

**AUDITED FINANCIAL STATEMENTS**  
**WOODSTOCK ACADEMY**  
**YEARS ENDED JUNE 30, 2007 AND 2006**

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# *FILOMENO & COMPANY, P.C.*

*CERTIFIED PUBLIC ACCOUNTANTS · BUSINESS ADVISORS*

*AN INDEPENDENTLY OWNED MEMBER OF THE RSM MCGGLADREY NETWORK*

## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
**WOODSTOCK ACADEMY**

We have audited the accompanying statement of financial position of **WOODSTOCK ACADEMY** (the "Academy") as of **June 30, 2007** and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Academy's 2006 financial statements. The financial statements of the Academy for the year ended June 30, 2006 were audited by other auditors whose report dated September 27, 2006, expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **WOODSTOCK ACADEMY** as of **June 30, 2007** and changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary data included in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Filomeno & Company, P.C.*

West Hartford, Connecticut  
September 10, 2007

*"PROFIT FROM OUR EXPERIENCE"<sup>SM</sup>*

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**STATEMENTS OF FINANCIAL POSITION**

**WOODSTOCK ACADEMY**

**JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 1,448,117	\$ 1,432,164
Accounts receivables, net of allowance of \$28,941 for 2007 and \$0 for 2006	181,674	182,953
Accrued interest receivable	---	6,484
<b>Total current assets</b>	<b><u>\$ 1,629,791</u></b>	<b><u>\$ 1,621,601</u></b>
<b><u>PROPERTY AND EQUIPMENT, net</u></b>	<b><u>\$ 8,821,446</u></b>	<b><u>\$ 9,189,999</u></b>
<b><u>OTHER ASSETS</u></b>		
Investments, at market value	\$ 2,355,266	\$ 2,119,875
<b>Total other assets</b>	<b><u>\$ 2,355,266</u></b>	<b><u>\$ 2,119,875</u></b>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 12,806,503</u></b>	<b><u>\$ 12,931,475</u></b>
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 431,288	\$ 267,333
Accrued expenses	169,213	156,698
Notes payable	11,640	34,191
Mortgages payable	248,371	234,956
<b>Total current liabilities</b>	<b><u>\$ 860,512</u></b>	<b><u>\$ 693,178</u></b>
<b><u>LONG-TERM LIABILITIES</u></b>		
Notes payable	\$ ---	\$ 11,641
Mortgages payable	1,085,559	1,333,930
<b>Total long-term liabilities</b>	<b><u>\$ 1,085,559</u></b>	<b><u>\$ 1,345,571</u></b>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 1,946,071</u></b>	<b><u>\$ 2,038,749</u></b>
<b><u>NET ASSETS</u></b>		
Unrestricted	\$ 9,001,300	\$ 9,263,739
Temporarily restricted	1,054,155	831,020
Permanently restricted	804,977	797,967
<b>Total net assets, page 3</b>	<b><u>\$ 10,860,432</u></b>	<b><u>\$ 10,892,726</u></b>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 12,806,503</u></b>	<b><u>\$ 12,931,475</u></b>

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

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****WOODSTOCK ACADEMY****FOR THE YEAR ENDED JUNE 30, 2007***(With Comparative Totals for 2006)*

	2007			2006	
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
<b>REVENUES AND SUPPORT</b>					
Tuition	\$ 11,840,930	\$ ---	\$ ---	\$ 11,840,930	\$ 11,268,843
Contributions	---	74,118	7,010	81,128	122,132
Other	80,590	---	---	80,590	130,256
Interest and dividends	66,330	49,332	---	115,662	100,658
Student activity revenue	---	458,521	---	458,521	453,535
Unrealized gains	20,929	136,217	---	157,146	4,654
State of Connecticut Grants	---	---	---	---	14,093
Net assets released from restrictions	495,053	(495,053)	---	---	---
<b>Total revenues and support</b>	<b>\$ 12,503,832</b>	<b>\$ 223,135</b>	<b>\$ 7,010</b>	<b>\$ 12,733,977</b>	<b>\$ 12,094,171</b>
<b>EXPENSES</b>					
Salaries and benefits	\$ 9,129,373	\$ ---	\$ ---	\$ 9,129,373	\$ 8,178,301
Program and administrative	1,868,676	---	---	1,868,676	1,880,165
Other expenditures	499,111	---	---	499,111	440,276
Awards	40,316	---	---	40,316	31,481
Student Activity	442,706	---	---	442,706	431,160
Depreciation	687,316	---	---	687,316	661,064
Interest Expense	98,773	---	---	98,773	187,271
<b>Total expenses</b>	<b>\$ 12,766,271</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 12,766,271</b>	<b>\$ 11,809,718</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ (262,439)</b>	<b>\$ 223,135</b>	<b>\$ 7,010</b>	<b>\$ (32,294)</b>	<b>\$ 284,453</b>
Net assets, beginning	9,263,739	831,020	797,967	10,892,726	10,608,273
<b>Net assets, ending, page 2</b>	<b>\$ 9,001,300</b>	<b>\$ 1,054,155</b>	<b>\$ 804,977</b>	<b>\$ 10,860,432</b>	<b>\$ 10,892,726</b>

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

# STATEMENTS OF CASH FLOWS

## WOODSTOCK ACADEMY

### FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<b><u>OPERATING ACTIVITIES</u></b>		
Cash received from students	\$ 11,848,693	\$ 11,212,817
Cash received from contributors	81,128	136,225
Interest and dividends collected	115,662	100,658
Cash paid to suppliers and employees	(11,803,712)	(10,879,015)
Interest paid	(98,773)	(187,271)
Other Income	539,111	583,791
<b>Net cash provided by operating activities</b>	<b><u>\$ 682,109</u></b>	<b><u>\$ 967,205</u></b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchase of investments	\$ (78,245)	\$ (333,202)
Proceeds from the sale of investments	---	167,340
Purchase of furniture and equipment	(318,763)	(338,478)
<b>Net cash used for investing activities</b>	<b><u>\$ (397,008)</u></b>	<b><u>\$ (504,340)</u></b>
<b><u>FINANCING ACTIVITIES</u></b>		
Retirement of long-term debt	\$ (269,148)	\$ (3,875,486)
Proceeds from issuance of long-term debt	---	1,217,640
Proceeds from State of Connecticut Grants	---	2,418,551
<b>Net cash used by financing activities</b>	<b><u>\$ (269,148)</u></b>	<b><u>\$ (239,295)</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>\$ 15,953</b>	<b>\$ 223,570</b>
Cash and cash equivalents - beginning	1,432,164	1,208,594
<b>Cash and cash equivalents - ending</b>	<b><u>\$ 1,448,117</u></b>	<b><u>\$ 1,432,164</u></b>

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

## **NOTES TO FINANCIAL STATEMENTS**

### **WOODSTOCK ACADEMY**

**JUNE 30, 2007 AND 2006**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **NATURE OF ACTIVITIES**

**WOODSTOCK ACADEMY** (the "Academy") is a private School founded offering a high school education to students primarily from the Northeast Connecticut area.

##### **BASIS OF ACCOUNTING**

The accompanying financial statements have been prepared on the accrual basis of accounting.

##### **BASIS OF PRESENTATION**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Academy 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*.

##### **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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year ended June 30, 2006 from which the summarized information was derived.

##### **CASH AND CASH EQUIVALENTS**

For purposes of the Statement of Cash Flows, the Academy considers all operating accounts to be cash equivalents. Occasionally, during the years ended **June 30, 2007** and **2006**, the amount of cash on deposit has exceeded federally insured amounts.

##### **ACCOUNTS RECEIVABLE**

The Academy uses the allowance method of accounting for bad debts. On a periodic basis, the Academy evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs, collections and current credit conditions.

## **NOTES TO FINANCIAL STATEMENTS**

### **WOODSTOCK ACADEMY**

#### **JUNE 30, 2007 AND 2006**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *(continued)***

##### **PROMISES TO GIVE**

Generally accepted accounting principles require that contributions be recognized in the period when the donor makes a promise to give. Management has fully provided an allowance against these promises to give, resulting in no net value recorded. The asset and revenues will therefore be recognized as income when the cash is received.

##### **PROPERTY AND EQUIPMENT**

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. Property and equipment costing over \$1,000 providing a benefit to the Academy greater than one year is capitalized.

The Academy carries property and equipment acquired before June 30, 1986 at appraised value, except land and landscaping and is now recognizing depreciation on these assets using the straight-line method over an estimated useful life of 30 years.

##### **DONATED PROPERTY AND EQUIPMENT**

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. 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 Academy reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Academy reclassifies temporarily restricted net assets at that time.

##### **INVESTMENTS, AT MARKET VALUE**

The Academy maintains master investment accounts for its permanent and temporarily restricted endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated annually to the individual endowments based on the relationship of the market value of each permanent or board designated endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

## **NOTES TO FINANCIAL STATEMENTS**

### **WOODSTOCK ACADEMY**

**JUNE 30, 2007 AND 2006**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *(continued)***

##### **COMPENSATED ABSENCES**

Employees of the Academy are entitled to paid time off depending on job classification, length of service and other factors. The Academy has accrued for sick pay up to the employees' last anniversary date. Accrued sick pay amounted to **\$109,709** and **\$101,652** for **2007** and **2006**, respectively and is reported in accrued expenses on the statement of financial position.

##### **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 unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

##### **DONATED SERVICES**

No amounts have been reflected in the financial statements for donated services in 2007 and 2006.

The Academy pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Academy.

##### **ADVERTISING COSTS**

The Academy expenses advertising costs as incurred.

##### **INCOME TAXES**

The Academy is not a private foundation and has been granted tax-exempt status from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

##### **USE OF ESTIMATES**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

## NOTES TO FINANCIAL STATEMENTS

### WOODSTOCK ACADEMY

JUNE 30, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

RECLASSIFICATIONS

Certain reclassifications have been made to the 2006 financial statements to conform with the 2007 financial statement presentation.

2. PROPERTY AND EQUIPMENT, net

A summary of property and equipment is as follows:

	<u>2007</u>		
	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET BOOK VALUE</u>
Land	\$ 502,000	\$ ---	\$ 502,000
Buildings and improvements	17,769,023	10,007,484	7,761,539
Furniture and fixtures	635,998	477,768	158,230
Vehicles	198,178	180,757	17,421
Rental property	177,306	34,895	142,411
Construction in progress	<u>239,845</u>	<u>---</u>	<u>239,845</u>
<b>Total</b>	<b><u>\$ 19,522,350</u></b>	<b><u>\$ 10,700,904</u></b>	<b><u>\$ 8,821,446</u></b>

  

	<u>2006</u>		
	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET BOOK VALUE</u>
Land	\$ 502,000	\$ ---	\$ 502,000
Buildings and improvements	17,569,973	9,456,207	8,113,766
Furniture and fixtures	658,706	442,930	215,776
Vehicles	198,178	134,000	64,178
Rental property	177,306	32,349	144,957
Construction in progress	<u>149,322</u>	<u>---</u>	<u>149,322</u>
<b>Total</b>	<b><u>\$ 19,255,485</u></b>	<b><u>\$ 10,065,486</u></b>	<b><u>\$ 9,189,999</u></b>

The Academy records depreciation on real property using the straight-line method over an estimated useful life of 30 years. For all other property and equipment, the Academy records depreciation using the straight-line method over the useful life of the asset. Depreciation expense for the years ended **June 30, 2007** and **2006** was **\$687,316** and **\$661,064**, respectively.

**NOTES TO FINANCIAL STATEMENTS**

**WOODSTOCK ACADEMY**

**JUNE 30, 2007 AND 2006**

**3. INVESTMENTS, AT MARKET VALUE**

Investments are stated at market value and consist primarily of pooled investment funds for the years ended **June 30, 2007** and **2006** are as follows:

	<b>2007</b>		
	<b><u>MARKET VALUE</u></b>	<b><u>COST</u></b>	<b><u>CUMULATIVE UNREALIZED APPRECIATION</u></b>
CommonFund	<b><u>\$ 2,355,266</u></b>	<b><u>\$ 1,999,537</u></b>	<b><u>\$ 355,729</u></b>
	<b>2006</b>		
	<b><u>MARKET VALUE</u></b>	<b><u>COST</u></b>	<b><u>CUMULATIVE UNREALIZED APPRECIATION</u></b>
CommonFund	<b><u>\$ 2,119,875</u></b>	<b><u>\$ 1,908,269</u></b>	<b><u>\$ 211,606</u></b>

The following is a schedule of **investment return** for the years ended **June 30, 2007** and **2006**:

	<b>2007</b>		
	<b><u>TOTAL</u></b>	<b><u>ENDOWMENT</u></b>	<b><u>OTHER UNRESTRICTED</u></b>
Interest and dividend income	\$ 120,962	\$ 54,632	\$ 66,330
Less: fees	<u>5,300</u>	<u>5,300</u>	<u>---</u>
Net interest and dividend income	<b><u>\$ 115,662</u></b>	<b><u>\$ 49,332</u></b>	<b><u>\$ 66,330</u></b>
Net unrealized gain	\$ 157,146	\$ 136,217	\$ 20,929
Net realized gain	<u>---</u>	<u>---</u>	<u>---</u>
Net realized and unrealized gains	<b><u>\$ 157,146</u></b>	<b><u>\$ 136,217</u></b>	<b><u>\$ 20,929</u></b>
<b>Total return</b>	<b><u>\$ 272,808</u></b>	<b><u>\$ 186,050</u></b>	<b><u>\$ 86,758</u></b>
	<b>2006</b>		
	<b><u>TOTAL</u></b>	<b><u>ENDOWMENT</u></b>	<b><u>OTHER UNRESTRICTED</u></b>
Interest and dividend income	\$ 105,658	\$ 37,232	\$ 68,426
Less: fees	<u>5,000</u>	<u>5,000</u>	<u>---</u>
Net interest and dividend income	<b><u>\$ 100,658</u></b>	<b><u>\$ 32,232</u></b>	<b><u>\$ 68,426</u></b>
Net unrealized gain	\$ 4,654	\$ 47,293	\$ (42,639)
Net realized gain	<u>---</u>	<u>---</u>	<u>---</u>
Net realized and unrealized gains	<b><u>\$ 4,654</u></b>	<b><u>\$ 47,293</u></b>	<b><u>\$ (42,639)</u></b>
<b>Total return</b>	<b><u>\$ 105,312</u></b>	<b><u>\$ 79,525</u></b>	<b><u>\$ 25,787</u></b>

Realized gains and losses are recorded using the specific identification method.

## NOTES TO FINANCIAL STATEMENTS

### WOODSTOCK ACADEMY

#### JUNE 30, 2007 AND 2006

#### 4. NOTES PAYABLE

As of **June 30, 2007** and **2006**, the following notes were outstanding:

	<u>2007</u>	<u>2006</u>
Kahn Muni Finance LLP, secured by vehicle, payable in annual installments of \$8,650, including interest at a rate of 6.569% through September 2006.	\$ ---	\$ 8,117
University Lease, secured by computers, payable in quarterly installments of \$10,793, including interest at a rate of 1.728% through November 2006.	---	1,579
University Lease, secured by computers, payable in quarterly installments of \$6,170, including interest at a rate of 3.259% through September 2007.	4,286	19,966
Citicorp Vendor Finance, Inc., unsecured, payable in monthly installments of \$735, including interest at a rate of 2.259% through May 2008.	<u>7,354</u>	<u>16,170</u>
<b>Total notes payable</b>	<b><u>\$ 11,640</u></b>	<b><u>\$ 45,832</u></b>

The following is a schedule of future minimum note payments for these notes.

#### **For the fiscal year ending June 30:**

2008	<u>\$ 11,640</u>
<b>Total</b>	<b><u>\$ 11,640</u></b>

#### 5. MORTGAGES PAYABLE

As of **June 30, 2007** and **2006**, the following notes were outstanding:

	<u>2007</u>	<u>2006</u>
Putnam Savings Bank, secured by 61 Academy Road, payable in monthly installments of \$1,509, including interest at a rate of 7.00% per annum, through March 2011.	\$ 60,506	\$ 73,796
Citizens National Bank, secured by 57 Academy Road, payable in monthly installments of \$23,214 including interest at a rate of 5.94% per annum, through October 2010.	823,424	1,045,090

**NOTES TO FINANCIAL STATEMENTS**

**WOODSTOCK ACADEMY**

**JUNE 30, 2007 AND 2006**

**5. MORTGAGES PAYABLE, (continued)**

	<b><u>2007</u></b>	<b><u>2006</u></b>
Citizens National Bank, secured by property on Route 169. The mortgage is interest only at a rate of 8.00% per annum and is payable monthly for the first six years. The last two years of the mortgage include two principal payments \$225,000 inclusive of interest at the rate previously stated. Mortgage is through November 2012.	\$ 450,000	\$ 450,000
<b>Total notes payable</b>	<b><u>\$ 1,333,930</u></b>	<b><u>\$ 1,568,886</u></b>

The following is a schedule of future minimum note payments for these notes.

**For the fiscal year ending June 30:**

2008	\$ 248,371
2009	264,038
2010	280,561
2011	315,960
2012	<u>225,000</u>
<b>Total</b>	<b><u>\$ 1,333,930</u></b>

**6. TEMPORARILY RESTRICTED NET ASSETS**

The following is a schedule of the funds included in the Academy's temporarily restricted net assets for the years ended **June 30, 2007** and **2006**:

<u>Description</u>	<b><u>2007</u></b>	<b><u>2006</u></b>
Student activities	\$ 206,282	\$ 187,026
Scholarship	814,717	612,418
Athletic Program	20,000	20,000
Special gifts	<u>13,156</u>	<u>11,576</u>
<b>Total temporarily restricted</b>	<b><u>\$ 1,054,155</u></b>	<b><u>\$ 831,020</u></b>

**7. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are restricted to:

	<b><u>2007</u></b>	<b><u>2006</u></b>
Special gifts	\$ 47,510	\$ 44,475
Endowment Funds	<u>757,467</u>	<u>753,492</u>
<b>Total</b>	<b><u>\$ 804,977</u></b>	<b><u>\$ 797,967</u></b>

**NOTES TO FINANCIAL STATEMENTS**

**WOODSTOCK ACADEMY**

**JUNE 30, 2007 AND 2006**

**8. FAIR VALUES OF FINANCIAL INSTRUMENTS**

The estimated fair values of the Academy's financial instruments, none of which are held for trading purposes, are as follows:

	<u>2007</u>		<u>2006</u>	
	<u>CARRYING AMOUNT</u>	<u>FAIR VALUE</u>	<u>CARRYING AMOUNT</u>	<u>FAIR VALUE</u>
Investments	<u>\$2,355,266</u>	<u>\$2,355,266</u>	<u>\$2,119,875</u>	<u>\$2,119,875</u>

The following methods and assumptions were used to estimate the fair values of each class of financial instruments:

**Investments**

The carrying amount approximates fair value based on quoted market prices for those investments.

**9. FUNCTIONAL EXPENSES**

The following is a schedule of the Academy's functional expenses:

<u>EXPENDITURES</u>	<u>2007</u>			
	<u>TOTAL</u>	<u>PROGRAM</u> <u>EDUCATIONAL AND STUDENT</u> <u>ACTIVITIES</u>	<u>SUPPORT</u> <u>GENERAL AND</u> <u>ADMINISTRATIVE</u>	<u>FUNDRAISING</u>
Salaries and benefits	\$ 9,129,373	\$ 7,313,925	\$ 1,741,672	\$ 73,776
Program and administrative	1,868,676	1,128,173	731,531	8,972
Other expenditures	499,111	170,431	325,922	2,758
Awards	40,316	40,316	---	---
Student activity	442,706	442,706	---	---
Depreciation	687,316	---	687,316	---
Interest expense	<u>98,773</u>	<u>---</u>	<u>98,773</u>	<u>---</u>
<b>Total 2007 expenditures</b>	<b><u>\$12,766,271</u></b>	<b><u>\$ 9,095,551</u></b>	<b><u>\$ 3,585,214</u></b>	<b><u>\$ 85,506</u></b>

**NOTES TO FINANCIAL STATEMENTS**

**WOODSTOCK ACADEMY**

**JUNE 30, 2007 AND 2006**

**9. FUNCTIONAL EXPENSES, (continued)**

<u>EXPENDITURES</u>	<u>TOTAL</u>	2006		
		<u>PROGRAM</u>	<u>SUPPORT</u>	
		<u>EDUCATIONAL AND STUDENT ACTIVITIES</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>FUNDRAISING</u>
Salaries and benefits	\$ 8,178,301	\$ 6,542,641	\$ 1,553,877	\$ 81,783
Program and administrative	1,880,165	1,123,730	718,612	37,823
Other expenditures	440,276	146,639	283,570	10,067
Awards	31,481	31,481	---	---
Student activity	431,160	431,160	---	---
Depreciation	661,064	---	661,064	---
Interest expense	187,271	---	187,271	---
<b>Total 2006 expenditures</b>	<b><u>\$11,809,718</u></b>	<b><u>\$ 8,275,651</u></b>	<b><u>\$ 3,404,394</u></b>	<b><u>\$ 129,673</u></b>

**10. RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2007</u>	<u>2006</u>
<b><u>CHANGE IN NET ASSETS</u>, page 3</b>	<b><u>\$ (32,294)</u></b>	<b><u>\$ 284,453</u></b>
<i>Adjustments to reconcile increase in net assets to net cash provided for operating activities:</i>		
Depreciation and amortization	\$ 687,316	\$ 661,064
Unrealized gain on investments	(157,146)	(4,654)
Provision for losses on accounts receivable	28,941	---
<b><u>(Increase) decrease in:</u></b>		
Accounts receivable, net	(27,662)	(95,195)
Prepaid expenses and other assets	6,484	42,761
<b><u>Increase (decrease) in:</u></b>		
Accounts payable and accrued expenses	163,955	152,158
Accrued expenses	12,515	(73,382)
<b>Total adjustments</b>	<b><u>\$ 714,303</u></b>	<b><u>\$ 682,752</u></b>
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b> , page 4	<b><u>\$ 682,109</u></b>	<b><u>\$ 967,205</u></b>

## NOTES TO FINANCIAL STATEMENTS

### WOODSTOCK ACADEMY

#### JUNE 30, 2007 AND 2006

#### 11. EMPLOYEE BENEFITS

The Academy has a money purchase pension plan covering all eligible employees except for employees covered by union contract. The Academy contributes 6.0% of the employee's eligible compensation to the plan. Contributions for the years ended **June 30, 2007** and **2006** were **\$78,079** and **\$59,565**, respectively.

#### 12. OPERATING LEASES

The Academy leases office equipment under various lease agreements that expire in 2010. The following is a schedule of future minimum rental payments required under operating leases.

##### June 30

2008	\$ 41,557
2009	37,732
2010	<u>12,297</u>
<b>Total</b>	<b><u>\$ 91,586</u></b>

#### 13. COLLECTIVE BARGAINING AGREEMENTS

The Academy's educators (approximately 62% of all employees) are covered by a collective bargaining agreement with Woodstock Academy Education Association which is scheduled to expire on June 30, 2010.

The Academy's custodial employees (approximately 6% of all employees) are covered by a collective bargaining agreement with AFSCME Local 1303 which is scheduled to expire on June 30, 2009.

#### 14. RELATED PARTY TRANSACTION

The Academy has a lease agreement with a member of the Board of Trustees for a rental property owned by the Academy for the period August 2002 through August 2007. The agreement calls for monthly rental payments of \$1,000 as well as payment for utilities. Total rental income from this agreement for **June 30, 2007** and **2006** were **\$12,281** and **\$12,125**, respectively.

#### 15. SELF FUNDING

The Academy has elected to self-fund all of its state unemployment compensation claims. In the event of a former employee is entitled to state unemployment compensation, the Academy will be directly liable for payment of all claims. Claims paid for the years ended **June 30, 2007** and **2006** were **\$2,808** and **\$9,267**, respectively.

#### 16. CONCENTRATION

Currently the Academy receives its tuition from six area towns and from a select number of private paying students. The tuition received from one of the towns represents 40% of total tuition in each of the school years 2007 and 2006. The contract with that town has expired and the Academy is currently on a month to month basis with that town.

**SUPPLEMENTAL FINANCIAL INFORMATION**

**SCHEDULE I - SCHEDULE OF EXPENDITURES****WOODSTOCK ACADEMY****FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b><u>SALARIES AND BENEFITS</u></b>		
Administration	\$ 581,864	\$ 483,864
Teachers	5,132,982	4,690,536
Secretaries	385,880	345,226
Maintenance/Custodians	455,363	401,763
Paraprofessional	293,407	281,307
Technology	96,786	77,107
Development	61,206	58,220
Substitutes	195,457	121,394
Coaches	193,961	183,072
Activities	83,316	75,730
Drivers	16,328	15,109
Early Retirement	20,632	20,632
Overtime	56,524	71,512
Payroll Taxes	208,100	189,462
Fringe Benefits	1,347,567	1,163,367
<b><u>Total Salaries and Benefits</u></b>	<b><u>\$ 9,129,373</u></b>	<b><u>\$ 8,178,301</u></b>
<b><u>PROGRAM AND ADMINISTRATIVE</u></b>		
Supplies	\$ 371,566	\$ 283,938
Utilities	325,173	265,041
Textbooks/Tests	50,681	87,157
Software	63,354	28,135
Library Books	7,778	12,504
Printing and Promotion	1,420	12,891
Audio Visual	4,669	6,742
Conferences/Training	36,643	57,677
Periodicals	2,693	3,966
Summer Curriculum Development	200	5,654
New Equipment/Instructional	73,413	120,642
Replacement Equip/Instructional	56,683	107,094
Resource Books	8,381	6,715
Testing Materials	14,215	13,747
Purchased Services / Activities	818,442	838,882
School Physician	7,000	7,000
Rental/Lease Instructional	26,365	22,380
<b><u>Total Program/Admin Expenditures</u></b>	<b><u>\$ 1,868,676</u></b>	<b><u>\$ 1,880,165</u></b>
<b><u>OTHER EXPENDITURES</u></b>		
Property Services	\$ 53,766	\$ 62,321
Contracted Services/Plant	74,124	143,362
Rental property	6,161	9,399
Capital projects	356,159	258,128
Assets capitalized to Plant Fund	(318,763)	(338,478)
Transportation and Travel	104,978	87,402
Insurance	60,193	55,789
Telephone and Internet	25,549	27,974
New Equipment-Non-Instructional	27,790	34,487
Replace Equip-Non-Instructional	2,481	3,240
Advertising	38,172	32,020
Miscellaneous/Contingency	68,501	64,632
<b><u>Total Other Expenditures</u></b>	<b><u>\$ 499,111</u></b>	<b><u>\$ 440,276</u></b>
<b><u>Total Expenses</u></b>	<b><u>\$ 11,497,160</u></b>	<b><u>\$ 10,498,742</u></b>