

**AUDITED FINANCIAL STATEMENTS**

**CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.**

*Conway, Massachusetts*

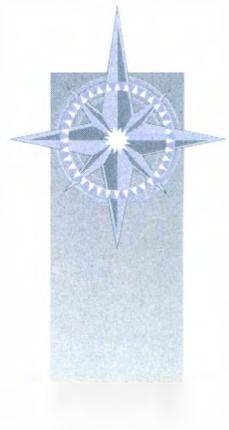
**June 30, 2016**

***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.**  
Conway, 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, 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2016, 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, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 4, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Boisselle, Morton & Wolkowicz, LLP***

Hadley, Massachusetts  
October 28, 2016

**CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.**

Statement of Financial Position

June 30, 2016 (with comparative totals for June 30, 2015)

	2016			
	Unrestricted	Temporarily Restricted	Total	2015 Total
	<u>Assets</u>			
<b>Current assets</b>				
Cash and cash equivalents	\$ 110,558	\$ 52,350	\$ 162,908	\$ 346,623
Project accounts receivable	74,445		74,445	32,546
Contributions receivable, net	9,250		9,250	3,015
Note receivable, current				4,295
Prepaid expenses	35,405		35,405	26,993
<b>Total current assets</b>	229,658	52,350	282,008	413,472
<b>Property and equipment, net</b>	654,920		654,920	654,639
<b>Other assets</b>				
Investments	340,829		340,829	386,784
Tuition loans	18,000		18,000	18,000
Note receivable, long-term, net				15,099
<b>Total other assets</b>	358,829		358,829	419,883
<b>Total assets</b>	\$ 1,243,407	\$ 52,350	\$ 1,295,757	\$ 1,487,994
	<u>Liabilities and Net Assets</u>			
<b>Current liabilities</b>				
Accounts payable	\$ 29,295		\$ 29,295	\$ 10,672
Salary and payroll taxes payable	22,257		22,257	19,218
Accrued expenses	17,063		17,063	7,892
Deferred revenue	9,000		9,000	17,300
Mortgage note payable, current	7,812		7,812	7,413
<b>Total current liabilities</b>	85,427		85,427	62,495
<b>Mortgage note payable, long-term</b>	108,024		108,024	116,828
<b>Net assets</b>				
Designated by the Board for future use	153,854		153,854	153,234
Undesignated	896,102		896,102	923,729
<b>Total unrestricted net assets</b>	1,049,956		1,049,956	1,076,963
Temporarily restricted		\$ 52,350	52,350	231,708
<b>Total net assets</b>	1,049,956	52,350	1,102,306	1,308,671
<b>Total liabilities and net assets</b>	\$ 1,243,407	\$ 52,350	\$ 1,295,757	\$ 1,487,994

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

**CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.**  
Statement of Activities  
Year Ended June 30, 2016  
(with comparative totals for the year ended June 30, 2015)

	2016			2015 <u>Total</u>
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	
Revenues, gains and other support				
Tuition and fees				
Tuition	\$ 719,986		\$ 719,986	\$ 535,400
Less: scholarships	<u>(148,170)</u>		<u>(148,170)</u>	<u>(32,500)</u>
Net tuition revenue	571,816		571,816	502,900
Fees	<u>1,250</u>		<u>1,250</u>	<u>1,150</u>
Total tuition and fees	573,066		573,066	504,050
Contributions	89,737	\$ 124,416	214,153	366,581
Project fees	142,575		142,575	96,692
Investment income, net	7,130		7,130	8,408
In-kind contributions	863		863	3,640
Workshop fees, net	3,304		3,304	2,945
Miscellaneous income	2,264		2,264	105
Net assets released from restrictions	<u>303,774</u>	<u>(303,774)</u>		
Total revenues, gains and other support	<u>1,122,713</u>	<u>(179,358)</u>	<u>943,355</u>	<u>982,421</u>
Expenses				
Program services:				
School activities	653,833		653,833	474,358
Supporting services:				
Administration	404,727		404,727	241,560
Fundraising	<u>91,160</u>		<u>91,160</u>	<u>143,735</u>
Total expenses	<u>1,149,720</u>		<u>1,149,720</u>	<u>859,653</u>
Change in net assets	(27,007)	(179,358)	(206,365)	122,768
Net assets - beginning of year, restated	<u>1,076,963</u>	<u>231,708</u>	<u>1,308,671</u>	<u>1,185,903</u>
Net assets - end of year	<u>\$ 1,049,956</u>	<u>\$ 52,350</u>	<u>\$ 1,102,306</u>	<u>\$ 1,308,671</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, 2016  
(with comparative totals for the year ended June 30, 2015)

	2016				2015
	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
<b>Salaries and benefits</b>					
Salaries	\$ 326,471	\$ 161,418	\$ 54,210	\$ 542,099	\$ 499,282
Fringe benefits	20,856	10,312	3,463	34,631	50,204
Payroll taxes	28,254	13,970	4,692	46,916	45,855
Total salaries and benefits	<u>375,581</u>	<u>185,700</u>	<u>62,365</u>	<u>623,646</u>	<u>595,341</u>
<b>Other expenses</b>					
<b>Occupancy:</b>					
Rent	48,983			48,983	
Utilities	4,499	1,285	643	6,427	13,386
Property insurance	6,911	1,974	987	9,872	8,862
Mortgage interest	4,482	1,280	640	6,402	6,814
Repairs and maintenance	1,888	540	270	2,698	4,526
Property taxes	570	163	81	814	789
Student recruitment	16,222			16,222	32,151
Contracted services	15,021	136,129	2,146	153,296	21,517
Equipment repairs and leasing	26,451	7,557	3,779	37,787	16,586
School events	24,889			24,889	16,095
Professional fees		11,910	5,131	17,041	15,609
Student projects	11,015			11,015	13,897
Catalog expense		7,804	7,803	15,607	12,028
Presenters	13,912			13,912	11,521
Fees and dues	10,400	10,942		21,342	8,971
Student trip	9,771			9,771	8,669
Telephone	8,185	2,339	1,169	11,693	7,249
Insurance	2,671	763	382	3,816	6,660
School supplies	10,577			10,577	6,430
Office supplies		14,076		14,076	5,735
Staff travel	521	8,399		8,920	4,289
Copies and printing	3,369	962	481	4,812	2,503
Postage	1,100	314	157	1,571	2,183
Van expense	1,650			1,650	1,948
Small equipment	16,328	2,170		18,498	1,209
Bad debts					1,100
Miscellaneous		167		167	1,005
Publications and subscriptions	362			362	861
Professional development	2,590			2,590	820
Total expenses before depreciation	<u>617,948</u>	<u>394,474</u>	<u>86,034</u>	<u>1,098,456</u>	<u>828,754</u>
Depreciation	<u>35,885</u>	<u>10,253</u>	<u>5,126</u>	<u>51,264</u>	<u>30,899</u>
Total expenses	<u>\$ 653,833</u>	<u>\$ 404,727</u>	<u>\$ 91,160</u>	<u>\$ 1,149,720</u>	<u>\$ 859,653</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, 2016

(with comparative totals for the year ended June 30, 2015)

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ (206,365)	\$ 122,768
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	51,264	30,899
Net realized loss on sale of investments	81	3,351
Net unrealized loss in market value of investments	2,454	4,450
(Increase) decrease in assets:		
Project accounts receivable	(41,899)	(6,546)
Interest receivable		117
Contributions receivable	(6,235)	10,793
Prepaid expenses	(8,412)	(21,402)
Note receivable, net	19,394	3,305
Increase (decrease) in liabilities:		
Accounts payable	18,623	1,943
Salary and payroll taxes payable	3,039	(2,477)
Accrued expenses	9,171	(4,308)
Deferred revenue	(8,300)	7,175
Net cash (used) provided by operating activities	(167,185)	150,068
Cash flows from investing activities		
Proceeds from sale of investments	50,330	124,256
Purchase of investments	(6,910)	(8,090)
Purchases of property and equipment	(51,545)	(111,548)
Net cash (used) provided by investing activities	(8,125)	4,618
Cash flows from financing activities		
Repayment of mortgage note payable	(8,405)	(6,854)
Net cash used by financing activities	(8,405)	(6,854)
Net (decrease) increase in cash and cash equivalents	(183,715)	147,832
Cash and cash equivalents - beginning of year	346,623	198,791
Cash and cash equivalents - end of year	\$ 162,908	\$ 346,623
Supplemental disclosures of cash flows information:		
Cash paid for interest	\$ 6,402	\$ 6,814

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

# CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

## Notes to Financial Statements

June 30, 2016

### 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. received full accreditation from the New England Association of Schools and Colleges in the spring of 1989. The School underwent its ten-year accreditation review during the period of these financial statements (See Note 18).
- 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. Uncertain Tax Positions:* Professional accounting standards provide detailed guidance for the financial statement recognition, measurement, classification and disclosure of uncertain tax positions. They require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. A tax position is deemed to include such things as the organization's tax exempt status. Management has not identified any uncertain tax positions and, therefore, no liability has been recorded in the financial statements. The School's income tax filings are subject to audit by the Internal Revenue Service. The School's open audit periods are 2013-2015.
- e. 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.

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Notes to Financial Statements (Continued)

June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

- f. *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.
- g. *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.
- 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. *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.
- j. *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.

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Notes to Financial Statements (Continued)

June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

- k. *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, 2015, from which the summarized information was derived.
- 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.
- m. *Reclassifications:* Certain reclassifications have been made to the year ended June 30, 2015 comparative totals to conform to the June 30, 2016 presentation. These reclassifications have no effect on the previously reported change in net assets for the year ended June 30, 2015.

2. Contributions Receivable

The School's contributions receivable consisted of pledges from the annual campaign as follows at June 30:

	<u>2016</u>	<u>2015</u>
Contributions receivable	\$10,250	\$ 4,450
Less: allowance for doubtful accounts	<u>1,000</u>	<u>1,435</u>
Contributions receivable, net	<u>\$ 9,250</u>	<u>\$ 3,015</u>

3. Note Receivable and Related Party Transactions

The School had a note receivable from the School's Executive Director with a balance of \$19,394 at June 30, 2015. The note was paid in full during the year ended June 30, 2016.

CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.

Notes to Financial Statements (Continued)

June 30, 2016

4. Property and Equipment

Property and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The School capitalizes assets that have a useful life of at least 3 to 5 years for computer equipment and 5 to 10 years for other equipment, and furnishings and fixtures that cost \$1,500 or more. Property and equipment consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Library (fully depreciated)	\$ 21,252	\$ 21,252
Furniture and equipment	111,200	79,214
Building and improvements	889,410	869,851
Land improvements	21,411	21,411
Vehicles (fully depreciated)	<u>15,023</u>	<u>15,023</u>
	1,058,296	1,006,751
Less accumulated depreciation	<u>403,376</u>	<u>352,112</u>
Total property and equipment, net	<u>\$ 654,920</u>	<u>\$ 654,639</u>

Depreciation expense was \$51,264 and \$30,899 for the years ended June 30, 2016 and 2015, respectively.

5. Investments

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

	<u>2016</u>	<u>2015</u>
Certificate of deposit	\$126,964	\$126,222
Corporate bonds and notes	50,428	102,407
Mutual funds of stocks and bonds	<u>163,437</u>	<u>158,155</u>
Total Investments	<u>\$340,829</u>	<u>\$386,784</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 \$145,735 and \$226,103 at June 30, 2016 and 2015, 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 losses from the sales of investments, which are included in investment income on the statement of activities, were \$(81) and \$(3,351) for the years ended June 30, 2016 and 2015, respectively.

Net unrealized losses from changes in the market value of the investments, which are included in investment income on the statement of activities, were \$(2,454) and \$(4,450) for the years ended June 30, 2016 and 2015, respectively.

**CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.**

Notes to Financial Statements (Continued)

June 30, 2016

6. Tuition Loans

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. The interest rate thereafter is the Prime Rate plus 1.0%. The expected principal maturities of the loans are \$15,000 in the year ended June 30, 2018 and \$3,000 in the year ended June 30, 2019.

7. Deferred Revenue

Students are required to pay a non-refundable deposit prior to the beginning of the school year. At June 30, 2016, \$9,000 had been received from 12 students for the 2016-2017 school year. This money is recorded as deferred revenue until earned by the School when the students start in September 2016.

At June 30, 2015, \$16,500 had been received from 22 students for the 2015-2016 school year. This money was recorded as deferred revenue until earned by the School when the students started in September 2015. Also included in deferred revenue is an advance payment of \$800 for a workshop.

8. Mortgage Note Payable

The School had one mortgage note payable at June 30:

	<u>2016</u>	<u>2015</u>
Note payable to a bank, secured by a mortgage on the School building; payable in monthly installments of \$1,139, including interest at 5.25%, fixed for five years (variable every five years thereafter to Prime plus 2.0%), maturing September 2022 with an estimated balloon payment of \$61,025.	\$115,836	\$124,241
Less current portion	<u>7,812</u>	<u>7,413</u>
Mortgage note payable, long-term	<u>\$108,024</u>	<u>\$116,828</u>

The estimated aggregate maturities of long-term debt are as follows:

Years Ending June 30,	
2015	\$ 7,812
2016	8,232
2017	8,675
2018	9,085
2019	9,592
Thereafter	<u>72,440</u>
	<u>\$115,836</u>

**CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.**

Notes to Financial Statements (Continued)

June 30, 2016

**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>2016</u>	<u>2015</u>
Balance, beginning of year	\$153,234	\$152,619
Investment income	<u>620</u>	<u>615</u>
Total designated	<u>\$153,854</u>	<u>\$153,234</u>
Future use to be Determined by Board	<u>\$153,854</u>	<u>\$153,234</u>
Total by designation	<u>\$153,854</u>	<u>\$153,234</u>

**10. Temporarily Restricted Net Assets**

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

	<u>2016</u>	<u>2015</u>
David Bird International Service Fellowship	\$ 51,350	\$ 52,950
Sustainable Communities Initiative		136,437
Scholarships/loans		32,050
Miscellaneous other purposes	<u>1,000</u>	<u>10,271</u>
	<u>\$ 52,350</u>	<u>\$231,708</u>

**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 \$9,338 and \$10,539 to the pension plan for the years ended June 30, 2016 and 2015, 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 \$16,222 and \$32,151 for the years ended June 30, 2016 and 2015, respectively.

**CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.**  
Notes to Financial Statements (Continued)  
June 30, 2016

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, 2016 and 2015, 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, 2016 and 2015, the School could experience financial difficulties if the number of students were to decline.

15. Related Party Transactions

The School paid \$1,080 for editorial services and received \$540 of in-kind editorial services from a Board member during the year ended June 30, 2015.

16. Net Asset Restatement

The School restated net assets at June 30, 2015, to properly reflect donor restrictions. The School increased temporarily restricted net assets \$5,942 and decreased unrestricted net assets by the same amount. The restatement had no change on beginning total net assets.

17. Rent Agreement

The School rents space for its Easthampton, Massachusetts, campus under a lease agreement requiring payments of \$4,609 per month until June 30, 2017, with an option to extend the lease an additional three years. Rent expense was \$48,983 for the year ended June 30, 2016. The minimum required rental payments for the year ending June 30, 2017, are \$53,300.

18. Contingency

Though the School met most of the New England Association of Schools & Colleges, Inc.'s (NEASC) Standards for Accreditation, the School was issued a formal Notice of Concern by the Commission on Institutions of Higher Education that it was in danger of not meeting the Commission's standards on *Organization and Governance and Planning and Evaluation*. At the time these financial statements were issued, the School was preparing to undergo a focused evaluation by the NEASC in the Spring of 2017. The School's management is applying considerable effort to address the NEASC's concerns to assure the School will retain its accreditation status. As of November 1, 2016, the Conway Board of Trustees Governance Committee has completed most of the needed policies and other governance documents of concern to NEASC, undertaking a major strategic planning effort; and the School is in the process of designing (or already undertaking) evaluation procedures for employees, curriculum, co-directors, trustees, and committees.

19. Subsequent Events

Management has evaluated subsequent events after the statement of financial position date of June 30, 2016, through October 28, 2016, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.

## **Supplementary Information**

**CONWAY SCHOOL OF LANDSCAPE DESIGN, INC.**

Five-Year Summary of Assets, Liabilities

Income, Expenses and Net Assets

	2012 (as restated)	2013 (as restated)	2014 (as restated)	2015 (as restated)	2016
<b>Assets</b>					
Operating fund	\$ 552,076	\$ 562,805	\$ 662,759	\$ 601,647	\$ 584,987
Library & equipment fund	616,060	605,524	573,990	654,639	654,920
Restricted funds	<u>98,943</u>	<u>118,815</u>	<u>132,998</u>	<u>231,708</u>	<u>52,350</u>
Total assets	<u>\$ 1,267,079</u>	<u>\$ 1,287,144</u>	<u>\$ 1,369,747</u>	<u>\$ 1,487,994</u>	<u>\$ 1,292,257</u>
<b>Liabilities</b>					
Accounts payable & accrued expenses	\$ 27,970	\$ 37,963	\$ 42,624	\$ 37,782	\$ 68,615
Deferred income	13,750	10,500	10,125	17,300	9,000
Mortgage payable	<u>140,492</u>	<u>137,595</u>	<u>131,095</u>	<u>124,241</u>	<u>115,836</u>
Total liabilities	<u>182,212</u>	<u>186,058</u>	<u>183,844</u>	<u>179,323</u>	<u>193,451</u>
<b>Net assets</b>					
Operating fund - undesignated	899,296	895,038	900,286	923,729	892,602
Operating fund - designated	86,628	87,233	152,619	153,234	153,854
Restricted loan fund	69,678	91,165	8,562	32,050	
Restricted funds - other	<u>29,265</u>	<u>27,650</u>	<u>124,436</u>	<u>199,658</u>	<u>52,350</u>
Total net assets	<u>1,084,867</u>	<u>1,101,086</u>	<u>1,185,903</u>	<u>1,308,671</u>	<u>1,098,806</u>
Total liabilities and net assets	<u>\$ 1,267,079</u>	<u>\$ 1,287,144</u>	<u>\$ 1,369,747</u>	<u>\$ 1,487,994</u>	<u>\$ 1,292,257</u>
<b>Income, revenue &amp; expenses</b>					
<b>School income</b>					
Tuition	\$ 380,000	\$ 542,525	\$ 470,500	\$ 504,050	\$ 573,066
Project fees	<u>73,715</u>	<u>81,753</u>	<u>80,423</u>	<u>96,692</u>	<u>142,575</u>
Total school income	<u>453,715</u>	<u>624,278</u>	<u>550,923</u>	<u>600,742</u>	<u>715,641</u>
<b>School expenses</b>					
Program expense	422,846	455,029	415,483	474,358	653,833
Administrative expense	<u>172,641</u>	<u>210,111</u>	<u>221,670</u>	<u>241,560</u>	<u>404,727</u>
Total school expenses	<u>595,487</u>	<u>665,140</u>	<u>637,153</u>	<u>715,918</u>	<u>1,058,560</u>
Net school income (loss)	(141,772)	(40,862)	(86,230)	(115,176)	(342,919)
<b>Other revenue &amp; investment income - net of non-program charges</b>					
Contributions	13,170	31,208	21,627	11,458	12,698
Loss on disposal of equipment		(1,190)	(672)		
Fundraising costs	<u>(63,867)</u>	<u>(85,197)</u>	<u>(145,878)</u>	<u>(143,735)</u>	<u>(91,160)</u>
Change in net assets	<u>(97,880)</u>	<u>16,219</u>	<u>84,817</u>	<u>122,768</u>	<u>(206,365)</u>
Beginning net assets	1,182,747	1,084,867	1,101,086	1,185,903	1,308,671
Ending net assets	<u>\$ 1,084,867</u>	<u>\$ 1,101,086</u>	<u>\$ 1,185,903</u>	<u>\$ 1,308,671</u>	<u>\$ 1,102,306</u>
Students per class	12.0	18.0	16.0	17.0	24.0

See independent auditors' report.