

AUDITED FINANCIAL STATEMENTS

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Northampton, Massachusetts

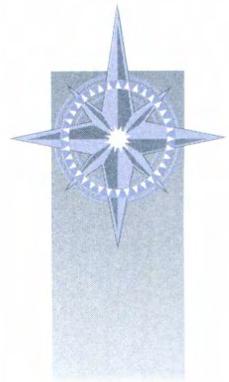
June 30, 2018

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

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Independent Auditors' Report

To the Board of Trustees
Conway School of Landscape Design, Inc.
Northampton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Conway School of Landscape Design, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 auditor's 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 Conway School of Landscape Design, Inc. as of June 30, 2018, 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.

Report on Summarized Comparative Information

We have previously audited Conway School of Landscape Design, Inc.'s June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

The accompanying five-year summary of assets, liabilities, income, expenses, and net assets is presented for purposes of additional analysis and is not a required part of the financial statements. Such information in this accompanying schedule 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.

Boisselle, Morton & Wolkowicz, LLP

Hadley, Massachusetts
February 8, 2019

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Statement of Financial Position

June 30, 2018 (with comparative totals for June 30, 2017)

	2018			2017
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
	<u>Assets</u>			
Current assets				
Cash and cash equivalents	\$ 273,401	\$ 72,600	\$ 346,001	\$ 140,924
Project accounts receivable, net	27,045		27,045	44,901
Tuition receivable	9,075		9,075	
Contributions receivable, net	8,050		8,050	5,000
Deposit on Northampton property	50,000		50,000	
Prepaid expenses	63,252		63,252	30,557
Total current assets	<u>430,823</u>	<u>72,600</u>	<u>503,423</u>	<u>221,382</u>
Property and equipment, net	<u>17,996</u>		<u>17,996</u>	<u>470,883</u>
Other assets				
Investments	166,057		166,057	202,949
Tuition loans, long-term	9,103		9,103	11,100
Total other assets	<u>175,160</u>		<u>175,160</u>	<u>214,049</u>
Total assets	<u>\$ 623,979</u>	<u>\$ 72,600</u>	<u>\$ 696,579</u>	<u>\$ 906,314</u>
	<u>Liabilities and Net Assets</u>			
Current liabilities				
Accounts payable	\$ 16,862		\$ 16,862	\$ 7,428
Accrued expenses	25,379		25,379	18,988
Deferred revenue	11,160		11,160	48,431
Mortgage note payable, current				108,149
Total current liabilities	<u>53,401</u>		<u>53,401</u>	<u>182,996</u>
Net assets				
Designated by the Board for future use	155,154		155,154	154,494
Undesignated	415,424		415,424	513,974
Total unrestricted net assets	<u>570,578</u>		<u>570,578</u>	<u>668,468</u>
Temporarily restricted		\$ 72,600	72,600	54,850
Total net assets	<u>570,578</u>	<u>72,600</u>	<u>643,178</u>	<u>723,318</u>
Total liabilities and net assets	<u>\$ 623,979</u>	<u>\$ 72,600</u>	<u>\$ 696,579</u>	<u>\$ 906,314</u>

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

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Statement of Activities

Year Ended June 30, 2018

(with comparative totals for the year ended June 30, 2017)

	2018			2017 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues, gains and other support				
Tuition and fees				
Tuition	\$ 637,768		\$ 637,768	\$ 490,850
Less: scholarships	(64,000)		(64,000)	(53,750)
Net tuition revenue	<u>573,768</u>		<u>573,768</u>	437,100
Fees	<u>900</u>		<u>900</u>	<u>1,300</u>
Total tuition and fees	574,668		574,668	438,400
Contributions	75,776	\$ 22,900	98,676	159,110
Project fees	91,418		91,418	111,739
Investment income, net	10,175		10,175	16,153
Workshop fees, net	7,879		7,879	1,884
In-kind contributions	5,795		5,795	2,363
Miscellaneous income				7,991
Net assets released from restrictions	<u>5,150</u>	<u>(5,150)</u>		
Total revenues, gains and other support	<u>770,861</u>	<u>17,750</u>	<u>788,611</u>	<u>737,640</u>
Expenses				
Program services:				
School activities	513,516		513,516	576,757
Supporting services:				
Administration	270,407		270,407	296,200
Fundraising	<u>84,828</u>		<u>84,828</u>	<u>92,198</u>
Total expenses	<u>868,751</u>		<u>868,751</u>	<u>965,155</u>
Change in net assets, before impairment loss	(97,890)	17,750	(80,140)	(227,515)
Impairment loss (Note 4)				<u>(151,473)</u>
Change in net assets	(97,890)	17,750	(80,140)	(378,988)
Net assets - beginning of year	<u>668,468</u>	<u>54,850</u>	<u>723,318</u>	<u>1,102,306</u>
Net assets - end of year	<u>\$ 570,578</u>	<u>\$ 72,600</u>	<u>\$ 643,178</u>	<u>\$ 723,318</u>

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

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Statement of Functional Expenses

Year Ended June 30, 2018

(with comparative totals for the year ended June 30, 2017)

	2018				2017
	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Salaries and benefits					
Salaries	\$ 287,451	\$ 143,726	\$ 47,909	\$ 479,086	\$ 460,210
Fringe benefits	36,015	18,007	6,002	60,024	50,511
Payroll taxes	26,115	13,057	4,352	43,524	42,745
Total salaries and benefits	<u>349,581</u>	<u>174,790</u>	<u>58,263</u>	<u>582,634</u>	<u>553,466</u>
Other expenses					
Occupancy:					
Rent	42,089	12,026	6,013	60,128	51,653
Property insurance	7,555	2,158	1,079	10,792	12,743
Utilities	2,746	785	392	3,923	18,858
Mortgage interest	1,567	448	224	2,239	5,982
Repairs and maintenance	1,361	389	194	1,944	25,780
Property taxes	759	217	108	1,084	
Contracted services	9,899	27,461	4,442	41,802	59,594
Professional fees		26,922	3,401	30,323	7,734
Equipment repairs and leasing	16,063	4,590	2,295	22,948	35,568
School events	14,273			14,273	15,601
Student recruitment	13,995			13,995	14,661
Presenters	8,190			8,190	8,013
Fees and dues	6,039	1,529	564	8,132	13,647
Office supplies		4,518	3,407	7,925	7,375
Communications	3,243	926	463	4,632	7,249
Staff travel		4,581		4,581	5,291
Student projects	4,382			4,382	5,610
School supplies	4,155			4,155	1,479
Insurance	2,764	790	395	3,949	3,533
Van expense	1,835			1,835	1,244
Postage	653	187	93	933	1,927
Miscellaneous		706		706	
Professional development		693		693	
Catalog expense		300	300	600	15,933
Copies and printing	202	58	29	289	442
Bad debts					24,787
Small equipment					2,401
Student trip					796
Publications and subscriptions					<u>70</u>
Total expenses before depreciation	491,351	264,074	81,662	837,087	901,437
Depreciation	<u>22,165</u>	<u>6,333</u>	<u>3,166</u>	<u>31,664</u>	<u>63,718</u>
Total expenses	<u>\$ 513,516</u>	<u>\$ 270,407</u>	<u>\$ 84,828</u>	<u>\$ 868,751</u>	<u>\$ 965,155</u>

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

CONWAY SCHOOL ON LANDSCAPE DESIGN, INC.

Statement of Cash Flows

Year Ended June 30, 2018

(with comparative totals for the year ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ (80,140)	\$ (378,988)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	31,664	63,718
Net realized gain on sale of investments	(244)	(8,401)
Net unrealized gain in market value of investments	(3,279)	(198)
Increase in allowance for doubtful accounts	2,958	2,595
Write-off of receivables		22,192
Impairment loss		151,473
(Increase) decrease in assets:		
Project accounts receivable	14,898	25,949
Contributions receivable	(3,050)	1,058
Prepaid expenses	(32,695)	4,848
Tuition receivable	(9,075)	
Tuition loans	1,997	(11,100)
Increase (decrease) in liabilities:		
Accounts payable	9,434	(21,867)
Accrued expenses	6,391	(20,332)
Deferred revenue	(37,271)	39,431
Net cash used by operating activities	<u>(98,412)</u>	<u>(129,622)</u>
Cash flows from investing activities		
Proceeds from sale of investments	49,279	152,126
Purchase of investments	(8,864)	(5,647)
Deposit on Northampton property	(50,000)	
Proceeds from sale of Conway property, net	316,575	
Purchases of property and equipment		(31,154)
Net cash provided by investing activities	<u>306,990</u>	<u>115,325</u>
Cash flows from financing activities		
Repayment of mortgage note payable	(3,501)	(7,687)
Net cash used by financing activities	<u>(3,501)</u>	<u>(7,687)</u>
Net increase (decrease) in cash and cash equivalents	205,077	(21,984)
Cash and cash equivalents - beginning of year	<u>140,924</u>	<u>162,908</u>
Cash and cash equivalents - end of year	<u>\$ 346,001</u>	<u>\$ 140,924</u>
Supplemental disclosures of cash flows information:		
Cash paid for interest	<u>\$ 2,239</u>	<u>\$ 5,982</u>
Non-cash financing activity		
Repayment of mortgage note payable done at closing	<u>\$ (104,648)</u>	

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

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Notes to Financial Statements

June 30, 2018

1. Summary of Significant Accounting Policies

- a. *Nature of Business:* Conway School of Landscape Design, Inc. (the School) is a private not-for-profit organization incorporated under the laws of the state of Massachusetts. The School operates a small ten-month graduate program in environmentally sound landscape design and land use planning in Conway and Easthampton, Massachusetts. The program is intensive and inventive, the work is professional and creative, and the setting is unique.

The Master of Science program is structured around professional-level work for actual clients for whom the students provide design services on an expenses-only basis. The students produce the drawings and reports characteristic of the designer/planner while learning the technical skills and developing the intellectual processes of the profession. Integrated throughout the program is a strong emphasis on communication skills and ecological awareness.

- b. *Accreditation:* The Conway School of Landscape Design, Inc. has full accreditation from the New England Association of Schools and Colleges.
- c. *Tax Exempt Status:* The School is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for federal or state income taxes has been made. In addition, the School qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).
- d. *Basis of Presentation:* The financial statements of the School have been prepared on the accrual basis. The net assets of the School are reported in each of the following three classes, when applicable: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets are unrestricted and are reported as part of the unrestricted class. Support received that is designated for future periods or restricted by the donor for specific purposes is reported as temporarily restricted or permanently restricted support that increases those net asset classes. 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 support is reported as unrestricted.
- e. *Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.
- f. *Cash and Cash Equivalents:* For financial statement purposes, the School considers all unrestricted highly liquid investments with an initial maturity of three months or less as cash equivalents.
- g. *Investments:* Investments are comprised of cash, money market funds, U.S. Treasury obligations, corporate bonds, mutual funds and certificates of deposit and are reported at fair market value. Investments received as gifts are recorded at fair market value at the date of the gift.

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Notes to Financial Statements (Continued)

June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

h. Fair Value Measurements: Accounting standards have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets. Market price is generally obtained from exchange or dealer markets.

Level 2 Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Unobservable and significant to the fair value measurement.

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.

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.

i. Property and Equipment: Property and equipment are stated at cost less accumulated depreciation or fair value at date of donation in the case of gifts. Depreciation is being provided by the use of the straight-line method over the estimated useful lives of the related assets. The School capitalizes assets that have a useful life of at least 3 to 5 years for computer equipment, 5 to 10 years for other equipment, and furnishings and fixtures that cost \$1,500 or more.

j. Comparative 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 School's audited financial statements for the year ended June 30, 2017, from which the summarized information was derived.

k. Reclassifications: Certain reclassifications have been made to the year ended June 30, 2017 comparative totals to conform to the June 30, 2018 presentation. These reclassifications have no effect on the previously reported change in net assets for the year ended June 30, 2017.

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Notes to Financial Statements (Continued)

June 30, 2018

1. Summary of Significant Accounting Policies (Continued)

- l. *Donated Services and Materials:* Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Some of the individuals who present lectures have donated their services and the value of these donated services is included as support and expenses in the period received. A substantial number of individuals, including staff and Board of Trustees, have made significant contributions of their time that have not met the appropriate criteria for recording in these financial statements.

2. Project Accounts Receivable, Net

The School's project accounts receivable, net consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Project accounts receivable	\$ 33,598	\$ 48,496
Less: allowance for doubtful accounts	<u>6,553</u>	<u>3,595</u>
Project accounts receivable, net	\$ <u>27,045</u>	\$ <u>44,901</u>

3. Contributions Receivable

The School's contributions receivable consisted of pledges from the annual campaign of \$8,050 and \$5,000 at June 30, 2018 and 2017, respectively. Management considers these receivables collectible in full.

4. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Library (fully depreciated)	\$ 21,252	\$ 21,252
Furniture and equipment	79,575	122,500
Building and improvements	30,308	757,791
Land improvements	-	21,411
Vehicles (fully depreciated)	<u>15,023</u>	<u>15,023</u>
	146,158	937,977
Less accumulated depreciation	<u>128,162</u>	<u>467,094</u>
Total property and equipment, net	\$ <u>17,996</u>	\$ <u>470,883</u>

Depreciation expense was \$31,664 and \$63,718 for the years ended June 30, 2018 and 2017, respectively.

The School sold the Conway, Massachusetts, property in October 2017 for \$455,000, which resulted in a loss of \$151,473. The School recorded this loss during the year ended June 30, 2017, and reduced the value of the property to reflect the impairment of the value of this asset at June 30, 2017.

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Notes to Financial Statements (Continued)

June 30, 2018

5. Investments

The School's investments, stated at market value, consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Certificate of deposit	\$ 25,655	\$51,049
Mutual funds of stocks and bonds	<u>140,402</u>	<u>151,900</u>
Total Investments	<u>\$166,057</u>	<u>\$202,949</u>

Fair values for these investments are considered Level 1 investments that are determined by reference to quoted market prices and other relevant information generated by market transactions.

Money market accounts of \$29,816 and \$5,914 at June 30, 2018 and 2017, respectively, are reported as cash equivalents on the statement of financial position.

Investment income is allocated to the various net assets based on the percentage of each net asset to the total net assets.

Net realized gains from the sales of investments, which are included in investment income on the statement of activities, were \$244 and \$8,401 for the years ended June 30, 2018 and 2017, respectively.

Net unrealized gains from changes in the market value of the investments, which are included in investment income on the statement of activities, were \$3,279 and \$198 for the years ended June 30, 2018 and 2017, respectively.

6. Tuition Receivable and Tuition Loans

The school had \$9,075 in tuition receivable at June 30, 2018, from two students for the most recent school year.

There were six tuition loans made during the year ended June 30, 2012. The loans were for \$3,000 each, with no principal or interest due for the first five years. As of July 1, 2017, the School began to charge interest at the Prime Rate plus 1.00% (5.25%). The balance on these loans were \$9,103 and \$11,100 at June 30, 2018 and 2017, respectively.

7. Deferred Revenue

Deferred revenue consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Tuition received in advance		\$34,096
Workshop fee received in advance	\$ 660	1,585
Non-refundable tuition deposits	<u>10,500</u>	<u>12,750</u>
	<u>\$11,160</u>	<u>\$48,431</u>

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.
Notes to Financial Statements (Continued)
June 30, 2018

8. Mortgage Note Payable

The School had one mortgage note payable at June 30:

	<u>2018</u>	<u>2017</u>
Note payable to a bank, secured by a mortgage on the School building in Conway; payable in monthly installments of \$1,139, including interest at 5.25%. This mortgage was paid off in October 2017 when the property was sold.		\$108,149
Mortgage note payable, long-term	\$ <u>-0-</u>	\$108,149

9. Board Designated Net Assets

In 1993, the Board of Trustees designated \$52,000 of the School's income, plus any income earned on the investment of those funds, be set aside for expenditures specifically approved by the Board. This amount has been increased by additional Board designations and income earned and decreased by Board approved expenditures. The Board of Trustees designated an additional \$64,777 in October 2013.

The following transactions occurred during the fiscal years ended June 30:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$154,494	\$153,854
Investment income	<u>650</u>	<u>640</u>
 Total designated	 \$ <u>155,144</u>	 \$ <u>154,494</u>
Future use to be Determined by Board	\$ <u>155,144</u>	\$ <u>154,494</u>
 Total by designation	 \$ <u>155,144</u>	 \$ <u>154,494</u>

10. Temporarily Restricted Net Assets

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

	<u>2018</u>	<u>2017</u>
David Bird International Service Fellowship	\$ 60,150	\$ 54,850
Miscellaneous other purposes	<u>12,450</u>	<u>-0-</u>
	\$ <u>72,600</u>	\$ <u>54,850</u>

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Notes to Financial Statements (Continued)

June 30, 2018

11. Pension Plan – Simple IRA

The School offers all employees who have earned over \$5,000 annually the opportunity to participate in the School's Simple IRA plan. The School contributes up to 3% of the gross salary, not to exceed \$6,000 per person as allowed by federal statutes. All employer contributions made to employees' Simple IRA accounts are 100% vested and not forfeitable. The School contributed \$6,651 and \$5,498 to the pension plan for the years ended June 30, 2018 and 2017, respectively. These expenses are included in fringe benefits on the statement of functional expenses.

12. Student Recruitment

The School advertises to recruit students and to promote its programs among those who have expressed interest in environmentally sound landscape design and land use planning. In addition, informational material is provided at conferences and in periodicals that focuses on these same goals. Expenditures for student recruitment totaled \$13,995 and \$14,661 for the years ended June 30, 2018 and 2017, respectively.

13. Student Financial Assistance Program

Students attending the School are eligible for federal student loans. The School's financial assistance program was audited for the years ended June 30, 2018 and 2017, to ensure compliance with the guidelines established by the lenders. The School was found to be in compliance and will continue to provide federal financial assistance in the future. Each year, a number of students would not be able to attend the School without this assistance; thus, the loss of the School's eligibility under this program could impair its financial stability.

14. Concentrations of Risk

Since a significant portion of the total support and revenue was generated from student tuition and related project fees during the fiscal years ended June 30, 2018 and 2017, the School could experience financial difficulties if the number of students were to decline.

15. Rent Agreement

The School rents space for its Easthampton, Massachusetts, campus under a lease agreement requiring payments of \$4,699 per month until June 30, 2018. Rent expense was \$57,589 and \$51,653 for the years ended June 30, 2018 and 2017, respectively. The lease ended June 2018. Total rent expense for the year ended June 30, 2018, also included \$2,539 of storage rental.

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Notes to Financial Statements (Continued)

June 30, 2018

16. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of June 30, 2018, through February 8, 2019, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required, except for the following.

The School purchased property in Northampton, Massachusetts, for \$900,000, of which the seller financed \$850,000 with a secured by a mortgage note payable in equal monthly installments of principal and interest over a twenty-year period with interest fixed at 3.00%, per annum.

Supplementary Information

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Five-Year Summary of Assets, Liabilities
Income, Expenses and Net Assets

	2014 <u>(as restated)</u>	2015 <u>(as restated)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assets					
Operating fund	\$ 662,759	\$ 601,647	\$ 584,987	\$ 380,581	\$ 605,983
Library & equipment fund	573,990	654,639	654,920	470,883	17,996
Restricted funds	<u>132,998</u>	<u>231,708</u>	<u>52,350</u>	<u>54,850</u>	<u>72,600</u>
Total assets	<u>\$ 1,369,747</u>	<u>\$ 1,487,994</u>	<u>\$ 1,292,257</u>	<u>\$ 906,314</u>	<u>\$ 696,579</u>
Liabilities					
Accounts payable & accrued expenses	\$ 42,624	\$ 37,782	\$ 68,615	\$ 26,416	\$ 42,241
Deferred income	10,125	17,300	9,000	48,431	11,160
Mortgage payable	<u>131,095</u>	<u>124,241</u>	<u>115,836</u>	<u>108,149</u>	<u>-</u>
Total liabilities	<u>183,844</u>	<u>179,323</u>	<u>193,451</u>	<u>182,996</u>	<u>53,401</u>
Net assets					
Operating fund - undesignated	900,286	923,729	892,602	513,974	415,424
Operating fund - designated	152,619	153,234	153,854	154,494	155,154
Restricted loan fund	8,562	32,050			
Restricted funds - other	<u>124,436</u>	<u>199,658</u>	<u>52,350</u>	<u>54,850</u>	<u>72,600</u>
Total net assets	<u>1,185,903</u>	<u>1,308,671</u>	<u>1,098,806</u>	<u>723,318</u>	<u>643,178</u>
Total liabilities and net assets	<u>\$ 1,369,747</u>	<u>\$ 1,487,994</u>	<u>\$ 1,292,257</u>	<u>\$ 906,314</u>	<u>\$ 696,579</u>
Income, revenue & expenses					
School income					
Tuition	\$ 470,500	\$ 504,050	\$ 573,066	\$ 438,400	\$ 574,668
Project fees	<u>80,423</u>	<u>96,692</u>	<u>142,575</u>	<u>111,739</u>	<u>91,418</u>
Total school income	<u>550,923</u>	<u>600,742</u>	<u>715,641</u>	<u>550,139</u>	<u>666,086</u>
School expenses					
Program expense	415,483	474,358	653,833	576,757	513,516
Administrative expense	<u>221,670</u>	<u>241,560</u>	<u>404,727</u>	<u>296,200</u>	<u>270,407</u>
Total school expenses	<u>637,153</u>	<u>715,918</u>	<u>1,058,560</u>	<u>872,957</u>	<u>783,923</u>
Net school loss	(86,230)	(115,176)	(342,919)	(322,818)	(117,837)
Other revenue & investment income - net of non-program charges					
Contributions	295,970	370,221	215,016	161,473	104,471
Loss on disposal of equipment	(672)				
Fundraising costs	<u>(145,878)</u>	<u>(143,735)</u>	<u>(91,160)</u>	<u>(92,198)</u>	<u>(84,828)</u>
Impairment loss				<u>(151,473)</u>	
Change in net assets	84,817	122,768	(206,365)	(378,988)	(80,140)
Beginning net assets	<u>1,101,086</u>	<u>1,185,903</u>	<u>1,308,671</u>	<u>1,102,306</u>	<u>723,318</u>
Ending net assets	<u>\$ 1,185,903</u>	<u>\$ 1,308,671</u>	<u>\$ 1,102,306</u>	<u>\$ 723,318</u>	<u>\$ 643,178</u>
Students per class	16.0	17.0	24.0	14.0	18.0

See independent auditors' report.