

**SAN ANGELO
CHRISTIAN ACADEMY**

**FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2010

Webb & Webb
Certified Public Accountants

**WEBB
AND
WEBB**

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
San Angelo Christian Academy

We have reviewed the accompanying statement of financial position of San Angelo Christian Academy as of June 30, 2010, and the related statements of activities and changes in net assets and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of San Angelo Christian Academy.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



Webb & Webb, CPA's
March 8, 2011

VOSBURG PLACE
311 WEST CONCHO
SAN ANGELO, TEXAS 76903
PHONE (325) 658-5518
FAX (325) 658-5510

San Angelo Christian Academy
Statement of Financial Position
June 30, 2010

	<u>2010</u>
ASSETS	
Current Assets:	
Cash	
Unrestricted	\$ 70,636
Temporarily Restricted (Note 8)	40,000
Total Cash	<u>110,636</u>
Total Current Assets	<u>110,636</u>
Cash Restricted to Construction of Building	79,251
Marketable Securities - Permanently Restricted (Note 10)	18,575
Amortizable Assets, Net of Accumulated Amortization (Note 3)	59
Property & Equipment, Net of Accumulated Depreciation (Note 2)	<u>375,965</u>
TOTAL ASSETS	<u>\$ 584,486</u>
LIABILITIES & NET ASSETS	
Net Assets:	
Unrestricted	\$ 446,660
Temporarily restricted (Note 4)	119,251
Permanently Restricted	<u>18,575</u>
Total Net Assets	<u>584,486</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 584,486</u>

See accompanying notes and accountant's report.

San Angelo Christian Academy
Detailed Schedule of Activities and Changes in Net Assets
For the Year Ended June 30, 2010

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Tuition Income	\$ 247,760		\$ -	\$ 247,760
Less:				
Scholarships	(32,860)		-	(32,860)
Discounts	(33,960)		-	(33,960)
Net Tuition Income	180,940	-	-	180,940
Registration Fees	2,575			2,575
Contributions (Note 9)	88,800	71,050	-	159,850
Grants	2,000		-	2,000
Donated Use of Facility (Note 6)	109,738		-	109,738
Fundraising from Special Events (Net of Expenses) (Note 7)	36,340		-	36,340
Daycare	16,360		-	16,360
Investment Interest	2,663		288	2,951
Unrealized Gain<Loss> on Investments	-		(1,412)	(1,412)
Yearbook Sales	103		-	103
Other Income	84		-	84
Net Assets Released from Restriction	362,705	(362,705)	-	-
TOTAL REVENUES	802,308	(291,655)	(1,124)	509,529
EXPENSES				
Program Services				
Salaries	248,742		-	248,742
Building Lease Expense	109,738		-	109,738
Payroll Taxes	16,881		-	16,881
Curriculum	9,534		-	9,534
Janitorial Expenses	10,545		-	10,545
Depreciation Expense	8,882		-	8,882
Bad Debts	7,231		-	7,231
Insurance	10,793		-	10,793
Training and Development	2,957		-	2,957
Supplies	3,765		-	3,765
Other Expenses	36		-	36
Maintenance and Repair	1,481		-	1,481
Software Fees	1,371		-	1,371
Minor Educational Equipment	-		-	-
Total Program Service Expenses	431,956	-	-	431,956
Administrative & General				
Advertising	4,117		-	4,117
Accreditation	8,640		-	8,640
Utilities	1,819		-	1,819
Dues	630		-	630
Postage	341		-	341
Transportation	320		-	320
Fire Security Monitor	258		-	258
Miscellaneous Expenses	351		-	351
Total Administrative & General Expenses	16,476	-	-	16,476
TOTAL EXPENSES	448,432	-	-	448,432
CHANGE IN NET ASSETS	353,876	(291,655)	(1,124)	61,097
Net assets at beginning of year	92,784	410,906	-	503,690
Adjustment to Prior-Period Net Assets (Note 11)	-	-	19,699	19,699
Net assets at end of year	\$ 446,660	\$ 119,251	\$ 18,575	\$ 584,486

See accompanying notes and accountant's report.

San Angelo Christian Academy
Statement of Cash Flows
For the Year Ended June 30, 2010

	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 61,097
Reconciliation to net cash provided by operating activities:	
Unrealized Loss on Investments	1,412
Depreciation Expense	8,882
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>71,391</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(288)
Purchase of fixed assets	(347,654)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(347,942)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(276,551)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>466,438</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 189,887</u>

See accompanying notes and accountant's report.

San Angelo Christian Academy
Notes to the Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

San Angelo Christian Academy (the Academy) is a private Christian school offering services to children from Pre-K to 9th grade. The mission of San Angelo Christian Academy is to provide academic excellence while integrating faith with learning; to provide an environment that exemplifies and requires strong Christian character, including self-discipline, respect for authority, and respect for God and others; to equip children for righteousness through opportunities for continued spiritual growth; and to do the work of Christ in the community. San Angelo Christian Academy is supported through a combination of tuition fees, contributions, and grants.

The Academy is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Public Support and Revenue

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

Tuition

Tuition rates are established by the Board. Tuition payments must be paid in full prior to August 1st or set up on an installment plan administered by a third-party provider. Various discounts are available for tuition. Tuition paid in full prior to August 1st is eligible for a pre-payment discount. Families with more than one child enrolled receive a tuition discount based on the number of children in attendance at San Angelo Christian Academy. In addition, the Board

San Angelo Christian Academy
Notes to the Financial Statements
June 30, 2010

allows for tuition discounts of varying percentages for full time staff, part time staff, Board members, and clergy.

In general, all tuition payments are nonrefundable. However, Board policies allow for a partial refund for new students choosing to withdraw during the first six weeks of the school year.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Cash and Cash Equivalents

The Academy considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Investments

Investments are reported at fair market value.

Furniture, Equipment, and Signage

Furniture, equipment, and signage are capitalized at cost. It is the Academy's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. Furniture, equipment, and signage are being depreciated over estimated useful lives of 7 to 15 years using either the straight-line method or the double-declining balance method, with half of a year's depreciation recognized in the years of acquisition and disposal.

Amortizable Assets

Amortizable assets capitalized at cost. These assets are amortized over estimated useful lives of 3 to 5 years using a straight-line method, with half of a year's amortization recognized in the years of acquisition and disposal.

San Angelo Christian Academy
Notes to the Financial Statements
June 30, 2010

Borrowing Practices

The Academy limits the borrowing of money for operations to \$50,000. Board approval is necessary for any such loan and there must be clear and sound provisions for repayment prior to the approval of such a loan.

All loans for capital expenditures must be authorized in advance by the Board of Directors. There must be clear and sound provisions for repayment prior to the approval of such a loan.

NOTE 2 – FURNITURE, EQUIPMENT, & SIGNAGE

The following is a summary of furniture, equipment, and signage as of June 30, 2010:

Furniture & Equipment	\$ 62,389
Buildings & Leasehold Improvements	339,923
Signage	2,959
Total Furniture, Fixtures, and Signage	<u>405,271</u>
Less: Accumulated Depreciation	<u>- 29,306</u>
Total	<u>\$ 375,965</u>

Total depreciation expense for the year was \$8,882.

NOTE 3 – AMORTIZABLE ASSETS

The following is a summary of amortizable assets as of June 30, 2010:

Financial Accounting Software	\$ 633
Organization Costs	500
Total Amortizable Assets	<u>1,133</u>
Less: Accumulated Amortization	<u>-1,074</u>
Total	<u>\$ 59</u>

San Angelo Christian Academy
Notes to the Financial Statements
June 30, 2010

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2010:

Construction of Building	\$ 79,251
Purchase Science Curriculum & Equipment	40,000
Total Temporarily Restricted Net Assets	<u>\$ 119,251</u>

NOTE 5 – DONATED SERVICES

The Academy receives a significant amount of donated services from unpaid volunteers who assist in fundraising, school operations, and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

NOTE 6 – DONATED FACILITY USE

Southgate Church of Christ donates the use of the buildings in which Academy was located during the 2009-2010 fiscal year. This donation has been valued at fair market rental value based on an appraisal estimate prepared by a real estate broker specializing in commercial and investment properties. The fair rental value for the fiscal year of \$109,738 was recognized as revenue from the donation of facilities and lease expense in the statement of activities and changes in net assets.

NOTE 7 – FUNDRAISING

Each year, the Academy conducts a Fall Fundraiser and a Spring Fundraiser. Fundraising revenues for the 2009-2010 fiscal year totaled \$37,082, while total fundraising expenses totaled \$742. Net fundraising income for the year was \$36,340.

NOTE 8 – TEMPORARILY RESTRICTED CASH

Temporarily restricted cash is available for the following purposes as of June 30, 2010:

Construction of Building	\$ 79,251
Purchase Science Curriculum & Equipment	40,000
Total Temporarily Restricted Cash	<u>\$ 119,251</u>

San Angelo Christian Academy
Notes to the Financial Statements
June 30, 2010

NOTE 9 – TEMPORARILY RESTRICTED CONTRIBUTIONS

Temporarily restricted contributions for the year ended June 30, 2010, consisted of the following amounts:

Scholarships	\$ 31,050
Purchase of Science Curriculum & Equipment	40,000
Total Temporarily Restricted Contributions	<u>\$ 71,050</u>

NOTE 10 – ENDOWMENT FUND

San Angelo Christian Academy has an endowment fund which is managed by the San Angelo Area Foundation (SAAF). Based on the agreement with SAAF, these endowment funds are invested in accordance with SAAF's investment policy. This policy provides for SAAF's selection of investment managers with portfolio asset allocations intended to provide a reasonable return for the risk taken. Russell Investment Company is the investment manager which has been chosen by SAAF. Russell Investment Company is responsible for the selection of underlying investment vehicles which are consistent with the policies of SAAF. Such investments are of an institutional class, and, as of March 7, 2011, consist of the following asset allocations:

28%	US Large Cap Equity
3%	US Small Cap Equity
17%	Non-US Equity
11%	Global Equity
6%	Emerging Markets Equity
3%	Global Real Estate Equity
3%	Global Listed Infrastructure Equity
3%	Commodities
26%	Fixed Income

NOTE 11 – ADJUSTMENT TO PRIOR PERIOD NET ASSETS

Permanently restricted net assets were adjusted by \$19,699 to reflect the beginning balance of San Angelo Christian Academy's endowment funds which are held by the San Angelo Area Foundation. These funds had not been included in previous years' financial statements.

San Angelo Christian Academy
Notes to the Financial Statements
June 30, 2010

NOTE 12 – EVALUATION OF SUBSEQUENT EVENTS

San Angelo Christian Academy has evaluated subsequent events through March 8, 2011, the date which the financial statements were available to be issued.