

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

School Year: 2019-20

**Application to Participate in
Educational Credit for Exceptional Needs Children (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, <https://eoc.sc.gov/>.

| | |
|--------------------------------------|----------------------------|
| Independent School Name: | Cross Schools |
| Independent School Contact Person: | Brad Schultz |
| Independent School Address: | 495 Buckwalter Parkway |
| City, State, Zip Code: | Bluffton, SC 29910 |
| Independent School Telephone Number: | (843) - 706 - 2000 |
| Independent School Fax Number: | (843) - 706 - 2010 |
| Independent School E-mail Address: | b.schultz@crossschools.org |
| Independent School Website Address: | www.crossschools.org |

Please review the standards below that are based on Act 247 of 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." Please indicate whether your school has met or intends to meet each standard to ensure the following academic and reporting requirements are met. The South Carolina Education Oversight Committee reserves the right to request additional documentation to show the school is in compliance with state law. Failure to meet these standards or reporting requirements will result in your school being denied or removed from participation in the program.

| 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. | <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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

| REPORTING REQUIREMENTS | YES | NO |
|---|-----|--------------------------|
| 1. If your school received any grants from Exceptional SC in school year 2018-19, then your school will report to the EOC the number and total dollar amount of grants received in the 2018-19 school year from Exceptional SC by September 1, 2019 . | X | <input type="checkbox"/> |
| 2. Your school will submit to the EOC by September 1, 2019 a statement of services that documents your school: (a) provides a specially designed program or learning resource to provide needed accommodations based on the needs of exceptional needs students; or (b) provides onsite educational services or supports to meet the needs of exceptional needs students; or (c) exists specifically to meet the needs of only exceptional needs students with documented disabilities. | X | <input type="checkbox"/> |
| 3. Your school will submit to the EOC by November 15, 2019 the <u>school-level</u> assessment results for all grades in the school and for each grade with at least (10) students tested. Results should be provided for English language arts (reading) and mathematics achievement of students in each grade tested in school year 2018-19. | X | <input type="checkbox"/> |
| 4. If your school received grants from Exceptional SC in school year 2018-19, the school will submit by November 15, 2019 <u>individual student test scores</u> on national achievement or state standardized tests for any student in grades one through twelve who received a grant from the program during school year 2018-19. The data will be collected using a secure portal. No personally identifiable information will be published; instead, the information will be aggregated. | X | <input type="checkbox"/> |
| 5. If your school received grants from Exceptional SC in school year 2018-19, the school will submit to the EOC 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 November 15, 2019 . | X | <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. Failure to report to the EOC the required data will result in the school being removed from the list of approved schools.

Signature: _____

Date: _____

Print Name of Signature Above: _____

Title: _____

Email: _____

Brad Schultz

2/4/19

Brad Schultz

Head of School

b.schultz@crossschools.org

Document A
Grants Received

**Educational Credit for Exceptional Needs Children (ECENC) Program
2019-20**

Independent School Name: Cross Schools

An independent school participating in the ECENC Program is required to submit the following information by **September 1**:

How many students in kindergarten through grade 12 were enrolled in your school in the prior school year? 220

What is the total number of grants and total amount of grants received in the prior school year from Exceptional SC? Please complete the following chart and sign below.

If no grants for any qualifying student were received from Exceptional SC in the prior school year, please indicate with "0" grants received and "\$0" in total amount of grants received from Exceptional SC.

| Total Number of Grants Received | Total Amount of Grants Received |
|--|---|
| # <u>8</u> | \$ <u>18,803.00 + 18,950 = \$37,753</u> |

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.

Signature: 

Date: July 9, 2019

Print Name of Signature Above: Brad Schultz

Title: Head of School

Email: b.schultz@crossschools.org

**Document B
Statement of Services**

**Educational Credit for Exceptional Needs Children (ECENC) Program
2019-20**

Independent School Name: Cross Schools

An independent school participating in the Educational Credit for Exceptional Needs Children is required to submit a Statement of Services by **September 1** that documents that the school:

- (a) provides a specially designed program or learning resource to provide needed accommodations based on the needs of exceptional needs students; or
- (b) provides onsite educational services or supports to meet the needs of exceptional needs students; or
- (c) exists specifically to meet the needs of only exceptional needs students with documented disabilities.

Please sign below and attach a statement of services.

Signature: 

Date: June 19, 2019

Print Name of Signature Above: Brad Schultz

Title: Head of School

Email: b.schultz@crossschools.org

Cross Schools offers different levels of services to meet the needs of all our students.

Levels of Services and Fees

| Level of Services | Cost of Services | Requirements |
|---|-------------------------|---|
| <p>Level 2:</p> <p>This is our highest level of support and intervention. Students in this tier have a current Psychological Evaluation or Individualized Education Plan indicating the need for academic support, classroom accommodations, and testing accommodations. Students receive support in their area (s) of need, test support, organizational strategies, and study strategies. Students may receive 1-to-1 intervention as well as small group support. Students in this level receive classroom and testing accommodations as indicated by their Psychological Evaluation.</p> | <p>\$2700 per year</p> | <p>Previous Level 1 Academic Support/Psychological Evaluation within past 3 years or current Individualized Education Plan.</p> |
| <p>Level 1:</p> <p>This level of support is for any student who could benefit from additional academic support. Teachers may refer students who need additional academic support or parents may request additional support. Students will receive subject area tutoring. No classroom or testing accommodations will be given unless the student has a psychological report indicating the appropriateness of classroom and testing accommodations.</p> | <p>\$35 per session</p> | <p>Referral by classroom teacher through administration or parent request.</p> |

Cross Schools Academic Resource Center

Resource Teacher - Claudia Peacock

Claudia Peacock graduated from the College of Charleston in 2001 with a Bachelor of Science in Special Education with concentrations in Early Childhood Education, Emotional Disabilities, and Mental Disabilities. She taught in Mount Pleasant for one year before moving to Duluth, Georgia to develop the Emotional Disabilities Program for Monarch Early Childhood Center. Upon marrying and moving to Greenville in 2005, Claudia added Learning Disabilities to her teacher certificate and became Wilson Trained. In 2007, the Peacocks moved to Bluffton where Claudia worked for HHISCA as the Resource teacher from 2007-2009 and most recently was the Resource teacher at Red Cedar Elementary School from 2009-2015. After retiring from full time teaching Claudia began providing educational intervention at Cross Schools in the 2015-2016 school year.

Academic Support for Cross Schools

Cross Schools strives to provide developmentally appropriate academic support and enrichment to complement the rigorous academic curriculum to meet the needs of all of our students. Academic support is provided to students in grades k-8 in the areas of reading, math, writing, organizational skills, and assistance with study skills. Academic support is an environment dedicated to the development of helping each student succeed. We support our Stingrays with 1 –to- 1 intervention and small group instructional support.

Accommodations

"Accommodations are alterations in the way tasks are presented that allow children with learning disabilities to complete the same assignments as other students. Accommodations do not alter the content of assignments, do not give students an unfair advantage, or in the case of assessments, do not change what a test measures. They do make it possible for students with a learning disability to show what they know without being impeded by their disability. "- National Center for Learning Disabilities

Accommodations available at Cross Schools through Academic Support

1. Extended time for classroom assignments and tests
2. Oral administration of test directions and or test questions
3. Small group testing
4. Assistance with note-taking

Test Administration: 2019 Spring Stanford 10 SUMMARY (Reg Ed) ▼ Test: OLSAT 8 ▼ Grade: 2 (OLSAT8 Level C) ▼

Norm: 2002 National ▼

Population: South Carolina Independent School Assoc SCISA Cross Schools All Teachers for Grade

Demographics: None ▼

Scores

Roster

Download Reports

View: Mean Scores ▼

| Otis-Lennon School Ability Test | Number Tested | Mean Number Correct | Mean Scaled Score | Mean SAI | Age PR-S | Mean Age NCE | Grade PR-S | Mean Grade NCE |
|---------------------------------------|-----------------|---------------------|-------------------|----------|----------|--------------|------------|----------------|
| Total | 22 ³ | 43.8 | 591 | 107 | 67-6 | 60.0 | 68-6 | 60.0 |
| Verbal | 22 ³ | 20.5 | 577 | 104 | 60-6 | 55.0 | 62-6 | 56.0 |
| Nonverbal | 22 ³ | 23.4 | 608 | 111 | 75-6 | 64.0 | 72-6 | 61.0 |

Test Administration: 2019 Spring OLSAT8 SUMMARY Grade: 3 (OLSAT8 Level D)

Norm: 2002 National

Population: South Carolina Independent School Assoc SCISA Cross Schools All Teachers for Grade

Demographics: None

Scores

Roster

Download Reports

View: Mean Scores

| Otis-Lennon School Ability Test | Number Tested | Mean Number Correct | Mean Scaled Score | Mean SAI | Age PR-S | Mean Age NCE | Grade PR-S | Mean Grade NCE |
|---------------------------------|-----------------|---------------------|-------------------|----------|----------|--------------|------------|----------------|
| Total | 15 ³ | 44.3 | 607 | 111 | 75-6 | 64.0 | 69-6 | 60.0 |
| Verbal | 15 ³ | 22.9 | 607 | 111 | 75-6 | 64.0 | 69-6 | 60.0 |
| Nonverbal | 15 ³ | 21.4 | 608 | 109 | 71-6 | 62.0 | 66-6 | 58.0 |

Data as of 11/12/2019 04:09 PM

Test Administration: 2019 Spring OLSAT8 SUMMARY ▼ Grade: 4 (OLSAT8 Level E) ▼

Norm: 2002 National ▼

Population: South Carolina Independent School Assoc SCISA Cross Schools All Teachers for Grade

Demographics: None ▼

Scores

Roster

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View: Mean Scores ▼

| Otis-Lennon School Ability Test | Number Tested | Mean Number Correct | Mean Scaled Score | Mean SAI | Age PR-S | Mean Age NCE | Grade PR-S | Mean Grade NCE |
|---------------------------------|-----------------|---------------------|-------------------|----------|----------|--------------|------------|----------------|
| Total | 25 ³ | 43.1 | 619 | 108 | 69-6 | 61.0 | 70-6 | 60.0 |
| Verbal | 25 ³ | 22.0 | 619 | 108 | 69-6 | 60.0 | 69-6 | 60.0 |
| Nonverbal | 25 ³ | 21.1 | 619 | 107 | 67-6 | 59.0 | 68-6 | 59.0 |

Test Administration: 2019 Spring OLSAT8 SUMMARY ▼ Grade: 5 (OLSAT8 Level E) ▼

Norm: 2002 National ▼

Population: South Carolina Independent School Assoc SCISA Cross Schools All Teachers for Grade

Demographics: None ▼

Scores

Roster

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View: Mean Scores ▼

| Otis-Lennon School Ability Test | Number Tested | Mean Number Correct | Mean Scaled Score | Mean SAI | Age PR-S | Mean Age NCE | Grade PR-S | Mean Grade NCE |
|---------------------------------|-----------------|---------------------|-------------------|----------|----------|--------------|------------|----------------|
| Total | 27 ³ | 53.5 | 650 | 116 | 84-7 | 71.0 | 80-7 | 67.0 |
| Verbal | 27 ³ | 27.1 | 650 | 115 | 83-7 | 70.0 | 79-7 | 66.0 |
| Nonverbal | 27 ³ | 26.4 | 651 | 114 | 81-7 | 68.0 | 78-7 | 65.0 |

Test Administration: 2019 Spring OLSAT8 SUMMARY ▼ Grade: 6 (OLSAT8 Level F) ▼

Norm: 2002 National ▼

Population: South Carolina Independent School Assoc SCISA Cross Schools All Teachers for Grade

Demographics: None ▼

Scores

Roster

Download Reports

View: Mean Scores ▼

| Otis-Lennon School Ability Test | Number Tested | Mean Number Correct | Mean Scaled Score | Mean SAI | Age PR-S | Mean Age NCE | Grade PR-S | Mean Grade NCE |
|---------------------------------|-----------------|---------------------|-------------------|----------|----------|--------------|------------|----------------|
| Total | 32 ³ | 43.5 | 645 | 109 | 71-6 | 62.0 | 67-6 | 58.0 |
| Verbal | 32 ³ | 20.7 | 641 | 109 | 71-6 | 62.0 | 65-6 | 57.0 |
| Nonverbal | 32 ³ | 22.8 | 648 | 109 | 71-6 | 62.0 | 65-6 | 58.0 |

Test Administration: 2019 Spring OLSAT8 SUMMARY ▼ Grade: 7 (OLSAT8 Level F) ▼

Norm: 2002 National ▼

Population: South Carolina Independent School Assoc SCISA Cross Schools All Teachers for Grade

Demographics: None ▼

Scores

Roster

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View: Mean Scores ▼

| Otis-Lennon School Ability Test | Number Tested | Mean Number Correct | Mean Scaled Score | Mean SAI | Age PR-S | Mean Age NCE | Grade PR-S | Mean Grade NCE |
|---------------------------------|-----------------|---------------------|-------------------|----------|----------|--------------|------------|----------------|
| Total | 27 ³ | 52.2 | 671 | 116 | 84-7 | 70.0 | 82-7 | 68.0 |
| Verbal | 27 ³ | 26.1 | 676 | 117 | 86-7 | 71.0 | 85-7 | 69.0 |
| Nonverbal | 27 ³ | 26.1 | 668 | 111 | 75-6 | 65.0 | 76-6 | 64.0 |

Test Administration: 2019 Spring OLSAT8 SUMMARY ▼ Grade: 8 (OLSAT8 Level F) ▼

Norm: 2002 National ▼

Population: South Carolina Independent School Assoc SCISA Cross Schools All Teachers for Grade

Demographics: None ▼

Scores

Roster

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View: Mean Scores ▼

| Otis-Lennon School Ability Test | Number Tested | Mean Number Correct | Mean Scaled Score | Mean SAI | Age PR-S | Mean Age NCE | Grade PR-S | Mean Grade NCE |
|---------------------------------|-----------------|---------------------|-------------------|----------|----------|--------------|------------|----------------|
| Total | 13 ³ | 52.8 | 672 | 113 | 79-7 | 68.0 | 77-7 | 65.0 |
| Verbal | 13 ³ | 24.5 | 664 | 110 | 73-6 | 63.0 | 72-6 | 61.0 |
| Nonverbal | 13 ³ | 28.2 | 685 | 115 | 83-7 | 69.0 | 81-7 | 68.0 |

How can decisions be informed based upon grade level subject proficiencies?



SUBJECT FOCUS Better proficiency in science may improve scores.

ACT Aspire Science Assessments assess students' science practices using real-world scientific scenarios. Scenarios in upper-grade assessments include student investigations, formal scientific research, formal scientific data from references, and students or scientists providing competing explanations for real scientific phenomena. At the earlier grades, topics generally focus on everyday student discovery rather than formal science.





FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2019



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2019**

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CROWLEY WECHSLER & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS

Richard D. Crowley, CPA, CVA
Lisa T. Wechsler, CPA, CFE
Mark Smolinski, CPA

Member:
American Institute of CPAs
South Carolina Association of CPAs

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees
Cross Schools, Inc.
Bluffton, South Carolina

We have reviewed the accompanying financial statements of Cross Schools, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.


Crowley Wechsler & Associates LLC
Beaufort, South Carolina
September 23, 2019

CROSS SCHOOLS, INC.
STATEMENT OF FINANCIAL POSITION
MAY 31, 2019

ASSETS

| | | |
|---------------------------|----|-----------|
| Cash and Cash Equivalents | \$ | 240,533 |
| Founders Circle Endowment | | 1,004 |
| Accounts Receivable | | 1,510,241 |
| Total Current Assets | | 1,751,778 |
| Capital Assets, Net | | 2,606,158 |
| TOTAL ASSETS | \$ | 4,357,936 |

LIABILITIES AND NET ASSETS

| | | |
|---------------------------------------|----|-----------|
| Current Liabilities | | |
| Accounts Payable and Accrued Expenses | | 178,469 |
| Current Portion of Long-Term Debt | | 61,316 |
| Prepaid Tuition and Fees | | 1,391,087 |
| Total Current Liabilities | | 1,630,872 |
| Long-Term Liabilities | | |
| Note Payable, less current portion | | 2,392,407 |
| Total Long-Term Liabilities | | 2,392,407 |
| Total Liabilities | | 4,023,279 |
| Net Assets | | |
| Without Donor Restrictions | | 298,366 |
| With Donor Restrictions | | 36,291 |
| Total Net Assets | | 334,657 |
| TOTAL LIABILITIES AND NET ASSETS | \$ | 4,357,936 |

See accountant's review report.

**CROSS SCHOOLS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2019**

WITHOUT DONOR RESTRICTIONS

| | |
|---|------------------|
| Support | |
| Program Services Income | \$ 5,156,385 |
| Less Financial Aid and Discounts | (453,130) |
| Contributions Received | 114,122 |
| Interest Income | <u>3</u> |
| Total Unrestricted Support | 4,817,380 |
| Net Assets Released From Restrictions | <u>245,644</u> |
| Total Support and Net Assets Released from Restrictions | <u>5,063,024</u> |
| | |
| Expenses | |
| Program Services | 4,087,664 |
| General and Administrative | 710,098 |
| Fundraising | <u>22,682</u> |
| Total Expenses | <u>4,820,444</u> |
| | |
| Changes in Net Assets Without Donor Restrictions | <u>242,580</u> |

WITH DONOR RESTRICTIONS

| | |
|---|-------------------|
| Contributions and Other Increases | 185,871 |
| Net Assets Released From Restrictions | <u>(245,644)</u> |
| Changes in Net Assets With Donor Restrictions | <u>(59,773)</u> |
| | |
| Change in Net Assets | 182,807 |
| Net Assets, Beginning of the Year | <u>151,850</u> |
| Net Assets, End of the Year | <u>\$ 334,657</u> |

See accountant's review report.

CROSS SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2019

| | Program Services | General & Administrative | Fundraising | Total |
|-------------------------|-------------------------|-------------------------------------|--------------------|---------------------|
| Salaries | \$ 2,147,892 | \$ 516,542 | - | \$ 2,664,434 |
| Employee Benefits | 304,642 | 61,865 | - | 366,507 |
| Insurance | 1,153 | 79,233 | - | 80,386 |
| Rent | 204,000 | - | - | 204,000 |
| Utilities | 153,424 | - | - | 153,424 |
| Supplies | 662,516 | - | 22,682 | 685,198 |
| Contractual Services | 210,604 | - | - | 210,604 |
| Dues and Subscriptions | 8,618 | - | - | 8,618 |
| Vehicle Expenses | 10,124 | - | - | 10,124 |
| Taxes and Licenses | 621 | 17,420 | - | 18,041 |
| Repairs and Maintenance | 163,581 | - | - | 163,581 |
| Accounting | - | 17,189 | - | 17,189 |
| Advertising | - | 17,312 | - | 17,312 |
| Miscellaneous | 1,479 | 537 | - | 2,016 |
| Depreciation | 65,082 | - | - | 65,082 |
| Interest | 153,928 | - | - | 153,928 |
| | <u>\$ 4,087,664</u> | <u>\$ 710,098</u> | <u>\$ 22,682</u> | <u>\$ 4,820,444</u> |

See accountant's review report.

**CROSS SCHOOLS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|------------------|
| Change in Net Assets | \$ 182,807 |
| Adjustment to reconcile increase in net assets to net cash provided by operating activities: | |
| Depreciation | 65,082 |
| (Increase) Decrease in Accounts Receivable | (1,450,253) |
| (Increase) Decrease in Prepaid Expenses | 36,450 |
| Increase (Decrease) in Accounts Payable and Accrued Expenses | 23,268 |
| Increase (Decrease) in Prepaid Tuition and Fees | <u>1,189,987</u> |
| Net Cash Provided (Used) by Operating Activities | <u>47,341</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|-----------------|
| Interest on Endowment | (3) |
| Additions to Capital Assets | <u>(52,020)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(52,023)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|--|-----------------|
| Proceeds from Notes Payable | 52,020 |
| Loan Issuance Costs | 14,567 |
| Principal Payments on Notes Payable | <u>(47,187)</u> |
| Net Cash Provided (Used) by Financing Activities | <u>19,400</u> |

| | |
|--|-----------------------|
| Net Increase (Decrease) in Cash | 14,718 |
| Cash and Cash Equivalents, Beginning of Year | <u>225,815</u> |
| Cash and Cash Equivalents, End of Year | <u><u>240,533</u></u> |

SUPPLEMENTAL INFORMATION:

| | |
|--------------------------------|-------------------|
| Interest Paid on Notes Payable | <u>\$ 140,361</u> |
|--------------------------------|-------------------|

See accountant's review report.



**NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Cross Schools Inc. (the School) is a non-profit US corporation incorporated in South Carolina on July 15, 1998. The School is located on Buckwalter Parkway in Bluffton, South Carolina and operates a private preschool, elementary and middle school program with accreditation through the South Carolina Independent School Association. The Schools primary source of revenue is tuition. Student enrollment during the May 31, 2019 fiscal year was approximately 500 students.

Basis of Presentation

The financial statements of the School have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United State of America.

The Financial Accounting Standards Board (FASB) establishes the FASB Accounting Standards Codification as the source of authoritative United States generally accepted accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles. This authoritative guidance has been applied in the preparation of the Foundation's financial statements as of June 30, 2019. The following accounting policies are presented to facilitate the understanding of information presented in the financial statements.

The financial statements of the Organization have been prepared according to the FASB issued Accounting Standards Update 2016-14, Not-for-Profit (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This was meant to improve the presentation of financial statements and disclosures of not-for profit organizations by providing more relevant information about their resources, and changes in those resources, to their donors, grantors, creditors and other users. The new guidance requires not-for-profit entities to present the amount for each of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions.

Net Assets Transferred and Released From Restrictions

Contributions received are recorded as increases in either with or without donor restriction in net assets, depending on the existence and/or nature of any donor restrictions. When a restriction is satisfied through payment of a stipulated expenditure, with donor restrictions are reclassified to without donor restrictions and are reported in the statement of activities as "net assets transferred and released from restrictions".

Contributed services

The School receives a substantial amount of services donated by its members in carrying out the School's ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, Accounting for Contribution Received and Contributions Made.

Income taxes

The School is exempt from federal and state income taxes under Internal Revenue Code Section 501(c) (3).



**NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

The School's fixed assets are comprised of real property improvements, furnishings and equipment. These assets are reported at cost and are depreciated over their estimated useful lives using the straight-line method. Repair and maintenance costs associated with fixed assets is expensed during the year incurred.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks, CDs and money market funds with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Functional Expense Allocation

School operating expenses have been classified on a functional basis (either as program services, general and administrative, or fundraising) in the Statement of Activities. Expenses have been allocated between these categories using an estimate of greatest benefit provided.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 CASH

Cash and cash equivalents held by the School at May 31, 2019 includes deposits held at various financial institutions totaling \$241,537 was fully insured by the FDIC.

NOTE 3 CAPITAL ASSETS

Capital assets consists of the following at May 31, 2019:

| | | |
|-------------------------------|----|-------------------------|
| Leasehold Improvements | \$ | 2,840,038 |
| Furniture and Equipment | | 144,297 |
| Vehicles | | 52,020 |
| Total Capital Assets | | <u>3,036,355</u> |
| Less Accumulated Depreciation | | <u>(430,197)</u> |
| Capital Assets, Net | \$ | <u><u>2,606,158</u></u> |

Depreciation for the year ended May 31, 2019 was \$65,082.



**NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019**

NOTE 4 NOTES PAYABLE

Notes payable at May 31, 2019 consisted of the following:

Note payable dated October 20, 2017 with BB&T in the amount of \$2,540,000 is due in monthly payments of \$14,555 including interest rate of 4.93% over a ten-year period with a final balloon payment of approximately \$1,896,857 due September 20, 2027. This loan is collateralized by the School's real property improvements. The balance at May 31, 2019 was \$2,460,949.

Note payable dated March 29, 2019 with BB&T in the amount of \$52,020 is due in monthly payments of \$741.58 including interest rate of 5.15% over a seven-year period due April 5, 2026. This loan is collateralized by a bus. The balance at May 31, 2019 was \$51,041.

The School incurred a total of \$72,834 in loan refinancing and loan closing costs related to the above note payable. These costs are being amortized over a ten-year period and are reported net of the long-term liabilities in accordance with the requirements in Financial Accounting Standards Board (FASB) ASC 835-30 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Long-term debt was previously reported on the balance sheet with the associated unamortized debt issuance costs included in other assets. Amortization of the debt issuance costs is reported as interest expense in the income statement.

| | Building | Bus |
|--|----------------------------|-------------------------|
| Notes Payable | \$ 2,460,949 | \$ 51,041 |
| Less amortized debt issue costs | (58,267) | - |
| Long-term debt, less amortized debt issuance costs | <u>2,402,682</u> | <u>51,041</u> |
| Less current portion | (54,892) | (6,424) |
| Total long-term debt, less current portion | <u><u>\$ 2,347,790</u></u> | <u><u>\$ 44,617</u></u> |

Future minimum annual maturities of principal in the aggregate on the above note over the following five years and thereafter are as follows:

| Year Ending May 31, | Building | Bus |
|----------------------------|----------------------------|-------------------------|
| 2020 | \$ 54,892 | \$ 6,424 |
| 2021 | 57,660 | 6,762 |
| 2022 | 60,568 | 7,119 |
| 2023 | 63,622 | 7,494 |
| 2024 | 66,831 | 7,890 |
| Thereafter | 2,157,376 | 15,352 |
| Total | <u><u>\$ 2,460,949</u></u> | <u><u>\$ 51,041</u></u> |



**NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019**

NOTE 5 REAL PROPERTY LEASE AGREEMENTS

The School leases all of the real estate and much of the real property improvements used in its operations from the Church of the Cross, Inc., an Anglican Church within the Diocese of SC. The lease agreements are dated December 27, 2006 and February 2014 and call for monthly lease payments of not less than \$8,500.00 plus reimbursement of various operating costs and expenses associated with the property. The agreements expiration dates are May 31, 2047 with options to renew. Monthly lease payments exclusive of operating cost reimbursements under these agreements during the year ended May 31, 2019 totaled \$204,000.

NOTE 6 RELATED PARTIES

The School is related through close association and common members with two other nonprofit organizations with which it conducts business. One of these is an Anglican Church, Church of the Cross, Inc., from which the School leases and with which it shares its real property. The second is a nonprofit real estate development and holding company, Cross Outreach Ministries, Inc., which is assisting the School and the Church with fundraising and with the acquisition and development of real property for the expansion and growth of their respective ministries.

NOTE 7 EMPLOYEE BENEFIT PLANS

The School offers its employees the opportunity for participation in a contributory retirement plan also known as a Simple retirement plan under the US Internal Revenue Code. The School matches employee contributions up to a percentage of the participating employees' gross wages per year. The matching expense to the School for the year ended May 31, 2019 was \$42,427.

NOTE 8 EQUIPMENT LEASE AGREEMENTS

The School leases office and computer equipment under two non-cancellable lease agreements calling for monthly payments of \$691.77 and \$462.16. Lease expense under these two agreements for the year ended May 31, 2019 totaled \$10,376. Future required minimum annual lease payments are as follows:

| <u>Year Ending May 31,</u> | <u>Amount</u> |
|----------------------------|------------------|
| May 31, 2020 | \$ 8,301 |
| May 31, 2021 | 2,075 |
| Total | <u>\$ 10,376</u> |



**NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor and/or Board imposed restrictions totaled \$36,291 as of May 31, 2019. This amount represents the balances remaining at May 31, 2019 of funds received during the current and prior years restricted by either the donor or the Board for expenditures related to the specific purposes for which the funds were established. As of May 31, 2019 net assets with donor restrictions are available for the following purposes:

| | | |
|---------------------------|----|--------|
| Focus Fund | \$ | 8,716 |
| Middle School Fundraising | | 5,920 |
| Booster Club | | 6,440 |
| Faith Foundation Fund | | 7,190 |
| Family Chapel | | 1,847 |
| Library Fund | | 2,966 |
| Student Council | | 2,605 |
| Other Miscellaneous Funds | | 607 |
| Total | \$ | 36,291 |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The following net assets with donor restrictions were released for the year ended May 31, 2019:

| | | |
|---------------------------|----|---------|
| Focus Fund | \$ | 187,401 |
| Booster Club | | 35,134 |
| Faith Foundation Fund | | 14,200 |
| Family Chapel | | 1,213 |
| Library Fund | | 4,753 |
| Student Council | | 2,536 |
| Other Miscellaneous Funds | | 407 |
| Total | \$ | 245,644 |

NOTE 10 NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board has designated \$198,000 of the net assets without donor restrictions of \$298,366 at May 31, 2019 toward future capital purchases and/or replacements.



**NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019**

NOTE 11 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$1,751,778 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$241,537 and accounts receivable of \$1,510,241. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year. The amount of financial assets subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date are \$36,291. The Organization sets a goal of having financial assets on hand to meet 60 days of normal operating expenses, which are, on average, around \$400,000 a month. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

NOTE 12 EVALUATION OF SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 23, 2019 the date on which the financial statements were available to be issued.