ -	$ -	$ -
Intern program	5,898	-	-	5,898
Ministry	835	-	-	835
Performing arts	5,000	5,000	-	10,000
Science, math, technology and afterschoo	19,504	19,380	-	38,884
Scholarship	56,240	134,750	116,200	74,790
	$ 87,477	$ 159,130	$ 116,200	$ 130,407

	Beginning of Year	Additions	Satisfactions	End of Year
Permanently restricted net assets				
Scholarship fund	$ 77,005	$ -	$ -	$ 77,005

13. Tuition and Fees

Tuition and fees consist of the following for the years ended June 30:

	2013	2012
Gross tuition and fees	$ 747,391	$ 736,160
Financial aid to students	(161,012)	(129,966)
	$ 586,379	$ 606,194

14. Special Events

Special events consist of the following for the years ended June 30:

	2013	2012
Gross special event revenue	$ 133,171	$ 164,866
Costs of direct benefits to donors	(35,652)	(32,974)
Special events revenue, net of expenses	$ 97,519	$ 131,892

15. Defined Contribution Plan

In July 2007, the School instituted a 403(b) defined contribution plan which is administered by a third party. The plan is voluntary and fully funded by eligible employees. There is no employer contribution or liability associated with the plan.

16. Subsequent Events

The School has evaluated all subsequent events through May 14, 2014, the date the financial statements were available to be issued, and except for the matters identified below, no events were identified which require disclosure in the accompanying financial statements.

In April 2014, the School signed a letter of understanding with Meetinghouse Bank which agreed to a payment schedule to pay down the revolving line of credit. The agreement indicated that the School would pay $5,000 toward the principal in May 2014, and the $2,000 toward the interest and principal combined on monthly basis thereafter. The management believes that the revolving line of credit will remain in good standing while this scheduled is followed.