

**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, 2011, 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
January 12, 2012

San Angelo Christian Academy
Statement of Financial Position
June 30, 2011

	<u>2011</u>
ASSETS	
Current Assets:	
Cash	
Unrestricted	\$ 1,891
Temporarily Restricted (Note 8)	<u>72,084</u>
Total Cash	<u>73,975</u>
Total Current Assets	<u>73,975</u>
Cash Restricted to Construction of Building	65,683
Marketable Securities - Permanently Restricted (Note 10)	22,752
Amortizable Assets, Net of Accumulated Amortization (Note 3)	-
Property & Equipment, Net of Accumulated Depreciation (Note 2)	<u>419,469</u>
TOTAL ASSETS	<u>\$ 581,879</u>
LIABILITIES & NET ASSETS	
Current Liabilities:	
Account payable	\$ 3,957
Total Liabilities	<u>3,957</u>
Net Assets:	
Unrestricted	417,403
Temporarily restricted (Note 4)	137,767
Permanently Restricted	<u>22,752</u>
Total Net Assets	<u>577,922</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 581,879</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, 2011

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Tuition Income	\$ 272,603		\$ -	\$ 272,603
Less:				
Scholarships	(31,852)		-	(31,852)
Discounts	(44,018)		-	(44,018)
Net Tuition Income	196,733	-	-	196,733
Registration Fees	3,725			3,725
Contributions (Note 9)	68,648	100,530		169,178
Donated Use of Facility (Note 6)	97,444			97,444
Fundraising from Special Events (Net of Expenses) (Note 7)	30,020			30,020
Daycare	13,287			13,287
Investment Interest	71	725	419	1,215
Realized Gain (Loss) on Investments			12	12
Unrealized Gain<Loss> on Investments			3,746	3,746
Yearbook Sales-net loss	(265)			(265)
Net Assets Released from Restriction	82,739	(82,739)		-
TOTAL REVENUES	492,402	18,516	4,177	515,095
EXPENSES				
Program Services				
Salaries	304,108			304,108
Building Lease Expense	97,444			97,444
Payroll Taxes	22,844			22,844
Curriculum	14,132			14,132
Janitorial Expenses	12,327			12,327
Depreciation Expense	19,148			19,148
Insurance	11,603			11,603
Training and Development	4,546			4,546
Supplies	4,537			4,537
Maintenance and Repair	1,587			1,587
Software Fees	2,542			2,542
Total Program Service Expenses	494,818	-	-	494,818
Administrative & General				
Advertising	4,185			4,185
Legal and Accounting	1,800			1,800
Utilities	12,854			12,854
Dues	1,469			1,469
Postage	440			440
Transportation	1,042			1,042
Fire Security Monitor	1,338			1,338
Miscellaneous Expenses	444			444
Total Administrative & General Expenses	23,572	-	-	23,572
TOTAL EXPENSES	518,390	-	-	518,390
CHANGE IN NET ASSETS	(25,988)	18,516	4,177	(3,295)
Net assets at beginning of year	446,660	119,251	18,575	584,486
Adjustment to Prior-Period Net Assets (Note 11)	(3,269)			(3,269)
Net assets at end of year	\$ 417,403	\$ 137,767	\$ 22,752	\$ 577,922

See accompanying notes and accountant's report.

San Angelo Christian Academy
Statement of Cash Flows
For the Year Ended June 30, 2011

	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (3,295)
Reconciliation to net cash provided by operating activities:	
Unrealized gain on Investments	(3,746)
Investment income on restrict assets	(431)
Depreciation Expense	19,148
Increase (decrease) in liabilities:	
Accounts Payable	688
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>12,364</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	<u>(62,593)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(62,593)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,229)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>189,887</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 139,658</u>

See accompanying notes and accountant's report.

San Angelo Christian Academy
Notes to the Financial Statements
June 30, 2011

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, 2011

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, 2011

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, 2011:

Furniture & Equipment	\$ 81,464
Buildings & Leasehold Improvements	383,441
Signage	2,959
Total Furniture, Fixtures, and Signage	<u>467,864</u>
Less: Accumulated Depreciation	(48,395)
Total	<u>\$ 419,469</u>

Total depreciation expense for the year was \$19,148.

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	-1,133
Total	<u>\$ -0-</u>

San Angelo Christian Academy
Notes to the Financial Statements
June 30, 2011

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2011:

Library Grant	\$	8
Construction of building		65,683
Purchase of Science curriculum and equipment		20,180
Scholarships		1,678
Teachers Fund		50,218
Total restricted net assets		<u>\$ 137,767</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 2010-2011 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 \$97,444 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 2010-2011 fiscal year totaled \$31,281, while total fundraising expenses totaled \$1,261. Net fundraising income for the year was \$30,020.

San Angelo Christian Academy
Notes to the Financial Statements
June 30, 2011

NOTE 8 – TEMPORARILY RESTRICTED CASH

Temporarily restricted cash is available for the following purposes as of June 30, 2011:

Library Grant	\$	8
Construction of building		65,683
Purchase science curriculum & equipment		20,180
Scholarships		178
Teacher fund		50,218
Total Temporarily Restricted Cash		<u>\$ 136,267</u>

NOTE 9 – TEMPORARILY RESTRICTED CONTRIBUTIONS

Temporarily restricted contributions for the year ended June 30, 2011, consisted of the following amounts:

Library Grant	\$	2,000
Building Fund		15,000
Scholarships		33,530
Teacher Bonuses		50,000
Total Temporarily Restricted Contributions		<u>\$ 100,530</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

San Angelo Christian Academy
Notes to the Financial Statements
June 30, 2011

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

Unrestricted net assets were adjusted by \$3,269 to reflect the beginning balance of accounts payable for payroll taxes accrued June 30, 2010. These funds had not been included in previous years' financial statements.

NOTE 12 – EVALUATION OF SUBSEQUENT EVENTS

San Angelo Christian Academy has evaluated subsequent events through December 18, 2011, the date which the financial statements were available to be issued.