

**CAMPERDOWN ACADEMY, INC.**

**FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2014 and 2013**

**POPE, SMITH, BROWN & KING, P.A.**

*Certified Public Accountants*

**CAMPERDOWN ACADEMY, INC.**  
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**For the Years Ended June 30, 2014 and 2013**

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## **INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors  
Camperdown Academy, Inc.  
Greenville, South Carolina**

We have audited the accompanying financial statements of the Camperdown Academy, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 financial statements referred to above present fairly, in all material respects, the financial position of the Camperdown Academy, Inc. as of June 30, 2014, 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.

**Prior Period Financial Statements**

The June 30, 2013 financial statements were reviewed by us, and our report thereon, dated October 28, 2013, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

*Pope, Smith Brant & King PA*

Certified Public Accountants

**Greenville, South Carolina  
October 31, 2014**

**CAMPERDOWN ACADEMY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
	<b>(Audited)</b>	<b>(Reviewed)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 604,268	\$ 185,506
Unconditional promises to give	7,500	-
Tuition receivable	15,112	11,260
Miscellaneous receivable	2,121	15,624
Prepaid expenses	36,710	15,139
Inventory	<u>4,418</u>	<u>2,877</u>
<b>TOTAL CURRENT ASSETS</b>	<u>670,129</u>	<u>230,406</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>2,207,124</u>	<u>2,225,185</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,877,253</u>	<u>\$ 2,455,591</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,524	\$ 19,368
Payroll liabilities	6,649	-
Deferred revenue	1,056,245	611,735
Current portion of long-term debt	<u>22,374</u>	<u>17,706</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,093,792</u>	<u>648,809</u>
<b>LONG-TERM DEBT</b>	<u>223,329</u>	<u>218,576</u>
<b>TOTAL LIABILITIES</b>	<u>1,317,121</u>	<u>867,385</u>
<b>NET ASSETS</b>		
Unrestricted net assets	1,241,181	1,272,634
Temporarily restricted net assets	210,456	207,226
Permanently restricted net assets	<u>108,495</u>	<u>108,346</u>
<b>TOTAL NET ASSETS</b>	<u>1,560,132</u>	<u>1,588,206</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,877,253</u>	<u>\$ 2,455,591</u>

See independent auditors' report and notes to the financial statements.

**CAMPERDOWN ACADEMY, INC.  
STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2014 and 2013**

	2014 (Audited)			2013 (Reviewed)				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>								
Tuition and fees	\$ 1,826,874	\$ -	\$ -	\$1,826,874	\$ 1,754,990	\$ -	\$ -	\$1,754,990
Contributions	43,389	75,905	-	119,294	67,433	50,000	-	117,433
Grant income	-	140,013	-	140,013	-	106,222	-	106,222
Auxiliary activities	134,888	-	-	134,888	173,724	-	-	173,724
Investment income	330	-	149	479	277	-	216	493
Other income	1,635	-	-	1,635	1,281	-	-	1,281
Net assets released from restriction	212,688	(212,688)	-	-	136,490	(136,490)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,219,804</u>	<u>3,230</u>	<u>149</u>	<u>2,223,183</u>	<u>2,134,195</u>	<u>19,732</u>	<u>216</u>	<u>2,154,143</u>
<b>EXPENSES</b>								
Program services	1,492,494	-	-	1,492,494	1,451,757	-	-	1,451,757
Supporting services								
Management and general	701,759	-	-	701,759	713,343	-	-	713,343
Fundraising	57,004	-	-	57,004	44,911	-	-	44,911
Total supporting services	758,763	-	-	758,763	758,254	-	-	758,254
<b>TOTAL EXPENSES</b>	<u>2,251,257</u>	<u>-</u>	<u>-</u>	<u>2,251,257</u>	<u>2,210,011</u>	<u>-</u>	<u>-</u>	<u>2,210,011</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(31,453)	3,230	149	(28,074)	(75,816)	19,732	216	(55,868)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,272,634</u>	<u>207,226</u>	<u>108,346</u>	<u>1,588,206</u>	<u>1,348,450</u>	<u>187,494</u>	<u>108,130</u>	<u>1,644,074</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,241,181</u>	<u>\$ 210,456</u>	<u>\$ 108,495</u>	<u>\$1,560,132</u>	<u>\$1,272,634</u>	<u>\$ 207,226</u>	<u>\$ 108,346</u>	<u>\$1,588,206</u>

See independent auditors' report and notes to the financial statements.

**CAMPERDOWN ACADEMY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended June 30, 2014 and 2013**

	2014 (Audited)			2013 (Reviewed)				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
<b>FUNCTIONAL EXPENSES</b>								
Payroll								
Salaries and wages	\$ 977,245	\$ 299,301	\$ -	\$ 1,276,546	\$ 943,247	\$ 278,063	\$ -	\$ 1,221,310
Payroll taxes	76,698	22,550	-	99,248	75,631	18,271	-	93,902
Employee benefits	117,175	49,362	-	166,537	98,398	41,494	-	139,892
	1,171,118	371,213	-	1,542,331	1,117,276	337,828	-	1,455,104
Other								
Scholarship	156,250	-	-	156,250	129,570	-	-	129,570
School supplies	12,731	-	-	12,731	12,545	-	-	12,545
Postage and printing	-	3,670	-	3,670	-	3,937	-	3,937
Miscellaneous	8,096	7,656	-	15,752	7,864	10,360	-	18,224
Computer supplies	-	5,574	-	5,574	-	11,634	-	11,634
Program supplies	74,319	-	-	74,319	76,570	-	-	76,570
Arrowsmith program	65,616	-	-	65,616	97,684	-	-	97,684
Office supplies	771	2,560	-	3,331	934	4,179	-	5,113
Faculty development	3,593	500	-	4,093	9,314	249	-	9,563
Repairs and maintenance	-	40,062	-	40,062	-	44,915	-	44,915
Marketing	-	5,606	-	5,606	-	9,152	-	9,152
Fundraising	-	-	57,004	57,004	-	-	44,911	44,911
Interest	-	14,768	-	14,768	-	18,920	-	18,920
Leasehold, portable classroom	-	10,449	-	10,449	-	17,555	-	17,555
Utilities	-	29,887	-	29,887	-	33,855	-	33,855
Hospitality	-	6,585	-	6,585	-	7,402	-	7,402
Training and conferences	-	5,385	-	5,385	-	5,146	-	5,146
Professional fees	-	39,405	-	39,405	-	40,612	-	40,612
Insurance	-	31,878	-	31,878	-	31,383	-	31,383
Traffic control	-	6,700	-	6,700	-	7,180	-	7,180
Copier	-	27,086	-	27,086	-	27,953	-	27,953
Dues and membership	-	6,705	-	6,705	-	5,403	-	5,403
Depreciation	-	79,197	-	79,197	-	100,557	-	100,557
Bad debt	-	14,985	-	14,985	-	-	-	-
(Gain) loss on disposals	-	(8,112)	-	(8,112)	-	(4,877)	-	(4,877)
	321,376	330,546	57,004	708,926	334,481	375,515	44,911	754,907
	\$ 1,492,494	\$ 701,759	\$ 57,004	\$ 2,251,257	\$ 1,451,757	\$ 713,343	\$ 44,911	\$ 2,210,011

See independent auditors' report and notes to the financial statements.

**CAMPERDOWN ACADEMY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u> <u>(Audited)</u>	<u>2013</u> <u>(Reviewed)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (28,074)	\$ (55,868)
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Depreciation	79,197	100,557
(Gain) loss on sale of equipment	(8,112)	(4,877)
Changes in operating assets and liabilities:		
(Increase) decrease in unconditional promises to give	(7,500)	-
(Increase) decrease in tuition receivable	(3,852)	(2,368)
(Increase) decrease in miscellaneous receivable	13,503	(453)
(Increase) decrease in inventories	(1,541)	-
(Increase) decrease in prepaid expenses	(21,571)	2,718
Increase (decrease) in accounts payable	(10,844)	6,461
Increase (decrease) in accrued expenses	6,649	(1,149)
Increase (decrease) in deferred revenue	<u>444,510</u>	<u>(135,627)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>462,365</u>	<u>(90,606)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds on sale of property and equipment	13,816	4,877
Purchase of property and equipment	<u>(37,260)</u>	<u>(53,968)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(23,444)</u>	<u>(49,091)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<u>(20,159)</u>	<u>(16,356)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(20,159)</u>	<u>(16,356)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	418,762	(156,053)
<b>CASH AT BEGINNING OF YEAR</b>	<u>185,506</u>	<u>341,559</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 604,268</u>	<u>\$ 185,506</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES:</b>		
Interest Paid	<u>\$ 14,768</u>	<u>\$ 18,920</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Purchases of property and equipment by issuance of debt	<u>\$ 29,580</u>	<u>\$ -</u>

See independent auditors' report and notes to the financial statements.

**CAMPERDOWN ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2014 and 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Activities*

Camperdown Academy, Inc. (the "School") is a South Carolina corporation, and a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The School was organized for children ages six – fifteen who have learning difficulties related to written or spoken language. Founded in 1986, Camperdown Academy has a 24 acre facility that includes a 16,000 square foot main school building, a playground, a playing field, an all-purpose game surface, a low-ropes course as well as refurbished train cars. Tutorial classes are conducted daily on a 1:1 or 1:2 basis using the Orton-Gillingham Approach. In addition to the tutorial program, the curriculum includes Mathematics, Literature, Science, Social Studies, Drama, Speech/Communications, Keyboarding and Language Enrichment, and Art. Class sizes range from seven to fifteen students. After-School athletics offerings include soccer, basketball, street hockey, field games, Tang Soo Do (the original form of Tae Kwon Do), roller-skating, and dance. The Camperdown Academy faculty believes a constructive school environment that promotes positive beliefs is essential to a successful education.

*Basis of Accounting*

The School prepares its financial statements in accordance with U.S. generally accepted accounting principles, which involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

*Basis of Presentation*

The School elected to adopt FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* (formerly Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*). Under ASC 958, 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. In addition, the School is required to present a statement of cash flows. The net assets classifications are described as follows:

Unrestricted Net Assets – not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors.

Temporarily Restricted Net Assets – subject to donor-imposed stipulations that may be fulfilled by actions of the School to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – subject to donor-imposed stipulations that they be retained and invested permanently by the School.

*Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**CAMPERDOWN ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**For the Years Ended June 30, 2014 and 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the School considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

*Restricted Cash*

For purposes of the statement of cash flows, the School considers all cash, except restricted cash, held as certificates of deposit or in the endowment account, to be cash. Restricted cash consists of donations received with donor-imposed restrictions limiting their use. Unrestricted cash and restricted cash are held in separate bank accounts.

*Accounts Receivable*

Student accounts receivable are stated at the amount management expects to collect from outstanding balances. Management believes that all outstanding receivables are collectible and therefore has not recorded an allowance for doubtful accounts. Receivables are written off as bad debt if management determines that it is uncollectible.

*Inventories*

Inventories are stated at the lower of cost (principally average cost) or market. Inventories consist of articles of clothing that can be purchased in support of Camperdown Academy.

*Property and Equipment*

Property and equipment are recorded at cost. Expenditures for major renewals and replacements, and equipment costing over \$500 are capitalized. The cost of maintenance and repairs, which do not increase the useful lives of the assets, are expensed as incurred. Property and equipment are depreciated on the straight-line and accelerated methods based on the estimated useful lives of the related assets, as follows:

<u>Description</u>	<u>Life</u>
Land	n/a
Land improvements	15 years
Buildings and improvements	27-1/2 - 39 years
Office, furniture, fixtures and equipment	5-7 years
Vehicles	5 years

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The School reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**CAMPERDOWN ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**For the Years Ended June 30, 2014 and 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***Contributed Services***

In accordance with ASC 958, *Not-for-Profit Entities*, the School recognizes contributed services as revenue, if those services would need to be purchased if not donated and if those services require specialized skills such as those provided by accountants, attorneys, marketing consultants, and other professionals. There were no donated services that met the criteria under ASC 958 for the years ended June 30, 2014 and 2013.

***Deferred Revenue***

Deferred revenue results from the School recognizing registration and tuition revenue in the period in which the related educational instruction is performed. Accordingly, registration and tuition fees received for the next school term are deferred until the instruction commences.

***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

***Compensated Absences***

Employees of the School are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The School's policy is to recognize the costs of compensated absences when actually paid to employees.

***Income Taxes***

The Organization is not-for-profit and exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Management of the Organization considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore, no provision for income taxes has been provided in these financial statements. The Organization's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

**CAMPERDOWN ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**For the Years Ended June 30, 2014 and 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*Uncertain Tax Positions*

The Organization has adopted *FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes*. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization's evaluations on June 30, 2014 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2010 through 2012 tax years remain subject to examination by the IRS. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

*Functional Allocation of Expenses*

The costs of providing the School's various programs and support services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited based on employee time estimates or other appropriate usage factors.

*Reclassifications*

Certain 2013 amounts have been reclassified to conform to the presentation in 2014.

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the School to credit risk are primarily cash and tuitions receivable.

The School maintains cash balances at several financial institutions located in Greenville, South Carolina. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 at June 30, 2014 and 2013, respectively. The School's uninsured cash balances that exceeded FDIC limits totaled \$349,677 and \$- at June 30, 2014 and 2013, respectively.

The School extends unsecured credit to parents of students. Tuitions receivable represents amounts due for tuition from parents of currently enrolled and former students. The School's receivables from these students and their families totaled \$15,112 and \$11,260 at June 30, 2014 and 2013, respectively.

**NOTE 3 - OPERATING LEASES**

The school has noncancelable operating leases for two copiers. Lease expense under the terms of both operating leases amounted to approximately \$24,624 and \$20,511 at June 30, 2014 and 2013, respectively.

Future minimum lease payments as of June 30, 2014 are as follows:

Year ending June 30,		
2015	\$	24,366
2016		17,802
2017		<u>1,480</u>
Total	\$	<u><u>43,648</u></u>

**CAMPERDOWN ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**For the Years Ended June 30, 2014 and 2013**

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 1,480,527	\$ 1,490,102
Building and improvements	1,291,788	1,304,187
Furniture, fixtures and equipment	271,576	441,516
Vehicles	<u>162,128</u>	<u>152,498</u>
	3,206,019	3,388,303
Less accumulated depreciation	<u>998,895</u>	<u>1,163,118</u>
	<u>\$ 2,207,124</u>	<u>\$ 2,225,185</u>

Depreciation and amortization totaled \$79,197 and \$100,557 for the years ended June 30, 2014 and 2013, respectively.

**NOTE 5 – DEFERRED REVENUE**

Deferred revenue represents registration for summer camp held every July and prepaid tuition and activity fees received in advance for the next school year. Grants received as a result of the Education Credit for Exceptional Needs Children are responsible for the increase in deferred revenue. See Note 6. Deferred revenue consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
Camp registration	\$ 19,630	\$ 38,120
Prepaid tuition and activity fees	<u>1,036,615</u>	<u>573,615</u>
	<u>\$ 1,056,245</u>	<u>\$ 611,735</u>

**NOTE 6 – CONCENTRATION OF REVENUE SOURCES**

The Education Credit for Exceptional Needs Children was signed into law in 2013. Grants resulting from this law are responsible for approximately \$120,000 of revenues for the year ended June 30, 2014 and \$580,000 or 55% of the deferred revenue balance for the year ended June 30, 2014.

**CAMPERDOWN ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**For the Years Ended June 30, 2014 and 2013**

**NOTE 7 – LONG-TERM DEBT**

Long-term debt consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
Note payable to Southern First Bank due in monthly installments of \$2,500, including interest at 6.00%, through June 2016 secured by real estate	\$ 218,799	\$ 236,282
Note payable to Mercedes-Benz Financial Services due in monthly installments of \$550, with no stated rate of interest through January 2019, secured by equipment.	<u>26,904</u>	<u>-</u>
	245,703	236,282
Less current portion	<u>22,374</u>	<u>17,706</u>
	<u>\$ 223,329</u>	<u>\$ 218,576</u>

The long term debt is scheduled to fully mature during the year ended June 30, 2019. Future scheduled maturities of long term debt are as follows:

Year ending June 30,	
2015	\$ 22,374
2016	207,237
2017	6,013
2018	6,283
2019	<u>3,796</u>
Total	<u>\$ 245,703</u>

Interest expense on notes payable totaled \$14,768 and \$18,920 for the years ended June 30, 2014 and 2013, respectively.

**NOTE 8 - LINE OF CREDIT**

The school has a line of credit up to \$250,000. Interest is due in monthly payments and principal is due at maturity. Interest is based on the Southern First Bank's prime rate, never to be less than 5%. The line of credit is scheduled to expire on December 2, 2014. The school did not have a balance on the line of credit as of June 30, 2014 and 2013.

**CAMPERDOWN ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**For the Years Ended June 30, 2014 and 2013**

**NOTE 9 - FAIR VALUE MEASUREMENT**

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs are unobservable and have the lowest priority. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Agency measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The three levels of the fair value hierarchy under the authoritative accounting literature are described as follows:

Level 1	The fair value of mutual funds is based on quoted net asset values of the shares held by the Agency at year-end. The fair values of common stocks, corporate bonds, and U.S. Government securities are based on the closing price reported on the active market where the individual securities are traded.
Level 2	<p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none"> <li>&gt; quoted prices for similar assets or liabilities in active markets;</li> <li>&gt; quoted prices for identical or similar assets or liabilities in inactive markets;</li> <li>&gt; inputs other than quoted prices that are observable for the asset or liability;</li> <li>&gt; inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li> </ul> <p>If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.</p>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**CAMPERDOWN ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**For the Years Ended June 30, 2014 and 2013**

**NOTE 9 - FAIR VALUE MEASUREMENT, CONTINUED**

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of June 30, 2014 and 2013:

	<b>2014</b>			<b>Total</b>
	<b>Fair Value Measurements Using:</b>			
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
<b>ASSETS</b>				
Endowment Assets:				
Cash and Cash Equivalents	\$ 604,268	\$ -	\$ -	\$ 604,268
Total	<u>\$ 604,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 604,268</u>

	<b>2013</b>			<b>Total</b>
	<b>Fair Value Measurements Using:</b>			
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
<b>ASSETS</b>				
Endowment Assets:				
Cash and Cash Equivalents	\$ 185,506	\$ -	\$ -	\$ 185,506
Total	<u>\$ 185,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,506</u>

**NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at June 30:

	<b>2014</b>	<b>2013</b>
Training	\$ -	\$ 5,302
Mini Bus	-	40,000
Facilities	8,877	-
Financial Aid	<u>201,579</u>	<u>161,924</u>
	<u>\$ 210,456</u>	<u>\$ 207,226</u>

**CAMPERDOWN ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**For the Years Ended June 30, 2014 and 2013**

**NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS, CONTINUED**

Net assets were released from donor/board restrictions by incurring expenses satisfying the purpose or time restrictions specified by the donor/board as follows:

	<u>2014</u>	<u>2013</u>
Purpose of restriction accomplished		
Operations	\$ 11,315	\$ 31,920
Mini Bus	43,000	-
Facilities	2,123	25,000
Financial Aid	<u>156,250</u>	<u>79,570</u>
	<u>\$ 212,688</u>	<u>\$ 136,490</u>

**NOTE 11 – BOARD DESIGNATIONS**

In 2008 the board of directors designated that a minimum of \$50,000 and a maximum of 50% of the proceeds from the annual auction be temporarily restricted as a scholarship fund for use in future years. The board-designated scholarship fund will be reported as a temporarily restricted net asset and will be held in the existing scholarship account.

**NOTE 12 – RETIREMENT PLAN**

A contributory pension plan is provided by the School through Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF) to which the School is contributing up to a 4% match of the eligible employee's annual salary regardless of their participation in the plan. All qualified employees are eligible to participate after one year of service. School contributions were \$30,713 and \$28,114 for the years ended June 30, 2014 and 2013, respectively.

**NOTE 13 - SUBSEQUENT EVENTS**

Subsequent to year end, the School sold 15.83 acres of land for \$2,000,000. As a result of this sale, the note payable to Southern First, which amounted to \$218,799 at June 30, 2014, was paid off.

Management has evaluated subsequent events through October 31, 2014, the date on which the financial statements were available.

## **INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION**

**To the Board of Directors  
Camperdown Academy, Inc.  
Greenville, South Carolina**

We have audited the financial statements of the Camperdown Academy, Inc. as of and for the year ended June 30, 2014, and have issued our report thereon dated October 31, 2014 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of comparison of budget to actual is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Pope, Smith Brant & King PA*

**Certified Public Accountants**

**Greenville, South Carolina  
October 31, 2014**

**CAMPERDOWN ACADEMY, INC.**  
**SCHEDULE OF ACTUAL EXPENSES VS. BUDGET**  
**For the Year Ended June 30, 2014**

	<u>Actual</u>	<u>Budget</u>	<u>Over/ (Under)</u>
<b>REVENUE AND SUPPORT</b>			
Tuition and fees	\$ 1,826,874	\$ 1,745,000	\$ 81,874
Contributions	259,307	242,000	17,307
Auxiliary activities	134,888	63,500	71,388
Investment income	479	-	479
Other income	<u>1,635</u>	<u>500</u>	<u>1,135</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>2,223,183</u>	<u>2,051,000</u>	<u>172,183</u>
<b>EXPENSES</b>			
Program services			
Salaries and wages	977,245	926,200	(51,045)
Payroll taxes	76,698	71,250	(5,448)
Benefits	117,175	109,500	(7,675)
Operating expenses	<u>321,376</u>	<u>285,100</u>	<u>(36,276)</u>
	1,492,494	1,392,050	(100,444)
Management and general			
Salaries and wages	299,301	270,250	(29,051)
Payroll taxes	22,550	21,600	(950)
Benefits	49,362	43,275	(6,087)
Operating expenses	<u>251,349</u>	<u>244,350</u>	<u>(6,999)</u>
	622,562	579,475	(43,087)
Fundraising			
Operating expenses	<u>57,004</u>	<u>45,000</u>	<u>(12,004)</u>
	<u>2,172,060</u>	<u>2,016,525</u>	<u>(155,535)</u>
<b>INCREASE (DECREASE) IN NET ASSETS BEFORE DEPRECIATION</b>	<u>51,123</u>	<u>34,475</u>	<u>\$ 16,648</u>
Depreciation expense	<u>(79,197)</u>	<u>(98,500)</u>	
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u><u>\$ (28,074)</u></u>	<u><u>\$ (64,025)</u></u>	