

**STE JEANNE D'ARC SCHOOL OF LOWELL,
MASSACHUSETTS, INC.**

Consolidated Financial Statements

**For the Years Ended June 30, 2015 and 2014
(With Independent Auditor's Report)**

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Independent Auditor's Report

To the Board of Trustees of
Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc.
Lowell, Massachusetts

We have audited the accompanying consolidated financial statements of Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc. (the School), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years 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 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 consolidated financial statements are free from 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 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 consolidated financial position of Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc. as of June 30, 2015 and 2014, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated program statements on pages 18-21 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Anstiss & Co., P.C.
Lowell, Massachusetts
October 23, 2015

St. Jeanne d'Arc School of Lowell, Massachusetts Inc.
Consolidated Statements of Financial Position
As of June 30, 2015 and 2014

	June 30, 2015				June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets								
Cash and Cash Equivalents	\$ 785,464	\$ 200,519	\$ 7,303	\$ 993,286	\$ 733,899	\$ 211,769	\$ 7,303	\$ 952,971
Investments (Note 7)	-	18,439	88,849	107,288	-	18,353	88,849	107,202
Accounts Receivable	48,004	-	-	48,004	29,519	-	-	29,519
Other Current Assets	144	-	-	144	971	-	-	971
Fixed Assets - Net (Note 3)	349,623	-	-	349,623	391,859	-	-	391,859
Total Assets	\$ 1,183,235	\$ 218,958	\$ 96,152	\$ 1,498,345	\$ 1,156,248	\$ 230,122	\$ 96,152	\$ 1,482,522
Liabilities and Net Assets								
Liabilities								
Accounts Payable	\$ 820	-	-	\$ 820	\$ 2,306	-	-	\$ 2,306
Accrued Salaries and Expenses	149,582	-	-	149,582	152,960	-	-	152,960
Deferred Revenues (Note 2)	220,595	-	-	220,595	250,844	-	-	250,844
Total Liabilities	370,997	-	-	370,997	406,110	-	-	406,110
Net Assets	812,238	218,958	96,152	1,127,348	750,138	230,122	96,152	1,076,412
Total Liabilities and Net Assets	\$ 1,183,235	\$ 218,958	\$ 96,152	\$ 1,498,345	\$ 1,156,248	\$ 230,122	\$ 96,152	\$ 1,482,522

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

St. Jeanne d'Arc School of Lowell, Massachusetts Inc.
Consolidated Statements of Activities
For the Years Ended June 30, 2015 and 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total June 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total June 30, 2014
Operating Revenues and Support								
Tuition and Fees - Net of Refunds	\$ 1,632,060	\$ -	\$ -	\$ 1,632,060	\$ 1,562,312	\$ -	\$ -	\$ 1,562,312
Other Program Revenue	328,582	-	-	328,582	329,093	-	-	329,093
Special Event Revenue	132,124	-	-	132,124	133,983	-	-	133,983
Contributions:								
Contributed Facilities	310,000	-	-	310,000	310,000	-	-	310,000
Contributed Goods and Services	65,684	-	-	65,684	67,030	-	-	67,030
Other Cash Contributions	127,782	40,089	-	167,871	85,421	104,144	-	189,565
Investment Income	-	2,636	-	2,636	-	16,002	-	16,002
Net Assets Released From Restriction	53,889	(53,889)	-	-	154,393	(154,393)	-	-
Total revenue and support	2,650,121	(11,164)	-	2,638,957	2,642,232	(34,247)	-	2,607,985
Operating Expenses								
Instructional and Student Activities	1,399,520	-	-	1,399,520	1,530,929	-	-	1,530,929
Supporting Facilities	538,187	-	-	538,187	524,690	-	-	524,690
Fundraising	102,874	-	-	102,874	103,436	-	-	103,436
General and Administration	547,440	-	-	547,440	510,693	-	-	510,693
Total Expenses	2,588,021	-	-	2,588,021	2,669,748	-	-	2,669,748
Changes in Net Assets From Operations	62,100	(11,164)	-	50,936	(27,516)	(34,247)	-	(61,763)
Net Assets - Beginning of Year	750,138	230,122	96,152	1,076,412	777,654	264,369	96,152	1,138,175
Net Assets - End of Year	\$ 812,238	\$ 218,958	\$ 96,152	\$ 1,127,348	\$ 750,138	\$ 230,122	\$ 96,152	\$ 1,076,412

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

St Jeanne d'Arc School of Lowell, Massachusetts Inc.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2015

	St Jeanne d'Arc School			Total	Advancement Program		Extended Day Program		Consolidated Total
	Instruction & Student Activities	Supporting Facilities	General & Administration		Fundraising	Instruction & Student Activities	Eliminations		
Compensation:									
Lay Teachers/ Employees	\$ 847,982	\$ 10,612	\$ 322,876	\$ 1,181,470	\$ -	\$ 53,212	\$ -	\$ 1,234,682	
Religious Teachers (Note 5)	67,646	-	67,646	135,292	-	-	-	135,292	
Benefits:									
Lay Teachers/ Employees	166,044	-	57,193	223,237	-	5,061	-	228,298	
Religious Teachers	6,882	-	8,415	15,297	-	-	-	15,297	
Pension Expenses	-	-	-	-	-	-	-	-	
Professional Services	-	-	36,626	36,626	-	-	-	36,626	
Temporary Personnel	8,780	8,697	2,083	19,560	-	-	-	19,560	
General Office Supplies	9,010	-	8,154	17,164	4,365	6,457	-	27,986	
Telephone	-	-	740	740	291	333	-	1,364	
Repairs and Maintenance	14,570	-	2,597	17,167	-	5,094	-	22,261	
Audio Visual	566	-	483	1,049	-	-	-	1,049	
Printing	-	-	1,800	1,800	-	169	-	1,969	
Teaching Supplies and Text Books	49,734	-	120	49,854	-	-	-	49,854	
Other Office Expenses	38,170	-	2,383	40,553	1,069	70	-	41,692	
Food Costs	6,573	-	-	6,573	-	-	-	6,573	
Facility - Utilities, Repairs, Other	-	136,350	-	136,350	-	-	-	136,350	
Facility - Rent (Note 5)	-	310,000	-	310,000	-	-	-	310,000	
Vehicle Expense	-	-	3,454	3,454	-	-	-	3,454	
Athletic Program	41,940	-	-	41,940	-	-	-	41,940	
Professional Development	7,809	-	10,835	18,644	1,784	-	-	20,428	
ADM Charitable	-	-	22,035	22,035	-	-	-	22,035	
Fundraising Events	-	-	-	-	48,402	-	-	48,402	
Other Fundraising Expenses	-	-	-	-	45,787	-	-	45,787	
Depreciation	-	72,528	-	72,528	-	-	-	72,528	
Other Operating Expenses	63,137	-	-	63,137	1,176	281	-	64,594	
Total Functional Expenses	\$ 1,328,843	\$ 538,187	\$ 547,440	\$2,414,470	\$ 102,874	\$ 70,677	\$ -	\$ 2,588,021	

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

Ste Jeanne d'Arc School of Lowell, Massachusetts Inc.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2014

	Ste Jeanne d'Arc School			Total	Advancement Program		Extended Day Program		Consolidated Total
	Instruction & Student Activities	Supporting Facilities	General & Administration		Fundraising	Instruction & Student Activities	Eliminations		
Compensation:									
Lay Teachers/Employees	\$ 891,706	\$ 13,873	\$ 310,837	\$ 1,216,416	\$ -	-	55,352	\$ -	\$ 1,271,768
Religious Teachers (Note 5)	67,648	-	67,648	135,296	-	-	-	-	135,296
Benefits:									
Lay Teachers/Employees	173,117	-	50,973	224,090	-	-	5,836	-	229,926
Religious Teachers	6,485	-	8,239	14,724	-	-	-	-	14,724
Pension Expenses	48,850	-	9,950	58,800	-	-	-	-	58,800
Professional Services	-	-	17,402	17,402	-	-	-	-	17,402
Temporary Personnel	6,749	11,235	1,634	19,618	-	-	-	-	19,618
General Office Supplies	10,896	-	8,101	18,997	2,833	-	6,616	-	28,446
Telephone	-	-	588	588	287	-	304	-	1,179
Repairs and Maintenance	15,722	-	3,165	18,887	719	-	4,953	-	24,559
Audio Visual	-	-	476	476	-	-	-	-	476
Printing	-	-	2,191	2,191	-	-	161	-	2,352
Teaching Supplies and Text Books	80,411	-	38	80,449	-	-	-	-	80,449
Other Office Expenses	35,864	-	2,173	38,037	843	-	544	-	39,424
Food Costs	6,234	-	-	6,234	-	-	-	-	6,234
Facility - Utilities, Repairs, Other	-	113,672	-	113,672	-	-	-	-	113,672
Facility - Rent (Note 5)	-	310,000	-	310,000	-	-	-	-	310,000
Vehicle Expense	-	-	1,342	1,342	-	-	-	-	1,342
Athletic Program	31,545	-	-	31,545	-	-	-	-	31,545
Professional Development	11,618	-	5,117	16,735	1,245	-	-	-	17,980
ADM Charitable	-	-	20,819	20,819	-	-	-	-	20,819
Fundraising Events	-	-	-	-	32,458	-	-	-	32,458
Other Fundraising Expenses	-	-	-	-	62,166	-	-	-	62,166
Depreciation	-	75,910	-	75,910	-	-	-	-	75,910
Other Operating Expenses	70,318	-	-	70,318	2,885	-	-	-	73,203
Total Functional Expenses	\$ 1,457,163	\$ 524,690	\$ 510,693	\$ 2,492,546	\$ 103,436	\$ -	\$ 73,766	\$ -	\$ 2,669,748

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

Ste Jeanne d'Arc School of Lowell, Massachusetts Inc.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities:		
Increase (Decrease) in net assets	\$ 50,936	\$ (61,763)
Adjustments to reconcile increase (decrease) in net assets to net cash provided from (used in) operating activities:		
Net realized and unrealized losses (gains) on investments	4,646	(8,607)
Depreciation	72,528	75,910
Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(18,485)	30,296
Decrease in other current assets	827	196
Decrease in accounts payable	(1,486)	(3,843)
(Decrease) Increase in accrued salaries and expenses	(3,378)	10,718
Decrease in deferred revenue	(30,249)	(68,754)
Net Cash Provided from (Used in) Operating Activities	75,340	(25,847)
Cash Flows From Investing Activities:		
Purchase of Fixed Assets	(30,292)	(105,925)
Net Purchase of Investments	(4,733)	(2,979)
Net Cash Used in Investing Activities	(35,025)	(108,904)
Net Increase (Decrease) in Cash and Cash Equivalents	40,315	(134,751)
Cash and Cash Equivalents, Beginning of Year	952,971	1,087,722
Cash and Cash Equivalents, End of Year	\$ 993,286	\$ 952,971

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

Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

Note 1 – Reporting Entity and Nature of Activities

The accompanying consolidated financial statements present the financial position and activities of Ste Jeanne d'Arc School of Lowell, Massachusetts Inc. (the School), a Catholic grammar school and Ste Jeanne d'Arc Educational Fund, Incorporated. The School, which is an incorporated independent school, is operated under the sponsorship of the Roman Catholic Archbishop of Boston (the Archdiocese), a Corporation Sole and as such is responsible to the Cardinal. Prior to January 1, 2011 the School was operated as a "Parish Model" school under the sponsorship of St. Rita's Parish. St. Rita's Parish is a component of the Archdiocese.

The School derives its revenue from student tuition, donations, auxiliary activities and other related operating activities. Auxiliary activities include various fundraising events. Other programs consist of revenue from athletics, bookstore and similar activities. Although the School is an independent, self-sustaining organization, it does depend on the financial support of the Archdiocese (through below market rate rent for use of facilities).

Note 2 – Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles established by the Financial Accounting Standards Board (FASB).

Principles of Consolidation

The consolidated financial statements include the accounts of Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc. and Ste Jeanne d'Arc Educational Fund, Incorporated and are related through common ownership. All material intercompany balances and transactions have been eliminated in consolidation.

Classification of Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions with ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations are classified as unrestricted.

Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

Note 2 – Significant Accounting Policies (continued)

Classification of Net Assets (continued)

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time are classified as temporarily restricted. 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.

Permanently Restricted Net Assets

Permanently restricted net assets comprise of assets contributed to the School that are to remain in perpetuity as permanent assets of the School.

The School has interpreted relevant state law as generally permitting the spending of gains on endowment funds over a stipulated period of time. State law allows the Board to appropriate a portion of earnings on endowment as is prudent considering the School's long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Currently, the School records unrealized gains on the permanently restricted net assets as temporarily restricted until appropriated by the School.

Occasionally the invested balance of a permanently restricted fund will drop below its "historic value". In these situations an entry is recorded on the financial statements to reflect a liability from the unrestricted net asset balance to the permanently restricted net asset balance in an amount necessary to restore the permanently restricted fund to its historic amount. This "liability" is not legally enforceable against the unrestricted net assets of the School.

Cash Equivalents

For the purposes of the statements of cash flows, the School considers certificates of deposit with maturities of three months or less and money market funds to be cash and cash equivalents.

Accounts Receivable

Accounts Receivable consist mainly of tuition fees for the various programs provided and are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require the allowance method to be used to recognize bad debts; however, the effect of utilizing the direct write-off method is not materially different from the results which would have been obtained under the allowance method.

Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

Note 2 – Significant Accounting Policies (continued)

Investments

The School invests its assets in a manner intended to achieve a total rate of return sufficient to replace the assets spent for capital improvements, financial aid, expenses and to recoup any value lost due to inflation. To minimize risk, the School diversifies its investments among various financial instruments and asset categories and uses multiple investment strategies and managers. Significant investment decisions are made by the Board of Trustees, which has oversight responsibility for the School's investment program. The School's portfolio is managed by outside investment managers who invest according to the investment guidelines recommended by the Board of Trustees.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Fair value is based on market value in the case of marketable securities. The market value of publicly traded securities is based upon quoted prices from principal exchanges on which the securities are traded. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the current period change in net assets. Realized and unrealized investment gains and losses are determined by comparison of the difference between market values and average cost. Interest and dividend income is recognized when earned.

Fair Value of Financial Instruments

The School follows the provisions of ASC 820-10, *Fair Value Measurements and Disclosures* under U.S. GAAP. ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value on a recurring basis under an existing accounting pronouncement. ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the School has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

Note 2 – Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

Instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The School also follows the provisions of ASC 825-10, *Financial Instruments*, which permits the School to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis.

Income Taxes and Uncertain Tax Positions

The School, incorporated under Chapter 180 of the Massachusetts General Laws as a tax exempt entity, has been granted tax-exempt status under Internal Revenue Code (IRC) Section 501(c)(3). Therefore, it is generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying consolidated financial statements.

The School follows the accounting provisions of ASC 740-10, *Income Taxes*, which requires the School to evaluate and disclose tax positions that could have an effect on the School's consolidated financial statements. Substantially all of the School's income, expenditures and activities relate to its exempt purpose. Therefore, management has determined that the School will continue to qualify as a tax exempt not-for-profit entity.

Fixed Assets

Fixed assets are recorded at cost if purchased and at fair value if contributed. Routine repairs and maintenance expenses are charged to operations while those that materially improve or extend the lives of existing assets are capitalized. Depreciation has been calculated and provided for using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Years</u>
Website	3
Equipment	5
Furniture and Fixtures	7
Leasehold Improvements	10-25

Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

Note 2 – Significant Accounting Policies (continued)

Revenue Recognition

The School follows ASC 958-605, "*Revenue Recognition*." In accordance with ASC 958-605, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Tuition revenue is recognized in the period related to the school year for which it was given. Deferred revenue consists of advance tuition payments received for the following year.

Contributions of cash or other assets that are received with donor stipulations that limit, specify or otherwise restrict the use of such contribution are reported as restricted support, thereby increasing temporarily restricted net assets. When a donor restriction expires, either by use of the funds for the specified purpose or by the expiration of a time restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions to endowment funds are generally held in perpetuity based on the donors' stipulations.

Contributed Facilities, Services and Other Items

The School operates at below market of rent in facilities located in Lowell, Massachusetts, which are owned by the Archdiocese. The estimated current rental value of the facilities of \$310,000 for the years ended June 30, 2015 and 2014 are reported as contributed facilities and rent expense in the accompanying statements of activities and functional expenses in the accompanying consolidated financial statements.

Instructional and administrative services are provided by religious personnel. The excess of the estimated fair values of these services over any compensation actually paid to the personnel is reported as contributed services and corresponding amounts are reported as compensation expense.

In addition, from time to time the School receives donated items, such as computers, furniture and books, from parishioners and others. The estimated fair values of these items are reported as other contributions and corresponding amounts are reported as assets or expenses of the School, as appropriate in each case.

Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

Note 2 – Significant Accounting Policies (continued)

Estimates

The presentation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 – Fixed Assets

Fixed Assets consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$566,707	\$536,415
Leasehold improvements	428,927	428,927
Motor vehicle	20,000	20,000
Website	22,838	22,838
	1,038,472	1,008,180
Less: Accumulated depreciation	(688,849)	(616,321)
	\$349,623	\$ 391,859

Depreciation expense for the years ended June 30, 2015 and 2014 was \$72,528 and \$75,910, respectively.

Note 4 – 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 and accounts receivable.

The School places its cash investments and equivalents with high quality financial institutions. Investments are primarily managed by one institution. At times, the amounts on deposit at any one institution may be in excess of Federal Deposit Insurance Commission (FDIC) insured limits. The Board of Trustees routinely assesses the financial strength of the institutions in order to minimize risk. Accounts receivable are dispersed among the families of the School's students in the Lowell area.

Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

Note 5 – Related Party Transactions

On July 1, 2011, the School entered into a ninety-nine year lease agreement with the Archdiocese through June 30, 2110. Under this lease agreement, the School is required to make annual payments of \$1 to the Archdiocese for use of the facility. Under the terms of the agreement, the School is also responsible for all operating costs, taxes and utilities of the facility. Since the school is paying a “below-market” rate for the facility, the School is required to estimate the fair value of the use of the facilities.

The estimated current annual rental value of the facilities approximated \$310,000 for the years ended June 30, 2015 and 2014 (see Note 2). In addition, the School receives the services of religious personnel who perform certain faculty functions. The excess of the fair value of the services performed over the actual compensation paid was \$65,684 and \$67,030 for the years ended June 30, 2015 and 2014 respectively (see Note 2).

The School provides workers' compensation, health insurance, group life insurance, and long-term disability insurance through the Archdiocese. Employee benefits provided by the School for the year ended June 30, 2015 and 2014 was \$226,486 and \$224,170, respectively.

Note 6 – Employee Retirement Plans

The School participated in a multi-employer, noncontributory employee retirement income plan, the Roman Catholic Archdiocese of Boston Pension Plan (the Plan). It was decided by the Archdiocese to freeze the Plan as of December 31, 2011 which prohibited any new employees to enter into the Plan as of that date; rather individuals employed as of January 1, 2012 will be eligible to participate in the 401(k) Plan (see below). Individuals already in the Plan prior to December 31, 2011 were allowed to continue to receive these benefits. The Plan provided defined benefits to participants upon retirement. The amount of the School's annual contribution was actuarially determined and was accrued and funded annually. The Plan was annuitized with a final payment made on June 23, 2014, and the School had no further obligation to the Plan as of June 30, 2014. The relative position of the School with regard to the Plan's net assets and actuarial present value of accumulated Plan benefits had not been distinguished from those of other groups participating in the retirement income plan through the date the Plan was annuitized during the year ended June 30, 2014. Pension expense for the year ended June 30, 2014 totaled \$58,800.

Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

Note 6 – Employee Retirement Plans (continued)

Beginning January 1, 2012, the School began participating in a qualified salary reduction 401(k) plan through the Archdiocese whereby employees may make contributions to the plan at their discretion. The School matches 2% of eligible employee contributions (eligible individuals must be employed by the School for at least one year). The School's contributions vest after five years of employment. The total contributions to the plan for the years ended June 30, 2015 and 2014 were \$17,109 and \$20,480, respectively, and is included in benefits in the accompanying statement of functional expense.

Note 7 – Investments and Fair Value of Financial Instruments

Investment decisions are made by the Board of Trustees, which has oversight responsibility for the School's investments. The School's portfolio is managed by outside investment managers who invest according to the investment guidelines established by the Board of Trustees.

The School uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures (see Note 1). The following table presents the Schools fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30:

		2015		
<u>Investments</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
Mutual funds	\$107,288	\$107,288	\$ -	\$ -
Total	<u>\$107,288</u>	<u>\$107,288</u>	<u>\$ -</u>	<u>\$ -</u>
		2014		
<u>Investments</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
Mutual funds	\$ 107,202	\$ 107,202	\$ -	\$ -
Total	<u>\$ 107,202</u>	<u>\$ 107,202</u>	<u>\$ -</u>	<u>\$ -</u>

Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

Note 7 – Investments and Fair Value of Financial Instruments (continued)

Investment return on cash equivalents and investments consisted of the following for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$8,884	\$8,900
Realized and unrealized gains (losses)	(4,646)	8,607
Investment fees	(1,602)	(1,505)
	\$2,636	\$16,002

Note 8 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Scholarship Funds	\$58,242	\$64,787
Tuition Assistance Funds	24,137	30,275
Athletic Funds	33,326	32,998
Building/Library Funds	79,688	79,488
Educational Fund	23,565	22,574
Total temporarily restricted net assets	<u>\$218,958</u>	<u>\$230,122</u>

Note 9 – Permanently Restricted Net Assets

Permanently restricted net assets consist of the following fund:

	<u>2015</u>	<u>2014</u>
Educational Fund	\$96,152	\$96,152

Ste Jeanne d'Arc School of Lowell, Massachusetts, Inc.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2015 and 2014

Note 10 – Operating Lease

During June, 2012 the School entered into a lease agreement for certain office equipment that expires in June 2017, with monthly payments of \$616 beginning in July, 2012.

The future minimum rental payments under this operating lease is as follows:

2016	7,392
2017	<u>7,392</u>
Total	<u>\$14,784</u>

Note 11 – Subsequent Events

The School follows the standards for *Subsequent Events*, which defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with these standards, the School's management has evaluated events subsequent from June 30, 2015 through October 23, 2015, which is the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the School's results going forward.

Ste Jeanne d'Arc School of Lowell, Massachusetts Inc.
Consolidated Statement of Financial Position By Program
As of June 30, 2015

<u>Assets</u>	<u>SJD School</u>	<u>Advancement Program</u>	<u>Extended Day Program</u>	<u>Eliminating Entries</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ 531,236	\$ 327,982	\$ 134,068	\$ -	\$ 993,286
Investments (Note 7)	-	107,288	-	-	107,288
Accounts Receivable	40,067	33,369	4,860	(30,292)	48,004
Other Current Assets	-	144	-	-	144
Fixed Assets - Net (Note 3)	349,623	-	-	-	349,623
Total Assets	\$ 920,926	\$ 468,783	\$ 138,928	\$ (30,292)	\$ 1,498,345
<u>Liabilities and Net Assets</u>					
Liabilities					
Accounts Payable	\$ 820	\$ 30,292	\$ -	\$ (30,292)	\$ 820
Accrued Salaries and Expenses	148,181	-	1,401	-	149,582
Deferred Revenues (Note 2)	215,970	1,225	3,400	-	220,595
Total Liabilities	364,971	31,517	4,801	(30,292)	370,997
Net Assets					
Unrestricted	555,955	122,156	134,127	-	812,238
Temporary Restricted Endowment	-	218,958	-	-	218,958
Total Net Assets	555,955	437,266	134,127	-	1,127,348
Total Liabilities and Net Assets	\$ 920,926	\$ 468,783	\$ 138,928	\$ (30,292)	\$ 1,498,345

See Independent Auditors' Report

Ste Jeanne d'Arc School of Lowell, Massachusetts Inc.
Consolidated Statement of Financial Position By Program
As of June 30, 2014

<u>Assets</u>	<u>SJD School</u>	<u>Advancement Program</u>	<u>Extended Day Program</u>	<u>Eliminations</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ 503,599	\$ 315,114	\$ 134,258	\$ -	\$ 952,971
Investments (Note 7)	-	107,202	-	-	107,202
Accounts Receivable	24,869	1,000	3,650	-	29,519
Other Current Assets	-	971	-	-	971
Fixed Assets - Net (Note 3)	391,859	-	-	-	391,859
Total Assets	\$ 920,327	\$ 424,287	\$ 137,908	\$ -	\$ 1,482,522
<u>Liabilities and Net Assets</u>					
Liabilities					
Accounts Payable	\$ 2,260	\$ 46	\$ -	\$ -	\$ 2,306
Accrued Salaries and Expenses	152,960	-	-	-	152,960
Deferred Revenues (Note 2)	246,494	-	4,350	-	250,844
Total Liabilities	401,714	46	4,350	-	406,110
Net Assets					
Unrestricted	518,613	97,967	133,558	-	750,138
Temporary Restricted Endowment	-	230,122	-	-	230,122
Total Net Assets	518,613	424,241	133,558	-	1,076,412
Total Liabilities and Net Assets	\$ 920,327	\$ 424,287	\$ 137,908	\$ -	\$ 1,482,522

See Independent Auditors' Report

Ste Jeanne d'Arc School of Lowell, Massachusetts Inc.
Consolidated Statement of Activities By Program
For the Year Ended June 30, 2015

	SJD School	Advancement Program	Extended Day Program	Eliminations	Total
Operating Revenues and Support					
Tuition and Fees - Net of Refunds	\$ 1,673,262	-	-	\$ (41,202)	\$ 1,632,060
Other Program Revenue	371,929	-	120,215	(163,562)	328,582
Special Event Revenue	-	132,124	-	-	132,124
Contributions:					
Contributed Facilities	310,000	-	-	-	310,000
Contributed Goods and Services	65,684	-	-	-	65,684
Other Cash Contributions	29,965	137,906	-	-	167,871
Investment Income	972	1,333	331	-	2,636
Total revenue and support	<u>2,451,812</u>	<u>271,363</u>	<u>120,546</u>	<u>(204,764)</u>	<u>2,638,957</u>
Operating Expenses					
Instructional and Student Activities	1,328,843	-	70,677	-	1,399,520
Supporting Facilities	538,187	-	-	-	538,187
Fundraising	-	102,874	-	-	102,874
General and Administration	547,440	-	-	-	547,440
Total Expenses	<u>2,414,470</u>	<u>102,874</u>	<u>70,677</u>	<u>-</u>	<u>2,588,021</u>
Changes in Net Assets From Operations	37,342	168,489	49,869	(204,764)	50,936
Transfers to SJD School	-	(155,464)	(49,300)	204,764	-
Changes in Net Assets	37,342	13,025	569	-	50,936
Net Assets - Beginning of Year	518,613	424,241	133,558	-	1,076,412
Net Assets - End of Year	<u>\$ 555,955</u>	<u>\$ 437,266</u>	<u>\$ 134,127</u>	<u>\$ -</u>	<u>\$ 1,127,348</u>

See Independent Auditors' Report

Ste Jeanne d'Arc School of Lowell, Massachusetts Inc.
Consolidated Statement of Activities By Program
For the Year Ended June 30, 2014

	SJD School	Advancement Program	Extended Day Program	Eliminations	Total
Operating Revenues and Support					
Tuition and Fees - Net of Refunds	\$ 1,625,347	-	-	\$ (63,035)	\$ 1,562,312
Other Program Revenue	415,226	-	125,724	(211,857)	329,093
Special Event Revenue	-	133,983	-	-	133,983
Contributions:					
Contributed Facilities	310,000	-	-	-	310,000
Contributed Goods and Services	67,030	-	-	-	67,030
Other Cash Contributions	-	189,565	-	-	189,565
Investment Income	1,299	14,331	372	-	16,002
Total revenue and support	<u>2,418,902</u>	<u>337,879</u>	<u>126,096</u>	<u>(274,892)</u>	<u>2,607,985</u>
Operating Expenses					
Instructional and Student Activities	1,457,163	-	73,766	-	1,530,929
Supporting Facilities	524,690	-	-	-	524,690
Fundraising	-	103,436	-	-	103,436
General and Administration	510,693	-	-	-	510,693
Total Expenses	<u>2,492,546</u>	<u>103,436</u>	<u>73,766</u>	<u>-</u>	<u>2,669,748</u>
Changes in Net Assets From Operations	(73,644)	234,443	52,330	(274,892)	(61,763)
Transfers to SJD School	-	(222,592)	(52,300)	274,892	-
Changes in Net Assets	(73,644)	11,851	30	-	(61,763)
Net Assets - Beginning of Year	592,257	412,390	133,528	-	1,138,175
Net Assets - End of Year	<u>\$ 518,613</u>	<u>\$ 424,241</u>	<u>\$ 133,558</u>	<u>\$ -</u>	<u>\$ 1,076,412</u>

See Independent Auditors' Report