

**South Carolina Education Oversight Committee (EOC)  
Annual Standards Assurance Form**

H.4077 (R.247) as Signed by the Governor on May 18, 2018

2018-19

**Document A – Application for Continued Participation in ECENC Program**

Please complete the information requested below concerning your independent school. This information will be listed on the South Carolina Education Oversight Committee's website, [www.eoc.sc.gov](http://www.eoc.sc.gov).

Independent School Name:	Ashley Hall
Independent School Contact Person:	Lois Ruggiero
Independent School Address:	172 Rutledge Ave.
City, State, Zip Code:	Charleston, SC 29403
Independent School Telephone Number:	(843) - 722-4088
Independent School Fax Number:	(843) - 965-8486
Independent School E-mail Address:	Ashleyhall.org
Independent School Website Address:	WWW.Ashleyhall.org

Please review the standards below based on H.4077 (R.247) as signed by the Governor on May 18, 2018. An "eligible school" is defined as "an independent school including those religious in nature, other than a public school, at which the compulsory attendance requirements of Section 59-65-10 may be met," and does not discriminate based on the grounds of race, color, or national origin. Please indicate whether your school has met each standard to ensure the following academic requirements are being met. The S.C. Education Oversight Committee reserves the right to request additional documentation to show the school is in compliance with state law.

STANDARDS	YES	NO
1. Offers a general education to primary or secondary school students.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Does not discriminate on the basis of race, color, or national origin.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Is located in this state.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Has an educational curriculum that includes courses set forth in the state's diploma requirements, graduation certificate requirements (for special needs children), and where the students attending are administered national achievement or state standardized tests, or both, at progressive grade levels to determine student progress. Please	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Has school facilities that are subject to applicable federal, state, and local laws.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Is a member in good standing of the Southern Association of Colleges and Schools, the South Carolina Association of Christian Schools, the South Carolina Independent Schools Association, or the Palmetto Association of Independent Schools.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Provides a specially designed program or learning resource center to provide needed accommodations based on the needs of exceptional needs students or provides onsite educational services or supports to meet the needs of exceptional needs students, or is a school specifically existing to meet the needs of only exceptional needs students with documented disabilities. Please provide a summary of the services provided based on exceptional needs of students served.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Did this school receive any grants last fiscal year (July 1, 2017 until June 30, 2018) from Exceptional SC from the Educational Credit for Exceptional Needs Children Fund? Please complete Document B.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. By December 31, 2018, will your school submit school-level test score results from the prior school year on national achievement tests and individual student test scores for students who received a grant from Exceptional SC in the prior school year? Please complete Document C.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. By December 31, 2018, will your school provide a "compilation, review, or compliance audit of the organization's financial statements as relating to the grants received, conducted by a certified public accounting firm"? Please complete Document D.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

I assure that all documents submitted to the SC Education Oversight Committee for the purpose of applying as an eligible school, as defined by state law, is true, accurate, and complete under penalty of perjury in accordance with Section 16-9-10 of the South Carolina Code of Laws.

Signature: Lois Ruggiero

Date: Aug. 7, 2018

Print Name of Signature Above: Lois Ruggiero

Title: Assistant to the Head of School

Email: RuggieroL@ashleyhall.org

**Return this form to Melanie Barton**

- Phone: 803.734.6148
- E-mail: [mbarton@eoc.sc.gov](mailto:mbarton@eoc.sc.gov)
- Mail: P.O. Box 11867  
Columbia, S.C. 29211
- Fax: 803.734.6167
- Physical Location:  
1205 Pendleton Street  
Room 502 Brown Building  
Columbia, SC 29201



August 7, 2018

Ashley Hall follows the guidelines established by the College Board for accommodations on the SAT. All educational plans are based on recommendations in psycho-educational testing by a licensed clinical psychologist off campus as we do not do our own evaluations. The most common accommodations are extended time on tests and preferential seating. We provide space for specialists such as occupational therapists, speech pathologists, or Orton-Gillingham instructors to work with students. Parents contract with and pay the specialist. Typically, the sessions take place before or after school but occasionally during a class period such as physical education. Additionally, a learning specialist has been hired to work with students in grades K-6<sup>th</sup> during the 2018-19 school year.

**Document B  
Grants Received**

**Application for Continued Participation  
Educational Credit for Exceptional Needs Children (ECENC) Program  
2018-2019**

**Independent School Name:** Ashley Hall

An independent school continuing to participate in the Educational Credit for Exceptional Needs Children for Fiscal Year 2018-19 is required to submit the following information:

***Total number of grants and total amount of grants received in the preceding fiscal year, from July 1, 2017 through June 30, 2018.***

Please complete the following chart. If no grants for any qualifying student were received from Exceptional SC in Fiscal Year 2017-18, please indicate with "0" grants received and "\$0" in total amount of grants received.

<b>Total Number of Grants Received</b>	<b>Total Amount of Grants Received</b>
10	\$62,848.92

Total number of grants is the number of individual children/students who received a grant even if the school received more than one grant for a specific child/student. The total amount of grants per child/student should not have exceeded \$11,000.

**Document C**  
**Student Assessment Data**

**Application for Continued Participation**  
**Educational Credit for Exceptional Needs Children (ECENC) Program**  
**2018-2019**

**Independent School Name:** Ashley Hall

An independent school applying for continued participation in the Educational Credit for Exceptional Needs Children Program for Fiscal Year 2018-19 is required to submit the following information **by December 31, 2018**:

*Student test scores, by category, on national achievement or state standardized tests, or both, for all grades tested and administered by the school receiving or entitled to receive scholarship grants pursuant to this section in the previous school year. The school shall also provide individual student test scores on national achievement or state standardized tests, or both, for any student in grades one through twelve who received a grant from the program during the prior school year. The information must be used to provide program level reports to determine whether students participating in the program have experienced measurable improvement. Students with disabilities for whom standardized testing is not appropriate are exempt from this requirement.*

*Section 12-6-3790(E)(1)(b)*

The information will be used to issue an annual report.

*Annually, the Education Oversight Committee shall issue a report to the General Assembly documenting the impact of the Educational Credit for Exceptional Needs Children Program on student achievement. In addition, the report must include information on individual schools if at least fifty-one percent of the total enrolled students in the private school participated in the Educational Credit for Exceptional Needs Children Program in the prior school year. The report must be according to each participating private school, and for participating students, in which there are at least thirty participating students who have scores for tests administered. If the Education Oversight Committee determines that the thirty participating-student cell size may be reduced without disclosing personally identifiable information of a participating student, the Education Oversight Committee may reduce the participating-student cell size, but the cell size may not be reduced to less than ten participating students.*

*Section 12-6-3790(E)(6)*

Schools applying for continued participation in the ECENC Program must provide the following:

- 1. School-level assessment results** for school year 2017-18 on national achievement tests for all grades tested in the school and for each grade with at least 10 students tested. Information should be provided for English language arts (reading) and mathematics achievement of students in the grade. Examples include: *TerraNova, Stanford 10, Iowa Test of Basic Skills, etc.* For grades 9-12, the school may provide average PSAT, SAT, ACT, or other scores as appropriate.

For schools that specifically exist to meet the needs of only exceptional needs students with documented disabilities, the EOC will work with the schools to provide information (including formative assessments, portfolios, etc.) that document the students' academic and social development.

**How many students were enrolled in your school in 2017-18?** 645

The following is a **template** that you may use for reporting purposes. For questions, contact the EOC office.

**2017-18 School Year Results for (NAME OF ASSESSMENT)  
National Percentiles, Mean (Average) Scale Scores, Grade Equivalents, etc.**

<b>Grade</b>	<b>English language arts (Reading)</b>	<b>Mathematics</b>
1		
2		
3		
4		
5		
6		

- 2. Individual student test scores** on national achievement tests for any child who received a grant from the program during the 2017-18 school year. No personally identifiable information will be published; instead, the information will be aggregated at the school or state level as stipulated in law.

Each school will have access to a secure data portal to upload individual student assessment results, which will include personally identifiable information. The portal will capture, at a minimum, the following information:

- Name of the student who received a grant from Exceptional SC in the prior school year along with data including date of birth, sex, grade level, etc. to ensure that the assessment results can be matched to the individual student who received a grant;
- For each student who received a grant, the results of a national assessment or assessments in 2017-18 and if possible, in 2016-17 as well to document academic growth. The name of the assessment as well as scale scores for students or national percentile ranks must be included; and
- If a student received a grant but due to the student's exceptional needs was not able to be assessed with a national assessment, the school must provide an explanation by student of the reason why a national assessment was not administered and how the school is measuring academic and personal growth for each student not assessed.

Please identify one staff person from your school who will provide the individual student test scores from this school:

**Name:**

Lois Ruggiero

**Title:**

Assistant to the Head of School

**Telephone Number:**

(843) 965-8451

**Email Address:**

Ruggierol@ashleyhall.org

## **Educational Testing**

**2017-2018**

### **Educational Records Bureau CTP4 Fall Testing**

#### **Median Percentile National Norms**

<b>Grade</b>	<b>Reading</b>	<b>Math</b>
4	82	83
5	73	76
6	74	76
7	67	64
8	75	78
9	86	48*

\*Test for Algebra I has no national norms for fall testing. This is an independent norm.

#### **SAT Range of Middle 50 percent**

Reading	580-700
Math	550-650
Composite	1140-1340

#### **ACT Range of Middle 50 percent**

Reading	22-32
Math	20-27
Composite	21-29



## Educational Testing

2017-2018

### Educational Records Bureau CTP4 Fall Testing

#### Median Percentile National Norms

Grade	Reading	Math
4	82	83
5	73	76
6	74	76
7	67	64
8	75	78
9	86	48*

\*Test for Algebra I has no national norms for fall testing. This is an independent norm.

#### SAT Range of Middle 50 percent

Reading	580-700
Math	550-650
Composite	1140-1340

#### ACT Range of Middle 50 percent

Reading	22-32
Math	20-27
Composite	21-29

**Document D  
Compilation, Review or Compliance Audit**

**Application for Continued Participation  
Educational Credit for Exceptional Needs Children (ECENC)  
2018-2019**

**Independent School Name:** Ashley Hall

An independent school applying for or continuing to participate in the Educational Credit for Exceptional Needs Children Program is required to submit the following information:

"a copy of a compilation, review, or compliance audit of the organization's financial statements as relating to the grants received, conducted by a certified public accounting firm."

By law the compilation, review or compliance audit will be posted online at [www.eoc.sc.gov](http://www.eoc.sc.gov).

Please answer the following questions:

	<b>YES</b>	<b>NO</b>
Did your school receive from Exceptional SC any grants in the prior fiscal year, between July 1, 2017 and June 30, 2018?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If <b>Yes</b> , will your school submit to the EOC a compilation, review, or compliance audit of the school's financial statements as relating to the grants received during the prior fiscal year and conducted by a certified public accounting firm by <b>December 30, 2018</b> ? Failure to provide the compilation, review or compliance audit will result in your school's removal as an eligible school under the ECENC program.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If <b>No</b> , will your school submit to the EOC a compilation, review, or compliance audit of the school's financial statements as relating to the grants received and conducted by a certified public accounting firm by <b>June 30, 2019</b> to the EOC if you receive grants from Exceptional SC this fiscal year between July 1, 2018 and June 30, 2019? Failure to provide the compilation, review or compliance audit will result in your school's removal as an eligible school under the ECENC program.	<input type="checkbox"/>	<input type="checkbox"/>

# **Ashley Hall Foundation**

## ***Report on Consolidated Financial Statements***

***For the years ended June 30, 2018 and 2017***

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# Ashley Hall Foundation

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## Independent Auditor's Report

To the Board of Trustees  
Ashley Hall Foundation  
Charleston, South Carolina

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ashley Hall Foundation, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ashley Hall Foundation as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Charleston, South Carolina  
November 12, 2018

# Ashley Hall Foundation

## Consolidated Statements of Financial Position

As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,138,094	\$ 1,771,391
Restricted cash	250,386	250,176
Accounts receivable, net	679,606	546,545
Other receivables	4,001	5,266
Prepaid expenses	359,571	296,642
Unconditional promises to give, net	1,309,640	969,557
Investments	9,329,854	10,359,190
Property and equipment, net	34,066,516	32,907,538
Total assets	<u>\$ 48,137,668</u>	<u>\$ 47,106,305</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 689,231	\$ 771,033
Accrued expenses	1,131,213	1,143,119
Unearned revenue	5,355,726	4,238,565
Leases payable	44,055	84,088
Bonds payable, net	16,732,447	17,314,447
Agency funds	119,115	139,448
Total liabilities	<u>24,071,787</u>	<u>23,690,700</u>
<b>Net assets</b>		
Unrestricted		
Board designated	8,928,945	9,204,377
Other unrestricted	9,478,638	7,354,181
	<u>18,407,583</u>	<u>16,558,558</u>
Temporarily restricted	5,041,477	6,240,726
Permanently restricted	616,821	616,321
Total net assets	<u>24,065,881</u>	<u>23,415,605</u>
Total liabilities and net assets	<u>\$ 48,137,668</u>	<u>\$ 47,106,305</u>

See Notes to Consolidated Financial Statements.

**Ashley Hall Foundation**  
**Consolidated Statement of Activities**  
**For the year ended June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, gains, losses and other support</b>				
Gross tuition and fees	\$ 15,452,641	\$ -	\$ -	\$ 15,452,641
Less: scholarships	(1,991,413)	-	-	(1,991,413)
Net tuition and fees	13,461,228	-	-	13,461,228
Auxiliary services	666,791	580	-	667,371
Contributions, net	641,429	2,069,711	500	2,711,640
Net realized and unrealized gain on investments	266,625	170,170	-	436,795
Interest and dividends, net	235,235	150,120	-	385,355
Finance charges	7,673	-	-	7,673
Rental income	34,925	-	-	34,925
Other income	7,280	23	-	7,303
Subtotal	15,321,186	2,390,604	500	17,712,290
Net assets released from restrictions:				
Satisfaction of program and time restrictions	3,589,853	(3,589,853)	-	-
 Total revenue, gains, losses and other support	 18,911,039	 (1,199,249)	 500	 17,712,290
<b>Expenses</b>				
<b>Program Services</b>				
Instruction and auxiliary	13,514,381	-	-	13,514,381
Total program services	13,514,381	-	-	13,514,381
<b>Supporting Services</b>				
General and administrative	3,003,290	-	-	3,003,290
Fundraising	544,343	-	-	544,343
Total supporting services	3,547,633	-	-	3,547,633
Total expenses	17,062,014	-	-	17,062,014
Change in net assets	1,849,025	(1,199,249)	500	650,276
 <b>Net assets, beginning</b>	 16,558,558	 6,240,726	 616,321	 23,415,605
<b>Net assets, ending</b>	<u>\$ 18,407,583</u>	<u>\$ 5,041,477</u>	<u>\$ 616,821</u>	<u>\$ 24,065,881</u>

See Notes to Consolidated Financial Statements.

**Ashley Hall Foundation**  
**Consolidated Statement of Activities**  
**For the year ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, gains, losses and other support</b>				
Gross tuition and fees	\$ 15,035,195	\$ -	\$ -	\$ 15,035,195
Less: scholarships	(1,608,154)	-	-	(1,608,154)
Net tuition and fees	13,427,041	-	-	13,427,041
Auxiliary services	648,806	-	-	648,806
Contributions, net	833,547	1,373,513	2,875	2,209,935
Net realized and unrealized gain on investments	616,814	354,067	-	970,881
Interest and dividends, net	176,567	105,760	-	282,327
Finance charges	50,366	-	-	50,366
Rental income	59,472	-	-	59,472
Other income	1,355	-	-	1,355
Subtotal	15,813,968	1,833,340	2,875	17,650,183
Net assets released from restrictions:				
Satisfaction of program and time restrictions	660,349	(660,349)	-	-
 Total revenue, gains, losses and other support	 16,474,317	 1,172,991	 2,875	 17,650,183
<b>Expenses</b>				
<b>Program Services</b>				
Instruction and auxiliary	12,742,330	-	-	12,742,330
Total program services	12,742,330	-	-	12,742,330
<b>Supporting Services</b>				
General and administrative	2,840,869	-	-	2,840,869
Fundraising	490,340	-	-	490,340
Total supporting services	3,331,209	-	-	3,331,209
Total expenses	16,073,539	-	-	16,073,539
Change in net assets	400,778	1,172,991	2,875	1,576,644
 <b>Net assets, beginning</b>	 16,157,780	 5,067,735	 613,446	 21,838,961
<b>Net assets, ending</b>	<u>\$ 16,558,558</u>	<u>\$ 6,240,726</u>	<u>\$ 616,321</u>	<u>\$ 23,415,605</u>

See Notes to Consolidated Financial Statements.

# Ashley Hall Foundation

## Consolidated Statements of Cash Flows

For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Operating activities</b>		
Change in net assets	\$ 650,276	\$ 1,576,644
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,371,739	1,317,203
Change in discounts to net present value on unconditional promises to give	78,249	(39,071)
Change in allowances on unconditional promises to give and accounts receivable, write offs	114,347	41,829
Net realized and unrealized gain on investments	(436,795)	(970,881)
Contributions permanently restricted for investment in endowment	(500)	(2,875)
Changes in accrued and deferred amounts:		
Receivables, net	(181,796)	(260,803)
Prepaid expenses	(62,929)	(55,982)
Unconditional promises to give	(482,679)	603,100
Payables and accrued expenses	(581,433)	563,386
Unearned revenue	1,117,161	(344,779)
Agency funds	(20,333)	(6,166)
Net cash provided by operating activities	<u>1,565,307</u>	<u>2,421,605</u>
<b>Investing activities</b>		
Purchases of property and equipment	(1,995,612)	(2,825,625)
Dividends and interest reinvested	(385,355)	(282,327)
Purchases of investments	(834,068)	(336,822)
Proceeds from sales of investments	2,685,554	1,800,984
Contributions permanently restricted for investment in endowment	500	2,875
Net cash used in investing activities	<u>(528,981)</u>	<u>(1,640,915)</u>
<b>Financing activities</b>		
Payments on bonds payable	(595,000)	(580,000)
Payments on leases payable	(74,413)	(62,704)
Net cash used in financing activities	<u>(669,413)</u>	<u>(642,704)</u>
Net change in cash and cash equivalents	366,913	137,986
<b>Cash and cash equivalents, beginning of year</b>	2,021,567	1,883,581
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,388,480</u>	<u>\$ 2,021,567</u>
<b>Reconciliation of cash and cash equivalents</b>		
Unrestricted	\$ 2,138,094	\$ 1,771,391
Restricted	250,386	250,176
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,388,480</u>	<u>\$ 2,021,567</u>
<b>Supplemental disclosures</b>		
Noncash investing and financing activities:		
Assets acquired via capital leases	\$ 34,380	\$ -
CIP purchases included in accounts payable at year-end	<u>\$ 487,725</u>	<u>\$ -</u>
Interest paid	<u>\$ 337,252</u>	<u>\$ 268,407</u>

See Notes to Consolidated Financial Statements.

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## Ashley Hall Foundation

*Notes to Consolidated Financial Statements*  
*June 30, 2018 and 2017*

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies

#### Nature of activities:

Ashley Hall Foundation (the “Foundation”) is an eleemosynary corporation organized under the laws of the state of South Carolina to conduct a school for educational purposes and provide support necessary or useful in the accomplishment of that purpose. Programs include instructional and auxiliary services. The Foundation is supported primarily through tuition revenues and donor contributions. The Foundation is a private school operating in Charleston, South Carolina. The majority of the student body is from that area.

#### Principles of consolidation:

The Foundation’s consolidated financial statements include 89 Warren, LLC, which is a single member limited liability company and a wholly owned subsidiary of the Foundation. 89 Warren, LLC owns property. All material inter-organization transactions have been eliminated in consolidation.

#### Basis of accounting:

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Accordingly, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Net assets have been grouped into the following three classes:

***Unrestricted net assets*** are not subject to donor-imposed stipulations and include all revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets. Unrestricted net assets include the Foundation’s operating accounts.

***Temporarily restricted net assets*** include gifts, grants, income, gains and pledges for which donor imposed or time restrictions have not yet been met.

***Permanently restricted net assets*** include gifts and trusts which require that the corpus be invested in perpetuity in accordance with donor restrictions and gains which have been donor-stipulated to be permanently invested.

#### Cash and cash equivalents:

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash temporarily held in the Foundation’s long-term investment portfolio is excluded. Cash held for bond principal payments as a requirement of the letter of credit are classified as restricted cash in the Consolidated Statements of Financial Position.

#### Accounts receivable:

Tuition receivables are recorded when revenue is earned. After 30 days, these receivables are considered past due and interest begins accruing. Interest accrues until the account is collected or deemed uncollectible by management and written off.

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## Ashley Hall Foundation

*Notes to Consolidated Financial Statements*  
*June 30, 2018 and 2017*

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

Accounts receivable, continued:

Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recognized when received.

Unconditional promises to give:

Unconditional promises to give are recorded when received and discounted to present value. Amounts to be received are considered delinquent 90 days after the scheduled payment date. The Foundation uses the allowance method to account for uncollectible promises to give. The allowance is based on management's estimate of the collectability of the promises and historical experience.

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Investments/endowment funds:

Investments of marketable equity securities with readily determinable fair values and all investments in debt securities are carried at fair market value. Investments donated to the Foundation are initially recorded at market value on the date of gift. Unrealized gains and losses are included in the change in net assets in the Consolidated Statements of Activities.

Life insurance policies owned by the Foundation are included in investments at their cash surrender values.

Certain of the Foundation's investments have been designated by donors as endowment funds. South Carolina follows the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Board of Trustees of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds only when the donor explicitly stipulates such preservation of value. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original gifts donated to the permanent endowment, (b) subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies of the Foundation

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## Ashley Hall Foundation

Notes to Consolidated Financial Statements  
June 30, 2018 and 2017

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Investments/endowment funds, continued:

##### ***Return Objectives and Risk Parameters***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of broad market measures of return on investments.

##### ***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The desired investment objective of the fund is a long-term rate of return on assets that is at least 5% greater than the rate of inflation as measured by the Consumer Price Index. The target rate of return for the fund has been based upon the assumption that future real returns will approximate the long-run rates of return experienced for each asset class.

##### ***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The Foundation's spending rate of the Ashley Hall Board Restricted Investment Fund (not to include the permanently restricted endowment or certain board designated endowment funds) is equal to four and one-half percent (4.5) of a three-year moving average of the fair market value of the fund's corpus determined on each successive December 31st, for the preceding twelve quarters plus 4.5% of the amount raised in the prior calendar year on capital contributions. In applying this policy, the Foundation considers the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

#### Property and equipment:

It is the Foundation's policy to capitalize all expenditures for property and equipment in excess of \$5,000. Property is recorded at cost or at estimated fair market value at date of gift, if donated. Depreciation of property and equipment is provided by the straight-line method calculated on estimated useful lives ranging from three to fifty years.

#### Unearned revenue:

Unearned revenue primarily consists of tuition prepaid on behalf of students for the coming school year.

#### Agency funds:

The Foundation acts as a custodian of cash for the parents and alumnae associations and for student clubs and activities. These amounts are shown in the Consolidated Statements of Financial Position as a liability.

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## Ashley Hall Foundation

*Notes to Consolidated Financial Statements*  
*June 30, 2018 and 2017*

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Revenue recognition:

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

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 (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 Consolidated Statements of Activities as net assets released from restrictions. During the year ended June 30, 2018, the Foundation adopted a policy that when a promise to give balance is restricted for certain construction projects, the Foundation releases the promises to give from restriction when the long-lived asset is purchased.

Revenue from tuition and fees is recognized in the school year to which it applies. Amounts billed and collected before the school year begins are included in unearned revenue.

#### Scholarships and financial aid:

Gross tuition and fees reflect the Foundation's normal tuition rates for all students. Scholarships given on the basis of financial need and academic merit are netted against gross tuition and fees. Some dependents of the Foundation's employees receive reduced tuition rates. Revenue under these arrangements is included at the gross amount in tuition and fees while the reduction is included in expenses in the Consolidated Statements of Activities.

#### Donated assets and services:

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as increases in unrestricted net assets 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports the expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in the operation of Foundation programs and properties. No amounts for services have been recognized in the Consolidated Statements of Activities because the criteria for recognition under *Accounting for Contributions Received and Contributions Made* have not been satisfied.

#### Expense allocation:

The costs of providing various programs and activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged to programs and supporting services on the basis of time and expense analyses. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

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## Ashley Hall Foundation

*Notes to Consolidated Financial Statements*  
*June 30, 2018 and 2017*

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

Estimates:

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for uncollectible accounts receivable, the allowance and discount on unconditional promises to give, the allocation of functional expenses, the allocation of investment earnings to net asset projects, estimated fixed asset useful lives, depreciation expense, and fair values assigned to certain assets such as investments.

Income tax status:

The Foundation is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

Management evaluates the Foundation for any uncertain tax positions or unrecognized tax benefits or liabilities that may exist. Management does not believe that any uncertain tax positions or unrecognized tax benefits or liabilities exist for the years ended June 30, 2018 and 2017. The Foundation's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties, if any, as other expense. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for tax years before 2015.

Fair value of financial instruments:

The Financial Accounting Standards Board's ("FASB") *Fair Value Measurements* establishes a framework for measuring fair value, and expands disclosures about fair value measurement. It also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under this standard, fair value measurements are disclosed by level within that hierarchy.

The Foundation utilizes a three-tier fair value hierarchy that clarifies fair value as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Subsequent events:

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 12, 2018, the date the consolidated financial statements were available to be issued.

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## Ashley Hall Foundation

*Notes to Consolidated Financial Statements*  
*June 30, 2018 and 2017*

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

*Future accounting pronouncements:*

In May 2014, the FASB issued guidance to change the recognition of revenue from contracts with customers. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. This guidance also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. In December 2016, the FASB issued technical corrections and improvements to the Revenue from Contracts with Customers Topic. These corrections make a limited number of revisions to several pieces of the revenue recognition standard issued in 2014. The guidance will be effective for the Foundation for the fiscal year ending June 30, 2018. The Foundation is currently in the process of evaluating the impact of adoption of this guidance on the consolidated financial statements.

In February 2016, the FASB amended the Leases topic of the Accounting Standards Codification to require all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the statement of activities. The amendments will be effective for the Foundation's fiscal year ended June 30, 2021. Early adoption is permitted. The Foundation is currently in the process of evaluating the impact of adoption of this guidance on the consolidated financial statements.

In August 2016, the FASB issued guidance to make targeted improvements to the not-for-profit financial reporting model, including changes in how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. The amendments will be effective for the Foundation for the fiscal year ended June 30, 2019. The Foundation is currently evaluating the effect that implementation of the new guidance will have on the presentation of its consolidated financial statements.

In June 2018, the FASB issued an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The guidance will be effective for the Foundation for the year ended June 30, 2020. Early adoption is permitted. The Foundation is currently in the process of evaluating the impact of adoption of this guidance on the consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Foundation's net assets or changes in net assets.

## Ashley Hall Foundation

### Notes to Consolidated Financial Statements June 30, 2018 and 2017

#### Note 2. Credit Risk

As of June 30, 2018 and 2017, the Foundation maintained cash balances with several financial institutions. The Federal Deposit Insurance Corporation (“FDIC”) insures up to \$250,000 per institution on all accounts. From time to time, cash and investment balances may exceed insurance limits. The Foundation has not experienced any losses on its cash and cash equivalents.

Management believes that the Foundation’s investments do not represent significant concentrations of market risk because the Foundation’s investments portfolio is adequately diversified among issuers and management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market decline.

The Foundation is also subject to concentration of credit risk related to its unconditional promises to give. This risk is limited due to the large number of contributors comprising the Foundation’s contributor base and their dispersion across different geographic areas.

#### Note 3. Accounts Receivable, Net

Accounts receivable, net consist of tuition and fees and are presented net of an allowance for doubtful accounts for the years ended June 30, 2018 and 2017, as follows:

	<u>2018</u>	<u>2017</u>
Tuition and fees accounts receivable	\$ 929,606	\$ 746,545
Less allowance for doubtful accounts	<u>(250,000)</u>	<u>(200,000)</u>
	<u>\$ 679,606</u>	<u>\$ 546,545</u>

#### Note 4. Unconditional Promises to Give, Net

Unconditional promises to give, net at June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Capital campaign	\$ 57,747	\$ 67,747
Capital needs	<u>1,504,845</u>	<u>1,026,166</u>
	<u>\$ 1,562,592</u>	<u>\$ 1,093,913</u>
Receivable in:		
Less than one year	\$ 581,541	\$ 415,937
One to five years	<u>981,051</u>	<u>677,976</u>
Total unconditional promises to give	1,562,592	1,093,913
Less discounts to net present value	(106,505)	(28,256)
Less allowance for uncollectable promises	<u>(146,447)</u>	<u>(96,100)</u>
Unconditional promises to give, net	<u>\$ 1,309,640</u>	<u>\$ 969,557</u>

Unconditional promises to give expected to be collected after one year are discounted at a rate of 2.86% and 1.60% as of June 30, 2018 and 2017, respectively, based on the year-end mid-term AFR rate.

At June 30, 2018, 3 donors had promise to give balances totaling approximately \$900,000 representing 58% of the gross promises to give balance. At June 30, 2017, 2 donors had promise to give balances of \$450,000 representing 41% of the gross promises to give balance.

## Ashley Hall Foundation

### Notes to Consolidated Financial Statements June 30, 2018 and 2017

#### Note 5. Investments

The following table shows the unrealized gains and fair value of the Foundation's investments aggregated by investment category at June 30, 2018 and 2017:

	2018		
	Cost	Fair Value	Net Unrealized Gain
Money funds	\$ 214,276	\$ 214,276	\$ -
Equity securities	1,448,158	2,693,188	1,245,030
Mutual funds	5,316,636	6,364,494	1,047,858
Cash surrender value of life insurance	30,639	57,896	27,257
	<u>\$ 7,009,709</u>	<u>\$ 9,329,854</u>	<u>\$ 2,320,145</u>

  

	2017		
	Cost	Fair Value	Net Unrealized Gain
Money funds	\$ 105,933	\$ 105,933	\$ -
Equity securities	1,395,646	2,410,731	1,015,085
Mutual funds	6,820,354	7,790,515	970,161
Cash surrender value of life insurance	30,639	52,011	21,372
	<u>\$ 8,352,572</u>	<u>\$ 10,359,190</u>	<u>\$ 2,006,618</u>

There were no investments with unrealized losses aggregated by investment category that have been in a continuous loss position for less than or greater than one year at June 30, 2018 or 2017.

Investment return is summarized for the years ended June 30, 2018 and 2017 as follows:

	2018	2017
Interest and dividends	\$ 413,332	\$ 304,360
Less investment agents' fees	(27,977)	(22,033)
Net realized and unrealized gains	<u>436,795</u>	<u>970,881</u>
Total	<u>\$ 822,150</u>	<u>\$ 1,253,208</u>

#### Note 6. Fair Value of Financial Instruments

*Fair Value Measurements* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. *Fair Value Measurements* also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1** - Quoted prices in active markets for identical assets or liabilities.

**Level 2** - Observable market-based inputs or unobservable inputs that are corroborated by market data.

# Ashley Hall Foundation

Notes to Consolidated Financial Statements  
June 30, 2018 and 2017

## Note 6. Fair Value of Financial Instruments, Continued

**Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

**Money funds** - Valued at cost which approximates fair value.

**Equity securities** - Valued at the closing price reported in the active market in which the individual securities are traded.

**Mutual funds** - Valued at the net asset value of units held by the Foundation at year end using closing prices reported in the active market.

**Cash surrender value of life insurance** - Value of the life insurance policies approximates the fair value of these policies as provided by the insurance companies.

Fair values of assets and liabilities measured on a recurring basis are as follows at June 30:

	2018			
	Fair Value	Level 1	Level 2	Level 3
Money funds	\$ 214,276	\$ 214,276	\$ -	\$ -
Equity securities	2,693,188	2,693,188	-	-
Mutual funds	6,364,494	6,364,494	-	-
Cash surrender value of life insurance	57,896	-	-	57,896
Total investments	<u>\$ 9,329,854</u>	<u>\$ 9,271,958</u>	<u>\$ -</u>	<u>\$ 57,896</u>

  

	2017			
	Fair Value	Level 1	Level 2	Level 3
Money funds	\$ 105,933	\$ 105,933	\$ -	\$ -
Equity securities	2,410,731	2,410,731	-	-
Mutual funds	7,790,515	7,790,515	-	-
Cash surrender value of life insurance	52,011	-	-	52,011
Total investments	<u>\$ 10,359,190</u>	<u>\$ 10,307,179</u>	<u>\$ -</u>	<u>\$ 52,011</u>

A reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value is as follows:

	2018	2017
Beginning balance	\$ 52,011	\$ 48,479
Included in earnings (or changes in net assets)	5,885	3,532
Collections	-	-
Ending balance	<u>\$ 57,896</u>	<u>\$ 52,011</u>

# Ashley Hall Foundation

## Notes to Consolidated Financial Statements June 30, 2018 and 2017

### Note 7. Endowments

The Foundation's endowments consist of approximately 100 individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees as institutional funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

	<b>2018</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$ 599,153	\$ 616,821	\$ 1,215,974
Board-designated funds	8,928,945	-	-	8,928,945
Total funds	<u>\$ 8,928,945</u>	<u>\$ 599,153</u>	<u>\$ 616,821</u>	<u>\$ 10,144,919</u>
Changes in endowment net assets:				
Endowment net assets, beginning of year	\$ 9,204,377	\$ 537,367	\$ 616,321	\$ 10,358,065
Investment return:				
Investment income, net	231,718	35,052	-	266,770
Net gain (realized and unrealized)	262,666	39,734	-	302,400
	<u>494,384</u>	<u>74,786</u>	<u>-</u>	<u>569,170</u>
Contributions	719,678	2,100	500	722,278
Program releases	15,100	(15,100)	-	-
Board approved withdrawals	(1,504,594)	-	-	(1,504,594)
Endowment net assets, end of year	<u>\$ 8,928,945</u>	<u>\$ 599,153</u>	<u>\$ 616,821</u>	<u>\$ 10,144,919</u>
<b>2017</b>				
	<b>2017</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$ 537,367	\$ 616,321	\$ 1,153,688
Board-designated funds	9,204,377	-	-	9,204,377
Total funds	<u>\$ 9,204,377</u>	<u>\$ 537,367</u>	<u>\$ 616,321</u>	<u>\$ 10,358,065</u>
Changes in endowment net assets:				
Endowment net assets, beginning of year	\$ 8,374,536	\$ 418,118	\$ 613,446	\$ 9,406,100
Investment return:				
Investment income, net	179,242	24,148	-	203,390
Net gain (realized and unrealized)	600,073	91,326	-	691,399
	<u>779,315</u>	<u>115,474</u>	<u>-</u>	<u>894,789</u>
Contributions	64,826	10,875	2,875	78,576
Program releases	7,100	(7,100)	-	-
Board approved withdrawals	(21,400)	-	-	(21,400)
Endowment net assets, end of year	<u>\$ 9,204,377</u>	<u>\$ 537,367</u>	<u>\$ 616,321</u>	<u>\$ 10,358,065</u>

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**Ashley Hall Foundation****Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

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**Note 8. Property and Equipment, Net**

A summary of property and equipment and the related accumulated depreciation at June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 6,277,530	\$ 6,277,530
Buildings	30,859,438	30,859,438
Improvements	7,499,215	5,794,725
Furniture, fixtures and equipment	2,495,418	2,459,992
Vehicles	224,605	165,464
Computer hardware and software	1,929,530	1,769,588
Construction in progress	<u>1,264,229</u>	<u>705,511</u>
	50,549,965	48,032,248
Less accumulation depreciation	<u>(16,483,449)</u>	<u>(15,124,710)</u>
Total	<u>\$ 34,066,516</u>	<u>\$ 32,907,538</u>

Depreciation expense totaled \$1,358,739 and \$1,304,203 for the years ended June 30, 2018 and 2017, respectively.

**Note 9. Long-Term Bond Obligations**

On December 6, 2007, South Carolina Jobs-Economic Development Authority issued Economic Revenue Bonds on behalf of the Foundation. The issuance totaled \$20,000,000 in term bonds with a variable interest rate based on the SIFMA weekly municipal swap index, with principal payments due December 1, 2012 to December 1, 2036 in amounts ranging from \$480,000 to \$1,285,000. On December 1, 2015, the Foundation refinanced its Economic Revenue Bonds with the South Carolina Jobs-Economic Development Authority. The issuance totaled \$18,740,000 in term bonds, of which \$325,000 was used for bond issuance costs, with a variable interest rate based on LIBOR, with principal payments due June 1, 2016 to June 1, 2040 in amounts ranging from \$540,000 to \$980,000. The Series 2015 bonds require the Foundation to maintain a depository relationship with the bank in an amount of at least \$250,000. The balance of \$250,386 and \$250,176 at June 30, 2018 and 2017, respectively, is included in restricted cash in the Consolidated Statements of Financial Position. Certain land, property and fixtures serve as collateral on this bond obligation.

Interest expense on bond obligations was \$337,252 and \$242,885 for the years ended June 30, 2018 and 2017, respectively.

The bond payable is presented net of unamortized loan costs totaling \$292,553 and \$305,553 as of June 30, 2018 and 2017, respectively.

Scheduled principal payments on long-term obligations are as follows for the years ending June 30:

2019	\$ 610,000
2020	620,000
2021	630,000
2022	640,000
2023	655,000
Thereafter	<u>13,870,000</u>
Total	<u>\$ 17,025,000</u>

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## Ashley Hall Foundation

### Notes to Consolidated Financial Statements June 30, 2018 and 2017

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#### Note 9. Long-Term Bond Obligations, Continued

The Foundation has various financial and non-financial covenants it is required to comply with associated with the Series 2015 bonds and the depository relationship. At June 30, 2018 and 2017, the Foundation was not aware of any bond covenant violations.

#### Note 10. Restrictions on Net Assets

Temporarily restricted net assets consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Scholarships	\$ 3,051,906	\$ 2,733,855
Campus improvements	221,972	1,197,468
Horizons at Ashley Hall	214,418	-
Educational programs	787,317	761,322
Professional development	340,455	319,453
Technology	189,303	69,881
Safety	26,725	-
Faculty compensation	209,381	189,190
Unconditional promises to give, due in future years, net	-	969,557
	<u>\$ 5,041,477</u>	<u>\$ 6,240,726</u>

Permanently restricted net assets consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Scholarships	\$ 501,821	\$ 501,321
Faculty compensation	100,000	100,000
Professional development	15,000	15,000
	<u>\$ 616,821</u>	<u>\$ 616,321</u>

The Board of Trustees designated unrestricted net assets for the following purposes as of June 30:

	<u>2018</u>	<u>2017</u>
Faculty compensation	\$ 838,258	\$ 786,690
Professional development	396,386	465,849
Long-term investment	4,709,180	4,963,181
Scholarships	1,070,052	964,358
Other	1,915,069	2,024,299
	<u>\$ 8,928,945</u>	<u>\$ 9,204,377</u>

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## **Ashley Hall Foundation**

### ***Notes to Consolidated Financial Statements June 30, 2018 and 2017***

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#### **Note 11. Related Parties**

Accounts receivable from employees totaled \$49,123 and \$35,244 at June 30, 2018 and 2017, respectively, and are included in accounts receivable in the Consolidated Statements of Financial Position.

During the years ended June 30, 2018 and 2017, the Foundation received \$949,932 and \$1,941,693, respectively, from board members in personal contributions for program, renovation and/or operational purposes. Unconditional promises to give due from board members totaled \$515,302 and \$645,145 at June 30, 2018 and 2017, respectively, and are included in unconditional promises to give, net in the Consolidated Statements of Financial Position.

During the year ended June 30, 2018, the Foundation made payments to one company owned by Foundation staff totaling \$41,065. During the year ended June 30, 2017, the Foundation made payments to two companies owned by Foundation staff and board members totaling \$98,350.

#### **Note 12. Retirement Plans**

The Foundation sponsors a contributory section 403(b) defined contribution plan. It is a salary reduction plan for all eligible employees. The Foundation contributed 5% of salaries for all employees who elected to participate and deferred at least 3%. Plan contributions totaled \$350,163 and \$313,973 for the years ended June 30, 2018 and 2017, respectively.

The Foundation sponsors a section 457(b) deferred compensation plan for key employees. Participating employees may elect their contribution amounts from their salary and are 100% vested at the time of their contribution. The Foundation may make additional contributions at its discretion. No such contributions were made for the years ended June 30, 2018 or 2017.

The Board of Trustees has established a non-qualified deferred compensation account under the section 457(b) plan for the benefit of its former Head of School. Contributions to the account were made at the discretion of the Board on an annual basis. The account provided for the accumulation of \$100,000 for her retirement, which was effective June 30, 2004. The benefit is included in accrued expenses in the Consolidated Statements of Financial Position, and as of June 30, 2018 and 2017 was \$79,307 and \$80,146, respectively. The Board has approved maintaining this money in a separate investment account for the benefit of the former Head of School. She may request distributions from the account at her discretion. The Foundation bears no responsibility related to market value fluctuations in the account. The balance of this account at June 30, 2018 and 2017 was \$79,307 and \$80,146, respectively. The related investment is included in investments in the Consolidated Statements of Financial Position.

During the fiscal year ended June 30, 2014, a non-qualified deferred compensation account under the section 457(b) plan was established for the benefit of the current Head of School. This action was ratified by a Special Committee of the Board in November 2014. Contributions to the account are made according to the terms of her employment contract on an annual basis. The benefit is included in accrued expenses in the Consolidated Statements of Financial Position and as of June 30, 2018 and 2017 was \$120,029 and \$99,671, respectively. Distributions from the account will be made after the Head of School's separation from employment date, in accordance with Plan provisions. The Foundation bears no responsibility related to market value fluctuations in the account. The balance of this account at June 30, 2018 and 2017 was \$120,029 and \$99,671, respectively. The related investment is included in investments in the Consolidated Statements of Financial Position.

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**Ashley Hall Foundation**  
*Notes to Consolidated Financial Statements*  
*June 30, 2018 and 2017*

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**Note 13. Advertising**

Advertising costs are expensed as incurred. Advertising expense totaled \$47,112 and \$47,868 for the years ended June 30, 2018 and 2017, respectively.

**Note 14. Leases**

The Foundation is the lessee of computer equipment under capital leases expiring at various dates through 2020. The assets and liabilities under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense.

These assets are reported in property and equipment at a cost of \$282,267 and \$247,887 as of June 30, 2018 and 2017, respectively. Accumulated amortization on the computer equipment is \$193,843 and \$138,689 as of June 30, 2018 and 2017, respectively. Amortization expense totaled \$55,154 and \$49,578 in the years ended June 30, 2018 and 2017, respectively and is included in depreciation expense.

Minimum future lease payments under the capital leases are as follows for the years ending June 30:

2019	\$ 30,121
2020	14,871
2021	2,165
Less: amount representing interest	<u>(3,102)</u>
Present value of net minimum lease payments	<u>\$ 44,055</u>

The interest rates on the capitalized leases range from 5.16% to 8.33% and are imputed based on the lower of the Foundation's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

The Foundation leases certain equipment and parking spaces under noncancellable operating leases which expire on various dates through April 2022. As of June 30, 2018, future minimum lease payments to be paid on all non-cancelable operating leases are:

2019	\$ 153,847
2020	30,319
2021	6,532
2022	<u>3,839</u>
Total future minimum lease payments	<u>\$ 194,537</u>

Rent expense totaled approximately \$197,000 and \$159,000 for the years ended June 30, 2018 and 2017, respectively.

## Ashley Hall Foundation

### Notes to Consolidated Financial Statements June 30, 2018 and 2017

#### Note 15. Expense Allocation

Program services include both academic instruction and auxiliary services such as extended day and after school programs. General and administrative expense includes those expenses that are not identifiable with any other specific function but provide for the overall support and direction of the Foundation.

The functional allocation of expenses is as follows for the years ended June 30:

	<b>2018</b>			
	<b>General and</b>		<b>Fund- Raising</b>	<b>Total</b>
	<b>Programs</b>	<b>Administrative</b>		
Personnel	\$ 8,171,139	\$ 2,744,426	\$ 491,951	\$ 11,407,516
Facilities	1,237,754	53,487	12,137	1,303,378
Programs and operations	2,508,566	108,966	24,597	2,642,129
Depreciation, amortization, interest, and bank fees	<u>1,596,922</u>	<u>96,411</u>	<u>15,658</u>	<u>1,708,991</u>
	<u>\$ 13,514,381</u>	<u>\$ 3,003,290</u>	<u>\$ 544,343</u>	<u>\$ 17,062,014</u>

  

	<b>2017</b>			
	<b>General and</b>		<b>Fund- Raising</b>	<b>Total</b>
	<b>Programs</b>	<b>Administrative</b>		
Personnel	\$ 7,814,213	\$ 2,599,459	\$ 446,323	\$ 10,859,995
Facilities	1,240,437	83,162	10,992	1,334,591
Programs and operations	2,223,976	74,972	19,917	2,318,865
Depreciation, amortization, interest, and bank fees	<u>1,463,704</u>	<u>83,276</u>	<u>13,108</u>	<u>1,560,088</u>
	<u>\$ 12,742,330</u>	<u>\$ 2,840,869</u>	<u>\$ 490,340</u>	<u>\$ 16,073,539</u>

The Foundation conducts joint activities that include requests for contributions, as well as program and general and administrative components. Those activities include development office services, special events and solicitations. The costs of conducting those activities have been reported in fund-raising expense.

#### Note 16. Commitments

As of June 30, 2018, the Foundation had an outstanding construction commitment for 89 Warren Street construction work in the amount of approximately \$835,000.

Additionally, during 2017, the Foundation entered into a contract for food services, including labor and materials. This contract is to extend from February 25, 2017 through June 30, 2022 and the annual committed amount by the Foundation totals \$112,893 per year.

#### Note 17. Litigation

The lawsuit in which the Foundation was a defendant at June 30, 2017 was dismissed during 2018. As of June 30, 2018, the Foundation is not involved in any litigation.