

**WOODLAND CHRISTIAN SCHOOL**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

AND

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

WOODLAND CHRISTIAN SCHOOL

FINANCIAL STATEMENTS  
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of  
Woodland Christian School  
Woodland, CA

I have reviewed the accompanying statement of financial position of Woodland Christian School (a non-profit organization) as of June 30, 2015, and the related statement of activities and changes in net assets and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am 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 in the United States of America.



Joseph M. Skowron  
Certified Public Accountant  
Sacramento, CA

April 28, 2016

WOODLAND CHRISTIAN SCHOOL  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED JUNE 30, 2015

**ASSETS**

	2015
Current Assets	
Cash and cash equivalents	\$ 1,312,701
Accounts Receivable	240,250
Other Current Assets	12,763
Total Current Assets	1,565,714
Fixed Assets (net of accumulated depreciation of \$727,806)	2,376,064
Construction In Progress	2,018,519
Total Assets	\$ 5,960,297

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable and accrued expenses	\$ 257,728
Deferred revenue	747,126
Current portion of long term liabilities	3,018,383
Total Current Liabilities	4,023,237
Long-Term Liabilities	850,000
Total Liabilities	4,873,237
Net Assets	
Unrestricted	1,019,146
Temporarily restricted	67,914
Total Net Assets	1,087,060
Total Liabilities and Net Assets	\$ 5,960,297

See accompanying notes and independent accountants' review report.

WOODLAND CHRISTIAN SCHOOL  
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
Income			
Tuition	\$ 3,238,704	\$	\$ 3,238,704
Fund-raising	87,311		87,311
Gifts/Contributions	7,700		7,700
Endowment Income	378,365		378,365
Miscellaneous Income	13,742		13,742
Interest	184		184
Assets released from restriction - satisfaction of program/donor restrictions	30,324	(30,324)	-
Total income	3,756,330	(30,324)	3,726,006
Expenses			
Payroll Expenses	2,269,383		2,269,383
Classroom Expenses	125,000		125,000
Insurance	35,142		35,142
Computer Expenses	34,117		34,117
Repairs and maintenance	122,241		122,241
Rent	54,738		54,738
Advertising	6,016		6,016
Telephone and utilities	112,550		112,550
Office Expenses	68,397		68,397
Taxes and licenses	11,057		11,057
Program Expenses	185,891		185,891
Interest Expense	173,153		173,153
Depreciation	93,734		93,734
Total expenses	3,291,419		3,291,419
Change in Net Assets	464,911	(30,324)	434,587
Net Assets, June 30, 2014	554,235	98,238	652,473
Net Assets, June 30, 2015	\$ 1,019,146	\$ 67,914	\$ 1,087,060

See accompanying notes and independent accountants' review report.

WOODLAND CHRISTIAN SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015

	2015
Cash Flows From Operating Activities	
Change in Net Assets	\$ 434,587
Depreciation	93,734
Adjustments to reconcile change in net assets to net cash used from operating activities:	
(Increase) decrease in:	
Accounts receivable	(15,831)
Prepaid expenses	1,647
Inventory	328
Construction in progress	(2,018,519)
Deferred revenue	87,513
Accounts payable and accrued expenses	1,640,770
Net cash provided by operating activities	(210,358)
Cash Flows From Financing Activities	
Decrease in long-term debt	(250,000)
Net cash provided by financing activities	(250,000)
Cash Flows From Investing Activities	
Net cash provided by investing activities	-
Net decrease in cash and cash equivalents	(25,771)
Cash, July 1, 2014	1,338,472
Cash, June 30, 2015	\$ 1,312,701

See accompanying notes and independent accountants' review report.

WOODLAND CHRISTIAN SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**Operations** - The Woodland Christian School (“WCS”) exists to educate and prepare students for college and Christian life. The educational programs and philosophy encourage students to become persons of faith, effective communicators, life-long critical thinkers, quality producers and community contributors.

**Method of Accounting** - The financial statements of WCS have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables and other liabilities.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents** - WCS considers all cash in checking, savings and timed certificates of deposit with maturities of three months or less to be cash equivalents for purposes of the statement of cash flows.

WCS maintains cash balances in banks. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC). Due to regulatory legislation signed into law, the FDIC is required to fully insure all non-interest bearing account balances through June 30, 2015. As of June 30, 2015, WCS had uninsured balances totaling \$879,027. WCS has not experienced any losses and does not anticipate any losses.

**Property and Equipment** - Property and equipment are stated at cost. Depreciation is computed under the straight-line method for buildings and improvements and using the modified accelerated recovery system over the various economic lives of other assets, generally 3-5 years for equipment. Expenses for maintenance and repairs are charged to expense as incurred.

**Income Tax** - WCS is exempt from Federal and State Franchise Taxes under section 501(c) (3) of the Internal Revenue Code and Section 23710 (d) of the California Corporations Code. As of June 30, 2015, the Center tax years for 2011, 2012, 2013 and 2014 are subject to examination by the taxing authorities.

**Revenue Recognition** - Tuition, fees and contributions are recognized as income in the fiscal year earned. Deferred revenue represents tuition and fees received in the current year which will be recognized as revenue in the subsequent year.

**Accounts Receivable** - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts. Based on information available, management determined that no allowance for doubtful accounts was necessary as of June 30, 2015.

**Subsequent Events** - WCS has evaluated subsequent events through April 28, 2016, the date on which the financial statements were available to be issued.

**Donated Services** - WCS receives a significant amount of donated services from unpaid volunteers who assist in fund-raising, 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.

WOODLAND CHRISTIAN SCHOOL  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Fund-raising* - WCS runs a number of fund-raising activities which are reflected in the statement of activities.

*Endowment Fund* - WCS has an endowment fund which is invested in a money market account at Edward Jones Investments. WCS Board has determined this to be the appropriate asset allocation to preserve principal from risk of loss.

**NOTE 2 - PROPERTY AND EQUIPMENT**

A summary of the Company's assets as of June 30, 2015 is as follows:

	Cost
Building and Land	\$ 2,590,002
Furniture and Equipment	507,488
Vehicles	6,380
Total	3,103,870
Accumulated Depreciation	(727,806)
Net Fixed Assets	\$ 2,376,064

Depreciation expense for the period ended June 30, 2015 was \$93,734.

**NOTE 3 - CONSTRUCTION IN PROGRESS**

The Company was constructing new facilities that were placed in service in August 2015 at which time depreciation commenced. As of June 30, 2015 the Company incurred and capitalized in Construction in Progress \$2,018,519. The cost incurred to complete the construction in the next fiscal year is \$816,157.

**NOTE 4 - RESTRICTED NET ASSETS**

The Company has funds that are temporarily restricted by certain donors and are reported as such in the statement of financial position. In addition, the Board will designate and set aside funds for selected programs. The balances of these assets as of June 30, 2015 are as follows:

Donor temporarily restricted assets	\$ 67,914
Board designated program funds	181,713
Total	\$ 249,627

WOODLAND CHRISTIAN SCHOOL  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 5 - LONG TERM DEBT**

Long term debt consisted of the following notes payable to banks:

Note payable to WCS Investment Group, payable in 60 equal payments of interest only at 5% is due and payable July 2015	\$	1,050,000
Note payable to a confidential donor agreement for a 0% interest loan with no payment requirements is due and payable June 2019		850,000
Construction Loan Agreement at a rate of 1% due and payable July 2015		1,968,383
		<u>3,868,383</u>
Less current portion		<u>3,018,383</u>
Long-term debt	\$	<u><u>850,000</u></u>

Maturities of long-term debt as of June 30 are as follows:

Year ending June 30:		
2016	\$	3,018,383
2017		-
2018		-
2019		850,000
Thereafter		<u>-</u>
	\$	<u><u>3,868,383</u></u>

The note payable to WCS Investment Group has been extended for 5 years. The construction loan agreement was converted to a mortgage loan on December 23, 2015. The loan has an interest rate of 4.5% and matures in January 2021.

Interest expense for the year ended June 30, 2015 is 173,153.