

**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:	Spartanburg Day School
Independent School Contact Person:	Rachel S. Deems
Independent School Address:	1701 SKylyn Drive
City, State, Zip Code:	Spartanburg, S.C. 29307
Independent School Telephone Number:	(864) - 582 - 7539
Independent School Fax Number:	(864) - 582 - 7530
Independent School E-mail Address:	rachel.deems@sdsgriffin.org
Independent School Website Address:	www.spartanburgdayschool.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
<b>1. Offers a general education to primary or secondary school students.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>2. Does not discriminate on the basis of race, color, or national origin.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>3. Is located in this State.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>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.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>5. Has school facilities that are subject to applicable federal, state, and local laws.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>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.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>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.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

REPORTING REQUIREMENTS	YES	NO
<p>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 <b>September 1, 2019</b>.</p>	✓	<input type="checkbox"/>
<p>2. Your school will submit to the EOC by <b>September 1, 2019</b> a statement of services that documents your school:</p> <p>(a) provides a specially designed program or learning resource to provide needed accommodations based on the needs of exceptional needs students; or</p> <p>(b) provides onsite educational services or supports to meet the needs of exceptional needs students; or</p> <p>(c) exists specifically to meet the needs of only exceptional needs students with documented disabilities.</p>	✓	<input type="checkbox"/>
<p>3. Your school will submit to the EOC by <b>November 15, 2019</b> 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.</p>	✓	<input type="checkbox"/>
<p>4. If your school received grants from Exceptional SC in school year 2018-19, the school will submit by <b>November 15, 2019</b> <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.</p>	✓	<input type="checkbox"/>
<p>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 <b>November 15, 2019</b>.</p>	✓	<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: Rachel S. Deems

Date: 02/26/19

Print Name of Signature Above: Rachel S. Deems

Title: Head of School

Email: rachel.deems@sdsgriffin.org

**Document A  
Grants Received**

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

**Independent School Name:** Spartanburg Day School

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

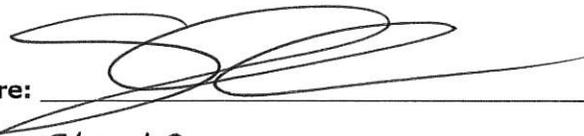
**How many students in kindergarten through grade 12 were enrolled in your school in the prior school year?** 369

**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.

	<b>Total Number of Grants Received</b>	<b>Total Amount of Grants Received</b>
<b>#</b>	42	\$ 240,340

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:** 8/26/19

**Print Name of Signature Above:** Sheila Cash

**Title:** Director of Finance and Operations

**Email:** sheila.cash@sdsgriffin.org

**Document B  
Statement of Services**

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

**Independent School Name:** Spartanburg Day School

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: Tara Greer

Date: 8/22/19

Print Name of Signature Above: Tara Greer

Title: VISTAS Director

Email: tara.greer@sdsgriffin.org

## Main page

Our goal at the Spartanburg Day School is for every student to develop the tools he or she needs to succeed in the classroom, in college and beyond. Our small class sizes allow teachers to focus on our students as individuals. If a student needs assistance beyond the classroom, there are a number of options available to provide him or her with the necessary support, through our VISTAS Program (Varied Instructional Strategies for Teaching All Students).

Our certified teaching professionals are a diverse group of specialists devoted to supporting the superior academic environment of Spartanburg Day School while meeting the individual needs of students. Instruction is customized to meet the learning style of each student.

Our teachers work in separate classrooms within the Lower School, Middle School and Upper School divisions. Designed for student success, these classrooms use proven techniques and integrated technology to best serve students with diagnosed learning differences.

Scheduling in each division is flexible, so that students can participate in field trips, band, sports, arts, and classroom activities with their grade level.

Consultations with Dr. Bev Whitmire, consultant to the Spartanburg Day School, regarding individual Spartanburg Day School students are available by appointment. Teachers and parents may also request a student be screened for possible learning issues. In-house screening may involve a classroom observation or screening assessments completed by Dr. Whitmire.

All fees for the VISTAS Program are in addition to the school's tuition.

for more information, contact:

Tara Greer | VISTAS Director | 864-582-8380, ext 2418 | [tara.greer@sdsgriffin.org](mailto:tara.greer@sdsgriffin.org)

## Programs

### Lower School

The Lower School program, established in 1998, offers individualized instruction for SDS students in 4-year-old kindergarten through fourth grade. Improved academic skills and enhanced self-esteem are the hallmarks of this program. Students attend the VISTAS Program during the school day for instruction in reading, mathematics, writing skills, and general curriculum support, as needed. They are fully integrated into the activities of their classrooms. Our certified teaching professionals customize instruction to meet the learning style of each student. Lower School teachers and the VISTAS staff work closely together to assure that each student is successful in the classroom.

### Middle School

The Middle School VISTAS Program is designed to provide both general support and specific skill remediation. The classes are designed with the needs of the learner first and foremost. Students are grouped based on grade and need of instruction. There are several different kinds of classes offered in the Middle School VISTAS Program.

**Math Support:** Math support is designed to support the work and expectations for the math classes for students in groups of four or fewer. The purpose is to assist the students with remediation of specific skills needed for regular class work as well as to reinforce the math skills taught at each grade level.

**English Support:** English support is designed to support the work and expectations of the English classes for students in groups of four or fewer. The purpose is to assist the students with remediation and reinforcement of specific skills needed for regular class work. This support includes, but is not limited to, instruction in grammar, keyboarding, types of compositions, writing styles, research, and reading comprehension.

**Reading Remediation:** The reading remediation class uses a modified Orton-Gillingham approach to teach the student the skills necessary to decode words in the English language. As such, the lessons are designed for the individual student and are generally separate from the work of the English class. This is a one student to one teacher class.

**General Classroom Support:** General classroom support is designed to provide study and organizational support for students for any subject area. This support includes, but is not limited to, specific instruction in note-taking skills, study strategies, and organizational frameworks. Teachers also make sure that students understand their current assignments and support the students as they learn how to advocate for themselves. Class size is limited to three students.

#### Upper School

Our certified professionals teach the students organizational skills and study strategies using the work from their classes. Our teachers assist in preparation for daily assignments, long term assignments, quizzes, and tests. They also facilitate accommodation arrangements with the College Board, ACT, and colleges. Class size in the Upper School VISTAS Program is limited to three students.

#### Study Hall

The VISTAS Program offers an hour-long study hall in each division at the end of the school day. The study hall is for enrolled VISTAS students and allows students an opportunity to double-check their planners and packed book bags. They may use the time to schedule tutorials with classroom teachers, work with peers on projects and begin homework completion under the supervision of a VISTAS teacher.

#### Single Subject Tutoring

Single subject tutoring is designed for students in grades 5-12 who are experiencing difficulty in a single subject area. Students or parents may contact the VISTAS Director or Division Head for tutor recommendations. The student does not need to be enrolled in the VISTAS Program.

#### Summer

The VISTAS Program offers small group and individual tutorials during the summer months.

**Document C  
Assessment Data**

**Educational Credit for Exceptional Needs Children (ECENC) Program**

**2019-20**

**Independent School Name:** Spartanburg Day School

A school applying for participation in the ECENC Program must provide by **November 15** the following:

**School-level Assessment Results**

**In the chart below, please list the NAME of each national achievement test that was administered and the grade in which the test is administered for the prior school year.** Examples include: *TerraNova, Stanford 10, Iowa Test of Basic Skills, MAP, PSAT, SAT, ACT, etc.*

For schools that specifically exist to meet the needs of only exceptional needs students with documented disabilities, please document how the school documents students' academic and social development.

<b>Grade</b>	<b>English language arts (Reading)</b>	<b>Mathematics</b>	<b>Other</b>
1st-4th	MAP, ERB	MAP, ERB	
5th-7th	ERB	ERB	
8th-11th	PSAT	PSAT	
12th	SAT	SAT	

**For each national assessment listed above and for each grade with at least 10 students tested, please attach the results from the prior school year.** The manual provides a template for schools to use in reporting mean scale scores, national percentile rankings, etc.

Mean scores for 2018-2019 testing

	MAP Spring 2019		ERB Spring 2019		PSAT 8/9 Fall 2018		NMSQT Fall 2018		SAT	
	reading	math	reading	math	reading	math	reading	math	reading	math
1st	192	194	405	312						
2nd	202	211	500	403						
3rd	207	211	520	420						
4th	212	216	537	484						
5th			629	558						
6th			650	588						
7th			662	618						
8th					528	489				
9th					548	504				
10th							568	520		
11th							611	587		
12th									615	601

## Individual Student Assessment Results

If your school received grants from Exceptional SC in the prior school year, the school must submit by **November 15**, individual student test scores on national achievement or state standardized tests for any student in grades one through twelve who received a grant from the program during the prior school year.

The data will be collected using a secure portal. No personally identifiable information will be published; instead, the information will be aggregated.

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

**Name:** Tara Greer  
**Title:** VISTAS Director  
**Telephone Number:** 864-582-7539  
**Email Address:** tara.greer@sdsgriffin.org

**The individual submitting school-level assessment information and the name of the staff person to provide individual student assessment data must sign below.**

**Signature:** Tara Greer

**Date:** 8/22/19

**Print Name of Signature Above:** Tara Greer

**Title:** VISTAS Director

**Email:** tara.greer@sdsgriffin.org

# Spartanburg Day School

## Financial Statements

June 30, 2019 and 2018

**SPARTANBURG DAY SCHOOL**

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To the Board of Trustees of  
Spartanburg Day School  
Spartanburg, South Carolina

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Spartanburg Day School (a South Carolina nonprofit corporation) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements that are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spartanburg Day School as of June 30, 2019 and 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedules 1, 2, 3, and 4 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional analysis procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Swaim Brown PA

Spartanburg, South Carolina  
November 22, 2019

**SPARTANBURG DAY SCHOOL****STATEMENTS OF FINANCIAL POSITION****JUNE 30, 2019 AND 2018**

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and Cash Equivalents	\$ 5,404,883	\$ 4,772,337
Investments	-	559,816
Accounts Receivable	3,033,558	2,585,463
Other Receivable	-	2,120
Prepaid Expenses	172,864	143,045
Contributions Receivable	420,000	771,840
	<u>9,031,305</u>	<u>8,834,621</u>
Property and Equipment:		
Land	1,489,300	1,489,300
Land Improvements	4,232,989	4,232,989
Furniture	637,955	637,955
Equipment	1,350,592	964,689
Buildings and Improvements	21,535,298	21,480,298
Construction in Progress	58,671	43,493
	<u>29,304,805</u>	<u>28,848,724</u>
Less: Accumulated Depreciation	<u>11,351,628</u>	<u>10,350,435</u>
	<u>17,953,177</u>	<u>18,498,289</u>
Other Assets:		
Investments	19,359,443	18,706,133
Contributions Receivable	255,502	578,131
	<u>19,614,945</u>	<u>19,284,264</u>
Total Assets	<u>\$ 46,599,427</u>	<u>\$ 46,617,174</u>

The Accompanying Notes are an Integral Part  
of These Financial Statements.

**SPARTANBURG DAY SCHOOL****STATEMENTS OF FINANCIAL POSITION****JUNE 30, 2019 AND 2018**

<u>Liabilities and Net Assets</u>	<u>2019</u>	<u>2018</u>
Current Liabilities:		
Accounts Payable	\$ 135,472	\$ 188,114
Accrued Liabilities	597,393	565,896
Deferred Revenue	<u>5,768,374</u>	<u>5,298,358</u>
	<u>6,501,239</u>	<u>6,052,368</u>
 Total Liabilities	 <u>6,501,239</u>	 <u>6,052,368</u>
Net Assets:		
Net Assets without Donor Restrictions:		
Current Fund	14,876	13,880
Net Investment in Institutional Property and Equipment	17,953,177	18,498,289
Board-designated Assets Held for Long Term Use	499,770	496,273
Board-designated for Specific Purposes	<u>1,689,240</u>	<u>2,085,954</u>
 Total Assets without Donor Restrictions	 <u>20,157,063</u>	 <u>21,094,396</u>
Net Assets with Donor Restrictions:		
Specified Purpose:		
Restricted Scholarships	1,908	68,157
Vision 2020	675,502	968,331
Parents' Club	130,172	93,179
Restricted Special Projects	271,461	133,500
Endowment Income and Earnings Available	<u>4,465,750</u>	<u>4,170,142</u>
	<u>5,544,793</u>	<u>5,433,309</u>
In Perpetuity:		
Scholarship Endowments	2,150,839	2,140,204
Endowments	<u>12,245,493</u>	<u>11,896,897</u>
	<u>14,396,332</u>	<u>14,037,101</u>
 Total Net Assets with Donor Restrictions	 <u>19,941,125</u>	 <u>19,470,410</u>
 Total Net Assets	 <u>40,098,188</u>	 <u>40,564,806</u>
 Total Liabilities and Net Assets	 <u>\$ 46,599,427</u>	 <u>\$ 46,617,174</u>

The Accompanying Notes are an Integral Part  
of These Financial Statements.

**SPARTANBURG DAY SCHOOL****STATEMENTS OF ACTIVITIES****FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018			
	Assets without Donor Restrictions	Assets with Donor Restrictions		Assets without Donor Restrictions	Assets with Donor Restrictions		Total
		Specified Purpose	Endowment		Specified Purpose	Endowment	
Revenues							
Tuition and Fees	\$ 7,584,795	\$ -	\$ -	\$ 7,584,795	\$ 7,703,387	\$ -	\$ 7,703,387
Less - Student Assistance	(1,527,998)	-	-	(1,527,998)	(1,551,492)	-	(1,551,492)
	<u>6,056,797</u>	<u>-</u>	<u>-</u>	<u>6,056,797</u>	<u>6,151,895</u>	<u>-</u>	<u>6,151,895</u>
Gifts	766,559	222,883	56,179	1,045,621	789,197	505,614	1,491,672
Investment Income	44,879	1,023,101	-	1,067,980	24,273	601,141	625,414
Other Income	317,122	149,415	-	466,537	341,913	195,750	537,663
Net Assets Released from Restrictions	884,462	(1,187,514)	303,052	-	1,113,539	(1,607,724)	-
	<u>2,013,022</u>	<u>207,885</u>	<u>359,231</u>	<u>2,580,138</u>	<u>2,268,922</u>	<u>(305,219)</u>	<u>2,654,749</u>
Total Revenue and Support	<u>8,069,819</u>	<u>207,885</u>	<u>359,231</u>	<u>8,636,935</u>	<u>8,420,817</u>	<u>(305,219)</u>	<u>8,806,644</u>
Expenses							
Employment Costs	5,850,246	-	-	5,850,246	5,526,164	-	5,526,164
Non-salary Expense	2,078,649	-	-	2,078,649	2,281,042	-	2,281,042
Depreciation Expense	1,001,194	-	-	1,001,194	991,530	-	991,530
Other Expenses	76,801	108,563	-	185,364	74,667	170,471	245,138
	<u>9,006,890</u>	<u>108,563</u>	<u>-</u>	<u>9,115,453</u>	<u>8,873,403</u>	<u>170,471</u>	<u>9,043,874</u>
Revenues Over (Under) Expenses	(937,071)	99,322	359,231	(478,518)	(452,586)	(475,690)	(237,230)
Change in Net Unrealized Gains (Losses) on Investments	(262)	12,162	-	11,900	26,204	935,933	962,137
Increase (Decrease) in Net Assets	(937,333)	111,484	359,231	(466,618)	(426,382)	460,243	724,907
Net Assets at Beginning of Year	<u>21,094,396</u>	<u>5,433,309</u>	<u>14,037,101</u>	<u>40,564,806</u>	<u>21,520,778</u>	<u>4,973,066</u>	<u>39,839,899</u>
Net Assets at End of Year	<u>\$ 20,157,063</u>	<u>\$ 5,544,793</u>	<u>\$ 14,396,332</u>	<u>\$ 40,098,188</u>	<u>\$ 21,094,396</u>	<u>\$ 5,433,309</u>	<u>\$ 40,564,806</u>

The Accompanying Notes are an Integral Part  
of These Financial Statements.

**SPARTANBURG DAY SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**

	Year Ended June 30, 2019				Year Ended June 30, 2018			
	Supporting Services			Total	Supporting Services			Total
	Programming Services	Management and General	Fundraising		Programming Services	Management and General	Fundraising	
Salaries and Wages	\$ 3,082,663	\$ 1,123,937	\$ 137,229	\$ 4,343,829	\$ 2,900,910	\$ 1,038,931	\$ 146,733	\$ 4,086,574
Retirement Plan	121,179	44,486	5,432	171,097	125,703	43,050	3,444	172,197
Other Employee Benefits	716,037	262,869	32,096	1,011,002	711,289	243,591	19,487	974,367
Payroll Taxes	229,697	84,325	10,296	324,318	213,909	73,257	5,860	293,026
Management Fees	25,000	-	-	25,000	48,570	-	-	48,570
Professional Fees	-	38,675	-	38,675	-	56,729	-	56,729
*Investment Management Fees	-	122,798	-	122,798	-	114,501	-	114,501
Miscellaneous	-	-	-	-	-	29,245	-	29,245
Office	-	5,886	2,522	8,408	-	3,448	1,478	4,926
Information Technology	102,156	11,351	-	113,507	119,850	13,317	-	133,167
Utilities	457,251	53,794	26,897	537,942	452,960	53,290	26,645	532,895
Travel, Conferences and Meetings	14,721	1,636	-	16,357	28,867	3,208	-	32,075
Insurance	63,095	7,011	-	70,106	61,301	6,811	-	68,112
Restricted Special Projects	-	108,563	-	108,563	-	170,471	-	170,471
General Education Expenses	632,469	-	-	632,469	636,941	-	-	636,941
Public Relations	-	141,571	-	141,571	-	161,448	-	161,448
Development Expenses	-	-	41,830	41,830	-	-	44,022	44,022
Athletics	176,233	-	-	176,233	230,526	-	-	230,526
Depreciation Expense	851,015	100,119	50,060	1,001,194	842,801	99,153	49,576	991,530
Other School Expenses	257,947	88,338	7,067	353,352	275,249	94,263	7,541	377,053
	<u>\$ 6,729,463</u>	<u>\$ 2,195,359</u>	<u>\$ 313,429</u>	<u>\$ 9,238,251</u>	<u>\$ 6,648,876</u>	<u>\$ 2,204,713</u>	<u>\$ 304,786</u>	<u>\$ 9,158,375</u>

\*Investment Management Fees are presented netted with Investment Income on the Statement of Activities (Exhibit B)

The Accompanying Notes are an Integral Part  
of These Financial Statements.

**SPARTANBURG DAY SCHOOL****STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (466,618)	\$ 724,907
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,001,194	991,530
Bad Debts	9,000	8,000
Loss on Disposal of Property and Equipment	-	49,615
Change in Net Unrealized (Gains) Losses on Investments	(11,901)	(962,137)
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Accounts Receivable	(463,095)	(336,419)
Other Receivable	2,120	(2,120)
Prepaid Expenses	(29,819)	1,835
Contributions Receivable	680,469	(34,402)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	(21,145)	46,263
Deferred Revenue	470,016	(302,465)
Net Cash Provided by Operating Activities	<u>1,170,221</u>	<u>184,607</u>
Cash Flows from Investing Activities:		
Purchases of Property and Equipment - Net	(456,082)	(134,134)
Sale (Purchase) of Bonds, Common Stock and Mutual Funds - Net	(641,409)	(584,579)
(Increase) Decrease in Short-term Investments - Net	<u>559,816</u>	<u>(1,602)</u>
Net Cash (Used in) Investing Activities	<u>(537,675)</u>	<u>(720,315)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	632,546	(535,708)
Cash and Cash Equivalents at Beginning of Year	<u>4,772,337</u>	<u>5,308,045</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,404,883</u>	<u>\$ 4,772,337</u>

The Accompanying Notes are an Integral Part  
of These Financial Statements.

**SPARTANBURG DAY SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies:

a. Nature of Activities

Spartanburg Day School (SDS) is a college-preparatory, co-educational day school for students in grades 2K through twelve. SDS's mission is to provide a superior educational experience, in a community of trust, that prepares students for a life well lived.

b. Basis of Accounting and Presentation

In order to ensure observance of limitations and restrictions placed on the use of the resources available to SDS, the accounts of SDS are maintained in accordance with the principles of fund accounting whereby resources are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives as specified by donors, in accordance with regulations, restriction or limitations imposed by sources outside the institution or in accordance with directions issued by the Board of Trustees.

These financial statements, which are presented on the accrual basis of accounting, have been prepared in accordance with accounting principles generally accepted in the United States of America to focus on SDS as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classifications of fund balances and transactions into two categories of net assets - net assets without donor restrictions and assets with donor restrictions.

<u>Fund Group</u>	<u>Net Asset Group</u>
Current fund	Net assets without donor restrictions
Annual fund - board designated	Net assets without donor restrictions
Plant fund	Net assets without donor restrictions
Assets held for long term use - board designated	Net assets without donor restrictions
Parents' club fund	Net assets with donor restrictions
Restricted scholarships fund	Net assets with donor restrictions
Vision 2020 fund	Net assets with donor restrictions
Restricted special projects fund	Net assets with donor restrictions
Scholarship endowment fund	Net assets with donor restrictions
Endowment fund	Net assets with donor restrictions

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions consist of net assets not subject to donor-imposed restrictions.

**SPARTANBURG DAY SCHOOL****NOTES TO THE FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued):

b. Basis of Accounting and Presentation (Continued)

Assets with donor restrictions are broken into two categories, those held in perpetuity and those not held in perpetuity. Net assets with a specified purpose not held in perpetuity are amounts restricted by donors for (a) scholarships (b) various fundraising campaigns (c) other particular operating activities (d) use in a specified future period investment for a specified term or (f) combination of the above.

Assets with donor restrictions that are held in perpetuity consist of amounts contributed by donors for professorships, scholarships, fine arts and general operation with the express intent that the principal be maintained in perpetuity. Donors have specified that the investment income be used for (a) scholarships (b) other particular operating activities or (c) other general expenses.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets are reported and increases (decreases) in net assets with donor restrictions. Expirations to temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as transfers of assets released from donor restriction between the applicable classes of net assets.

c. Revenue Recognition

Substantially all of SDS's revenue is derived from student tuition, student fees and donations or pledges from individuals, businesses and foundations.

Revenue is recognized over the period to which it relates. Tuition relating to future periods is recorded as deferred revenue.

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, SDS considers all unrestricted highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Cash and cash equivalents include cash and interest-bearing money market accounts. At various times throughout the year, SDS may have cash balances in financial institutions that exceed the amounts that are federally insured. At June 30, 2019, the book balance was \$5,404,883 and bank balances of \$5,446,146 which were covered by federal depository insurance.

**SPARTANBURG DAY SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued):

e. Pledges Receivable

When a donor has unconditionally promised to contribute funds in future periods, the pledge is recognized at fair value. Pledges expected to be collected within one year are recorded as a donation and a receivable at the net realizable value, which approximates fair value. Pledges expected to be collected in future years are recorded as a donation and receivable at the present value of the expected future cash flows.

f. Allowance for Doubtful Accounts

Accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off throughout a charge to the valuation allowance. The allowance for accounts receivable at June 30, 2019 and 2018, is \$39,914 and \$44,970 respectively. The allowance for pledges receivable at June 30, 2019 and 2018 is \$13,800 and \$19,800 respectively.

g. Investments

Short-term government securities and other interest-bearing investments are carried at market value at year-end. Investments in stocks, bonds, certificates of deposits, mutual and money funds are carried at the latest available quoted market value. The excess (deficit) of the market value of stocks, bonds, certificates of deposits, mutual and money funds over the acquisition basis was \$4,466,838 and \$4,072,759 at June 30, 2019 and 2018, respectively. Market value compared to acquisition basis is shown for all funds combined as follows:

	2019		2018	
	Cost/Basis	Market	Cost/Basis	Market
Short-term Investments:				
Certificates of deposit	\$ -	\$ -	\$ 559,816	\$ 559,816
Other Investments:				
Corporate and government bonds	2,146,103	2,201,594	2,225,735	2,178,301
Common/preferred/international stocks and money funds	13,534,459	17,157,849	12,307,639	16,527,832
	14,892,605	19,359,443	14,533,374	18,706,133
Total Investments	\$ 14,892,605	\$ 19,359,443	\$ 15,193,190	\$ 19,265,949

Income on investments of endowment and similar funds are reported as follows:

**SPARTANBURG DAY SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued):

g. Investments (Continued)

As increases (decreases) in net assets with donor restrictions - in perpetuity if the terms of the gift require that they be added to the principal of a permanent endowment fund.

As increases (decreases) in net assets with donor restrictions - specified purpose if the terms of the gift impose restrictions on the use of the income.

As increases (decreases) in net assets without donor restrictions in all other cases.

h. Institutional Property and Equipment

Institutional property and equipment are carried at cost, if purchased, and at fair market value at date of gift, if donated. Acquisitions of property and equipment in excess of \$5,000 with useful lives exceeding one year are capitalized. SDS provides funding for maintenance and upkeep in accordance with the bylaws of The Seth M. Milliken Foundation, Inc. (the Foundation) which requires a provision for facilities improvement of at least 2% of the SDS plant fund, as defined. This requirement has been temporarily waived for the years ending June 30, 2018 – 2023, however does require during that time a minimum balance in the plant fund of \$500,000. Repairs and maintenance not increasing the values or extending the useful lives of the assets are expensed as incurred.

Institutional property and equipment are depreciated on a straight-line basis over their useful lives. Institutional property and equipment useful lives are as follows:

	<u>Useful Lives</u>
Land	N/A
Land improvements	10-15 years
Furniture	3-15 years
Equipment	3-12 years
Buildings and improvements	12-40 years

Disposals of property and equipment are eliminated from the asset and the accumulated depreciation accounts. Gains and losses on dispositions of property and equipment are included in income. Depreciation expense was \$1,001,194 and \$991,540 for the years ended June 30, 2019 and 2018, respectively.

i. Other

By resolution of the Board of Trustees of the SDS and in accordance with Amendments to SDS's bylaws:

**SPARTANBURG DAY SCHOOL****NOTES TO THE FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued):

i. Other (Continued)

Interest and dividend income from endowment investments is transferred to net assets without donor restrictions and used for operating expenses. In accordance with the donor's restrictions, the transfer is made in the year after such income is earned. Realized gains on endowment investments are included in current year income and reflected as net assets with donor restrictions in the accompanying statements of activities.

Income from endowment investments is included in net assets with donor restrictions and is available for use in operations in the year after it is earned.

In accordance with a formula specified in the SDS's bylaws, one-third of the contributions received by the annual giving fund during the three preceding fiscal years, plus the investment income earned by the fund during the prior year, may be transferred to the current fund to defray operating expenses during the current fiscal year. Schedule 3 summarizes annual giving fund receipts and the earnings of the fund since 2010. Schedule 3 also shows the actual and planned distribution of those amounts from the annual giving fund for specific purposes to current fund.

SDS earns interest income on delinquent account balances. This income is available for use in operations in the year after it is earned.

j. Income Taxes

SDS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and accordingly no provision for income taxes is recorded in the accompanying financial statements.

k. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

l. Accounting for Uncertainties in Income Taxes

SDS evaluates its uncertain tax positions using the provisions defined according to the Accounting Standards Code. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements,

**SPARTANBURG DAY SCHOOL****NOTES TO THE FINANCIAL STATEMENTS**

## Note 1 - Summary of Significant Accounting Policies (Continued):

l. Accounting for Uncertainties in Income Taxes (Continued)

relative to open tax years, and the amount of the loss can be reasonably estimated. Open tax years are considered to be the preceding three tax years for Federal and all applicable State returns. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from amounts recognized. SDS has determined that no such liabilities exist as of June 30, 2019.

m. Functional Expense Allocation

The costs of providing various programs and other activities are presented on the Statement of Functional Expenses reflecting the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the time and expenses incurred. Directly identifiable expenses are charged to programming services and fundraising. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of SDS.

## Note 2 - Fair Value Measurements:

Financial Accounting Standards Board Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SDS has the ability to access.

Level 2      Inputs to the valuation methodology include

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

**SPARTANBURG DAY SCHOOL****NOTES TO THE FINANCIAL STATEMENTS**

## Note 2 - Fair Value Measurements (Continued):

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. When available, SDS measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to SDS, and Level 3 inputs were only used when Level 1 and Level 2 inputs were not available.

The following is a description of the valuation methodologies used for assets measured at fair value. The fair values of certificates of deposits, common stocks, corporate bonds and U.S. Government securities are based on quoted market prices. Unconditional promises to give are not actively traded and significant other observable inputs are not available. Thus, the fair value for unconditional promises to give is based on outstanding pledges less allowance for uncollectable accounts and adjusted to present value using a discount rate of .25%. The following table provides further details of the Level 3 fair value measurements.

## Fair Value Measurements Using Significant Unobservable Inputs (Level 3):

	Unconditional Promises to Give
	<u>                    </u>
Balance, June 30, 2017	\$ 1,308,569
New pledges	-
Payments received	(350,000)
Bad Debt Write off	7,000
Change in present value	<u>2,762</u>
Balance, June 30, 2018	968,331
Payments received	(300,000)
Recovery of bad debt	6,000
Change in present value	<u>1,171</u>
Balance, June 30, 2019	<u><u>\$ 675,502</u></u>

**SPARTANBURG DAY SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

Note 2 - Fair Value Measurements (Continued):

The carrying amount of other assets and liabilities, including cash, accounts receivable, accounts payable and prepaid tuition approximate their fair market value due to the short-term maturities of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although SDS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The SDS's assets and liabilities are reported at fair value in the accompanying statements of financial position:

Fair Value Measurements at June 30, 2019 Using:

	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate and Government Bonds	\$ 2,201,594	\$ 2,201,594	\$ -	\$ -
Common, Preferred International Stock and Money Funds	17,157,849	17,157,849	-	-
Unconditional Promises to Give	675,502	-	-	675,502
<b>Total</b>	<b>\$ 20,034,945</b>	<b>\$ 19,359,443</b>	<b>\$ -</b>	<b>\$ 675,502</b>

Fair Value Measurements at June 30, 2018 Using:

	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposits	\$ 559,816	\$ 559,816	\$ -	\$ -
Corporate and Government Bonds	2,178,301	2,178,301	-	-
Common, Preferred, and International Stock and Money Funds	16,527,832	16,527,832	-	-
Unconditional Promises to Give	968,331	-	-	968,331
<b>Total</b>	<b>\$ 20,234,280</b>	<b>\$ 19,265,949</b>	<b>\$ -</b>	<b>\$ 968,331</b>

**SPARTANBURG DAY SCHOOL****NOTES TO THE FINANCIAL STATEMENTS**

## Note 3 - Seth M. Milliken Foundation, Inc. Gift:

The Foundation contributes to SDS, provided that SDS meets specific requirements outlined in the Foundation's certificate of incorporation and bylaws, as amended. The contributions may be withheld or restricted for endowment if the requirements are not met. SDS received unrestricted contributions of \$234,000 in both 2019 and 2018, which is included in net assets without restrictions.

## Note 4 - Scholarships:

Funded and unfunded scholarships, which are deducted from tuition in the accompanying statements of activities, were granted from the current fund as follows:

	<u>2019</u>	<u>2018</u>
Merit Awards		
Ben Stone Awards - Funded	\$ 3,000	\$ 1,500
Spartanburg County Foundation - Funded	2,000	2,000
Mike Johnson - Funded	10,000	10,000
Milliken Science - Partially Funded	-	-
Ben Stone Fellows - Unfunded	85,260	81,562
Headmaster - Unfunded	112,299	115,647
College Partnerships - Unfunded	453,754	487,890
Chris Dorrance - Funded	-	1,806
Elaine Freeman - Funded	2,489	2,489
Mildred H. Dent - Funded	42,610	52,450
Bristow Endowed Scholarship - Funded	5,673	5,331
Need Based		
General Financial Aid - Unfunded	690,449	710,521
Faculty Financial Aid - Unfunded	120,464	80,296
	<u>\$ 1,527,998</u>	<u>\$ 1,551,492</u>

## Note 5 - Contributions Receivable:

During the year ended June 30, 2015, SDS commenced the Vision 2020 capital campaign. As of June 30, 2019 and 2018, the outstanding pledges totaled \$675,502 and \$968,331, respectively. Additionally, there were contribution receivables of \$378,633 as of June 30, 2018.

**SPARTANBURG DAY SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

Note 5 - Contributions Receivable (Continued):

Unconditional contributions or pledges are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollected contributions receivable is provided based on management's judgement, including such factors as prior collection history, type of contribution and nature of fund-raising activity.

Contributions receivable at June 30, 2019 and 2018 are summarized as follows:

	Vision 2020		Other
	2019	2018	2018
Unconditional promises expected to be collected in:			
Less than one year	\$ 420,000	\$ 410,000	\$ 378,633
One to five years	270,000	580,000	-
	690,000	990,000	378,633
Less - reserve	(13,800)	(19,800)	-
Unamortized discount - .25% discount rate	(698)	(1,869)	-
	\$ 675,502	\$ 968,331	\$ 378,633

Note 6 - Board-designated Net Assets:

The major components of net assets designated by the Board of Trustees at June 30, 2019 and 2018 are as follows:

	2019	2018
Annual giving fund	\$ 1,116,672	\$ 1,107,917
Facilities improvement	572,568	978,037
Miscellaneous	-	-
	\$ 2,085,954	\$ 2,085,954

The Annual Giving Fund represents gifts from parents, other individuals and businesses. The fund is preserved intact and held for the purpose of producing income for SDS, except for allocated transfers to the current fund in accordance with a formula approved by the Board of Trustees, as required by SDS's bylaws, as amended. The Facilities Improvement is used for the modernization and replacement of fixed assets other than equipment, owned or used by SDS.

**SPARTANBURG DAY SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

Note 7 - Net Assets Released from Restrictions:

Net assets were released from restrictions by incurring expenses satisfying the temporarily restricted purposes or by occurrence of other events specified by donors.

	2019	2018
Purposes restrictions accomplished:		
Parents' club transfers - net	\$ 25,000	\$ 60,000
Restricted special projects expenses	32,489	17,088
Capital campaign	-	-
Restricted scholarships	95,825	318,455
	153,314	395,543
Time restrictions expired:		
Endowed scholarship investment income	89,073	88,156
Endowment investment income	642,075	629,840
	731,148	717,996
Total net assets released from restrictions	\$ 884,462	\$ 1,113,539

Note 8 - Retirement Plan:

SDS has a participant-directed vested defined contribution retirement plan managed by TIAA-CREF whereby the employer contributes an amount equivalent to the five percent (5%) of an employee's base wages if the employee contributes 5%. SDS contributed approximately \$171,097 and \$172,344 to this plan for the years ended June 30, 2019 and 2018, respectively.

Note 9 - Endowment:

SDS's endowment consists of 27 individual funds established for a variety of purposes. Its endowment includes permanent endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of SDS has interpreted the State Prudent Management of Institutional Funds Act as requiring the preservation of the amount explicitly stipulated by the donors. As a result of this interpretation, SDS classifies as permanently restrict net assets (1) the original value of gifts donated to the permanent endowment (2) subsequent gifts to the endowment and (3) accumulation made pursuant to the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**SPARTANBURG DAY SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

Note 9 - Endowment (Continued):

Endowment Net Asset Composition by Type of Fund as of June 30, 2019

	<u>Assets without Donor Restrictions</u>	<u>Assets with Donor Restrictions</u>	<u>Total</u>
Board designated funds held with the endowment	\$ 499,770	\$ -	\$ 499,770
Donor-restricted endowment funds	-	18,862,082	18,209,860
	<u>\$ 499,770</u>	<u>\$ 18,862,082</u>	<u>\$ 19,361,852</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2018

	<u>Assets without Donor Restrictions</u>	<u>Assets with Donor Restrictions</u>	<u>Total</u>
Board designated funds held with the endowment	\$ 496,273	\$ -	\$ 496,273
Donor-restricted endowment funds	-	18,209,860	18,209,860
	<u>\$ 496,273</u>	<u>\$ 18,209,890</u>	<u>\$ 18,706,133</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2019

	<u>Assets without Donor Restrictions</u>	<u>Assets with Donor Restrictions</u>	<u>Total</u>
Net Assets, beginning of year	\$ 496,237	\$ 18,209,860	\$ 18,706,133
Investment income	9,828	240,734	250,562
Net appreciation	1,937	811,450	813,387
Total investment return	<u>11,765</u>	<u>1,052,184</u>	<u>1,063,949</u>
New gifts	-	359,231	359,231
Released from restriction	<u>(8,232)</u>	<u>(759,193)</u>	<u>(767,425)</u>
Net Assets, end of year	<u>\$ 499,770</u>	<u>\$ 18,862,082</u>	<u>\$ 19,361,852</u>

**SPARTANBURG DAY SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

Note 9 - Endowment (Continued):

Changes in Endowment Net Assets for the Year Ended June 30, 2018			
	Assets without Donor Restrictions	Assets with Donor Restrictions	Total
Net Assets, beginning of year	\$ 476,845	\$ 16,682,572	\$ 17,159,417
Investment income	7,706	276,877	284,583
Net appreciation	35,171	1,377,310	1,412,481
Total investment return	42,877	1,654,187	1,697,064
New gifts	-	692,046	692,046
Released from restriction	(23,449)	(818,945)	(842,394)
Net Assets, end of year	\$ 496,273	\$ 18,209,860	\$ 18,706,133

SDS has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while ensuring that the purchasing power of the endowment assets do not decline over time. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the return of a balanced market index comprised of 60% S & P 500, 25% BC Int Gov't/Credit Bond Index and 15% MSCI EAFE NET Index by 1%.

To satisfy its long-term rate of return objectives, SDS relies on a total return strategy in which investment returns are achieved throughout both capital appreciation (realized and unrealized) and current yield (interest and dividends). SDS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

SDS has several policies for appropriating distributions from its endowment funds depending on the stipulations set by the donor in each fund agreement. Several funds have a policy of appropriating distributions each year of 5 percent of its endowment fund's fair value at December 31<sup>st</sup>. Four funds have a policy of appropriating for distribution the interest and dividend income earned in the prior year. This is consistent with objectives to maintain the purchasing power of the endowment assets as well as to provide additional real growth throughout new gifts and investment return.

For the year ending June 30, 2020, the SDS has budgeted to appropriate \$808,723 of its endowment assets to be distributed for spending. Consistent with SDS's spending policies described above, this amount represents approximately 4% of the endowment fund's fair value at June 30, 2019.

**SPARTANBURG DAY SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

Note 10 - Operating Leases:

SDS has entered into an operating lease for office equipment expiring in August 2023. Minimum future rental payments to be paid on non-cancelable leases as of June 30, 2019 are as follows:

<u>Year Ended</u>	
6/30/2020	\$ 17,844
6/30/2021	17,844
6/30/2022	17,844
6/30/2023	17,844
6/30/2024	2,974
	<hr/>
	\$ 74,350
	<hr/>

Note 11 - Commitments:

SDS has entered into an agreement for food services which expires in August 2020. Under this contract, SDS is obligated to pay annual fees of \$25,000.

Note 12 - Supplemental Disclosure of Cash Flow Information:

No interest or taxes were paid during the year ended December 31, 2018.

Note 13 - Liquidity:

As of June 30, 2019, SDS has \$6,328,628 in financial assets consisting of \$2,797,830 in cash and cash equivalents, \$3,033,558 in accounts receivable, and \$497,240 in interfund receivables available to meet cash needs of SDS within one year. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. SDS has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due.

Note 14 - Change in Accounting Principle:

FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and available resources, and the lack of consistency in the type of information provided about expenses and investment return.

**SPARTANBURG DAY SCHOOL**

**NOTES TO THE FINANCIAL STATEMENTS**

Note 14 - Change in Accounting Principle (Continued):

SDS has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which resulted in the following changes to net assets as of June 30, 2018:

	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted Net Assets	\$ 21,094,396	\$ -
Temporarily Restricted Net Assets	5,433,309	-
Permanently Restricted Net Assets	14,037,101	-
Net Assets without Donor Restrictions	-	21,094,396
Net Assets with Donor Restrictions	-	19,470,410
 Total Net Assets	 \$ 40,564,806	 \$ 40,564,806

Note 15 - Subsequent Events

Subsequent to year end, the Foundation temporarily suspended its annual requirement of a 2% transfer (of SDS's plant fund account, at cost) from the current fund to the plant fund retroactively for 5 years beginning with June 30, 2019. Further, the Foundation is requiring during this 5 year time, that SDS maintain a minimum balance of \$500,000 in the plant fund.

Management has evaluated the existence of subsequent events through the date of the auditor's report. SDS has determined that no such events existed that require recording or disclosure in the accompanying financial statements, other than disclosed above, as of the date of the auditor's report.

**SPARTANBURG DAY SCHOOL****COMBINED STATEMENT OF FINANCIAL POSITION****JUNE 30, 2019**

Assets	Assets without Donor Restrictions			Assets with Donor Restrictions			Combined	
	Current	Annual Giving	Plant	Board Designated	Specified Purpose	Endowment		Endowed Scholarship
<b>Current Assets:</b>								
Cash and Cash Equivalents	\$ 2,797,830	\$ 1,160,648	\$ 1,009,315	\$ -	\$ 437,090	\$ -	\$ -	\$ 5,404,883
Investments	-	-	-	-	-	-	-	-
Accounts Receivable	3,033,558	-	-	-	-	-	-	3,033,558
Other Receivable	-	-	-	-	-	-	-	-
Prepaid Expenses	172,864	-	-	-	-	-	-	172,864
Interfund Receivable (Payable)	497,240	(43,976)	(436,747)	-	4,446,824	(3,229,131)	(1,234,210)	-
Contributions Receivable	-	-	-	-	420,000	-	-	420,000
	<u>6,501,492</u>	<u>1,116,672</u>	<u>572,568</u>	<u>-</u>	<u>5,303,914</u>	<u>(3,229,131)</u>	<u>(1,234,210)</u>	<u>9,031,305</u>
<b>Property and Equipment:</b>								
Land	-	-	1,489,300	-	-	-	-	1,489,300
Land Improvements	-	-	4,232,989	-	-	-	-	4,232,989
Furniture	-	-	637,955	-	-	-	-	637,955
Equipment	-	-	1,350,592	-	-	-	-	1,350,592
Buildings and Improvements	-	-	21,535,298	-	-	-	-	21,535,298
Construction in Progress	-	-	58,671	-	-	-	-	58,671
	-	-	29,304,805	-	-	-	-	29,304,805
Less: Accumulated Depreciation	-	-	11,351,628	-	-	-	-	11,351,628
	-	-	17,953,177	-	-	-	-	17,953,177
<b>Other Assets:</b>								
Investments	-	-	-	499,770	-	15,474,624	3,385,049	19,359,443
Contributions Receivable	-	-	-	-	255,502	-	-	255,502
	-	-	-	499,770	255,502	15,474,624	3,385,049	19,614,945
<b>Total Assets</b>	<u>\$ 6,501,492</u>	<u>\$ 1,116,672</u>	<u>\$ 18,525,745</u>	<u>\$ 499,770</u>	<u>\$ 5,559,416</u>	<u>\$ 12,245,493</u>	<u>\$ 2,150,839</u>	<u>\$ 46,599,427</u>
<b>Liabilities and Net Assets</b>								
<b>Current Liabilities:</b>								
Accounts Payable	\$ 120,849	\$ -	\$ -	\$ -	\$ 14,623	\$ -	\$ -	\$ 135,472
Accrued Liabilities	597,393	-	-	-	-	-	-	597,393
Deferred Revenue	5,768,374	-	-	-	-	-	-	5,768,374
	<u>6,486,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,623</u>	<u>-</u>	<u>-</u>	<u>6,501,239</u>
<b>Total Liabilities</b>	<u>6,486,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,623</u>	<u>-</u>	<u>-</u>	<u>6,501,239</u>
<b>Net Assets:</b>								
Assets without Donor Restriction	14,876	1,116,672	18,525,745	499,770	-	-	-	20,157,063
Assets with Donor Restriction	-	-	-	-	5,544,793	12,245,493	2,150,839	19,941,125
<b>Total Net Assets</b>	<u>14,876</u>	<u>1,116,672</u>	<u>18,525,745</u>	<u>499,770</u>	<u>5,544,793</u>	<u>12,245,493</u>	<u>2,150,839</u>	<u>40,098,188</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 6,501,492</u>	<u>\$ 1,116,672</u>	<u>\$ 18,525,745</u>	<u>\$ 499,770</u>	<u>\$ 5,559,416</u>	<u>\$ 12,245,493</u>	<u>\$ 2,150,839</u>	<u>\$ 46,599,427</u>

See Independent Auditor's Report.

**SPARTANBURG DAY SCHOOL****SCHEDULES OF CURRENT FUND INCOME AND EXPENSES****FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	June 30, 2019			Actual 6/30/2018
	Actual	Budget (Unaudited)	Variance	
Current Fund Income/Transfers:				
Tuition Income:				
Comprehensive Tuition	\$ 7,271,142	\$ 7,120,823	\$ 150,319	\$ 7,398,956
Lower School Learning Center Revenue	86,904	76,450	10,454	82,446
Middle School Learning Lab Revenue	110,340	94,358	15,982	113,299
Upper School Learning Lab Revenue	80,625	74,292	6,333	59,320
Music Fees	35,784	40,000	(4,216)	49,368
Less - Student Assistance	(1,527,998)	(1,470,516)	(57,482)	(1,551,492)
	<u>6,056,797</u>	<u>5,935,407</u>	<u>121,390</u>	<u>6,151,897</u>
Other Income/Transfers:				
Annual Giving Transfer	530,829	530,000	829	520,369
Endowment Transfer	584,013	587,065	(3,052)	553,484
Endowment Transfer - Dent	35,062	35,062	-	34,399
Endowment Transfer - Prof. Development	43,823	43,823	-	41,957
Endow Scholar Transfer - Need Based	19,202	21,039	-	14,581
Endow Scholar Transfer - Merit	69,871	85,530	(15,659)	73,575
Scholar Gifts Transfer	95,825	95,825	-	360,304
Seth Milliken Foundation/Special Gifts	234,000	234,000	-	234,000
Investment Income and Finance Charges	5,526	5,500	26	4,092
Miscellaneous Income	317,122	256,507	60,615	341,839
	<u>1,935,273</u>	<u>1,894,351</u>	<u>42,759</u>	<u>2,178,600</u>
Total Current Fund Income	<u>7,992,070</u>	<u>7,829,758</u>	<u>164,149</u>	<u>8,330,497</u>
Current Fund Expense:				
Employment Costs				
Salaries and Wages	4,343,829	4,426,312	82,483	4,086,574
Payroll Taxes	324,318	338,613	14,295	293,026
Retirement Plan	171,097	176,902	5,805	172,197
Group Health Insurance	415,313	409,700	(5,613)	397,540
Unemployment Compensation	-	1,000	1,000	-
Worker's Compensation Insurance	21,521	18,900	(2,621)	17,953
Miscellaneous Benefits	74,518	70,000	(4,518)	68,963
Faculty Scholarship Expense	499,650	499,650	-	489,911
	<u>5,850,246</u>	<u>5,941,077</u>	<u>90,831</u>	<u>5,526,164</u>

See Independent Auditor's Report.

**SPARTANBURG DAY SCHOOL****SCHEDULES OF CURRENT FUND INCOME AND EXPENSES****FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	June 30, 2018			Actual 6/30/2018
	Actual	Budget (Unaudited)	Variance	
Physical Plant	\$ 461,347	\$ 454,000	\$ (7,347)	\$ 534,112
General School	534,908	535,300	392	555,097
Lower School	67,406	71,800	4,394	67,272
Lower School Vistas	-	-	-	1,817
Middle School	107,178	102,650	(4,528)	107,955
Upper School	36,100	31,830	(4,270)	33,140
COIL	5,699	4,204	(1,495)	20,095
Administration	33,677	36,725	3,048	61,320
Athletic	146,359	166,000	19,641	177,914
Athletic Transportation	29,874	45,700	15,826	52,612
Development	41,830	42,400	570	44,022
Library	12,882	13,200	318	16,039
Middle School Vistas	4,877	5,000	123	3,717
Security	58,020	65,000		
Student Activities	28,974	36,450	7,476	39,327
Student Health Services	2,702	2,400	(302)	2,774
Extended Day	107,069	94,600	(12,469)	90,723
Camp Griffin	77,917	53,600	(24,317)	51,872
Admissions	14,801	12,700	(2,101)	15,300
Technology	113,508	110,000	(3,508)	133,167
Dent Art Enrichment	33,394	34,700	1,306	40,135
Art Supplies Expenses	10,513	10,500	(13)	11,879
Marketing	126,769	150,000	23,231	146,149
International Baccalaureate - PYP	22,845	24,200	1,355	74,604
	<u>2,078,649</u>	<u>2,102,959</u>	<u>17,330</u>	<u>2,281,042</u>
Total Expenses	<u>7,928,895</u>	<u>8,044,036</u>	<u>108,161</u>	<u>7,807,206</u>
Net Surplus before Transfers	63,175	(214,278)	272,310	523,291
Transfers:				
Facilities Improvement	(64,045)	(546,319)	-	(556,885)
Parents' Club Professional Development	-	-	-	10,000
Restricted Special Projects	1,870	15,000	13,130	295
Special Projects Fund / COIL	-	-	-	24,299
	<u>(62,175)</u>	<u>(531,319)</u>	<u>13,130</u>	<u>(522,291)</u>
Net Surplus	<u>\$ 1,000</u>	<u>\$ (745,597)</u>	<u>\$ -</u>	<u>\$ 1,000</u>

See Independent Auditor's Report.

**SPARTANBURG DAY SCHOOL**  
**SCHEDULE OF ANALYSIS OF ANNUAL GIVING FUND**

**JUNE 30, 2019**

Description	As of June 30, 2019				Currently Budgeted to be Used for				
	Receipts	Transferred to		Fund Balance	Operating Expenses in Future Fiscal Years				Total
		In Prior Years	In 2018-19		2019-20	2020-21	2021-22	2022-23	
Annual Giving Drives									
2010-11	\$ 634,129	\$ 634,129	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
2011-12	896,820	896,820	-	-	-	-	-	-	-
2012-13	918,539	918,539	-	-	-	-	-	-	-
2013-14	909,737	909,737	-	-	-	-	-	-	-
2014-15	541,346	541,346	-	-	-	-	-	-	-
2015-16	502,162	334,824	167,338	-	-	-	-	-	-
2016-17	503,534	167,845	167,845	167,844	167,844	-	-	-	167,844
2017-18	569,884	-	189,961	379,923	189,961	189,962	-	-	379,923
2018-19	521,022	-	-	521,022	173,674	173,674	173,674	-	521,022
2019-20**	40,651	-	-	40,651	-	13,550	13,550	13,550	40,651
	<u>6,037,824</u>	<u>4,403,240</u>	<u>525,144</u>	<u>1,109,440</u>	<u>531,479</u>	<u>377,186</u>	<u>187,224</u>	<u>13,550</u>	<u>\$ 1,109,440</u>
Investment Income									
2010-11	7,872	7,872	-	-	-	-	-	-	-
2011-12	9,400	9,400	-	-	-	-	-	-	-
2012-13	6,172	6,172	-	-	-	-	-	-	-
2013-14	5,418	5,418	-	-	-	-	-	-	-
2014-15	4,892	4,892	-	-	-	-	-	-	-
2015-16	5,617	5,617	-	-	-	-	-	-	-
2016-17	4,588	4,588	-	-	-	-	-	-	-
2017-18	5,956	-	5,956	-	-	-	-	-	-
2018-19	7,232	-	-	7,232	7,232	-	-	-	-
	<u>57,147</u>	<u>43,959</u>	<u>5,956</u>	<u>7,232</u>	<u>7,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,094,971</u>	<u>\$ 4,447,199</u>	<u>\$ 531,100</u>	<u>\$ 1,116,672</u>	<u>\$ 538,711</u>	<u>\$ 377,186</u>	<u>\$ 187,224</u>	<u>\$ 13,550</u>	<u>\$ 1,109,440</u>

\* See Note 1 for explanation of the formula by which contributions and earnings of the fund are transferred to the Current Fund.

\*\* This represents gifts received prior to June 30, 2018, related to the 2018 campaign year, which will end December 31, 2018.

SPARTANBURG DAY SCHOOLSTATEMENT OF FINANCIAL POSITION - SELECTED FUNDJUNE 30, 2019

	<u>Vision 2020</u>
Assets	
Pledges Receivable	
Current Portion	\$ 420,000
Non-current Portion	270,000
	<u>690,000</u>
Less - Reserve for Uncollected Pledges	(13,800)
Less - Allowance for NPV Discount	(698)
	<u>(14,498)</u>
Total Assets	<u>\$ 675,502</u>
Liabilities and Fund Balance	
Fund Balance	<u>\$ 675,502</u>
Total Liabilities and Fund Balance	<u>\$ 675,502</u>

See Independent Auditor's Report.