

**NEW CANAAN COUNTRY SCHOOL,
INCORPORATED
HORIZONS AT NEW CANAAN
COUNTRY SCHOOL**

FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

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Capossela, Cohen, LLC

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Independent Auditor's Report

**To the Horizons Committee of the Board of Trustees of
New Canaan Country School, Incorporated
New Canaan, Connecticut**

Report on the Financial Statements

We have audited the accompanying financial statements of Horizons at New Canaan Country School, a program of New Canaan Country School, Incorporated, which comprise the statements of financial position as of June 30, 2021 and 2020, 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

Horizons' 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 are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Horizons at New Canaan Country School, a program of New Canaan Country School, Incorporated, as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capossela, Cohen, LLC

November 24, 2021

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 1,109,558	\$ 701,314
Cash - with donor restrictions	516,184	633,302
Cash - endowment	3,659	13,142
Prepaid expenses and other assets	<u>68,448</u>	<u>109,568</u>
Total current assets	1,697,849	1,457,326
Investments	7,050,108	5,633,044
Property, equipment and improvements, net	<u>15,222</u>	<u>20,632</u>
Total assets	\$ <u><u>8,763,179</u></u>	\$ <u><u>7,111,002</u></u>

Liabilities and net assets

Current liabilities		
Accounts payable and accrued liabilities	\$ 106,862	\$ 79,499
Accrued postretirement health care benefits	<u>237,786</u>	<u>233,943</u>
Total current liabilities	344,648	313,442
PPP loan payable	125,000	-
Net assets		
Without donor restrictions:		
Available for operations	726,199	504,274
Board designated endowment	<u>2,747,553</u>	<u>2,205,678</u>
	3,473,752	2,709,952
With donor restrictions - Note F	<u>4,819,779</u>	<u>4,087,608</u>
Total net assets	<u><u>8,293,531</u></u>	<u><u>6,797,560</u></u>
Total liabilities and net assets	\$ <u><u>8,763,179</u></u>	\$ <u><u>7,111,002</u></u>

See independent auditor's report and notes to financial statements

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating			
Support and revenue			
Contributions	\$ 1,085,139	\$ 292,250	\$ 1,377,389
Benefit and special events, net (peripheral and incidental)	5,591	205,115	210,706
Endowment fund income	150,000	-	150,000
Current investment income	-	13,034	13,034
Program revenues:			
Registration fees	19,348	-	19,348
Net assets released from restrictions - Note G	<u>614,983</u>	<u>(614,983)</u>	<u>-</u>
Total support and revenue	1,875,061	(104,584)	1,770,477
Expenses			
Program	1,391,068	-	1,391,068
Administration	94,992	-	94,992
Development	<u>169,101</u>	<u>-</u>	<u>169,101</u>
Total expenses	<u>1,655,161</u>	<u>-</u>	<u>1,655,161</u>
Change in net assets from operating activities	219,900	(104,584)	115,316
Non operating			
Net investment gain	541,876	835,754	1,377,630
Post-retirement health benefit	2,023	-	2,023
Contributions - endowment	-	1,000	1,000
	<u>543,899</u>	<u>836,754</u>	<u>1,380,653</u>
Change in net assets	763,799	732,170	1,495,969
Net assets at beginning of year	<u>2,709,953</u>	<u>4,087,609</u>	<u>6,797,562</u>
Net assets at end of year	<u>\$ 3,473,752</u>	<u>\$ 4,819,779</u>	<u>\$ 8,293,531</u>

See independent auditor's report and notes to financial statements

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating			
Support and revenue			
Contributions	\$ 1,027,109	\$ 287,656	\$ 1,314,765
Benefit and special events, net (peripheral and incidental)	174,785	-	174,785
Endowment fund income	163,000	-	163,000
Current investment income	-	2,172	2,172
Program revenues:			
Registration fees	14,159	-	14,159
Net assets released from restrictions - Note G	<u>350,356</u>	<u>(350,356)</u>	<u>-</u>
Total support and revenue	1,729,410	(60,528)	1,668,882
Expenses			
Program	1,278,607	-	1,278,607
Administration	103,465	-	103,465
Development	<u>187,052</u>	<u>-</u>	<u>187,052</u>
Total expenses	<u>1,569,124</u>	<u>-</u>	<u>1,569,124</u>
Change in net assets from operating activities	160,286	(60,528)	99,758
Non operating			
Net investment gain	39,218	59,517	98,735
Post-retirement health benefit	2,208	-	2,208
Contributions - endowment	-	750	750
	<u>41,426</u>	<u>60,267</u>	<u>101,693</u>
Change in net assets	201,712	(261)	201,451
Net assets at beginning of year	<u>2,508,241</u>	<u>4,087,870</u>	<u>6,596,111</u>
Net assets at end of year	<u>\$ 2,709,953</u>	<u>\$ 4,087,609</u>	<u>\$ 6,797,562</u>

See independent auditor's report and notes to financial statements

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	<u>Summer Program</u>	<u>School Year Program</u>	<u>High School Program</u>	<u>Total Program</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Salaries and wages	\$ 611,868	\$ 126,587	\$ 134,014	\$ 872,469	\$ 22,741	\$ 120,672	\$ 1,015,882
Payroll taxes and benefits	94,614	37,901	34,245	166,760	9,225	30,609	206,594
Independent contractors	-	8,390	4,615	13,005	-	-	13,005
Supplies and miscellaneous	22,174	5,481	2,118	29,773	10,331	5,635	45,739
Trips and college tours	616	-	-	616	-	-	616
College scholarships	-	-	2,500	2,500	-	-	2,500
Emergency fund	-	40,590	-	40,590	-	-	40,590
Food assistance	-	39,900	26,600	66,500	-	-	66,500
Food	92,321	-	-	92,321	-	-	92,321
Transportation	11,553	-	-	11,553	-	-	11,553
Pool	7,842	-	-	7,842	-	-	7,842
Professional fees	2,207	605	1,574	4,386	10,605	-	14,991
Services	38,500	10,000	15,000	63,500	19,000	-	82,500
Office and insurance	-	-	-	-	19,489	-	19,489
Training and program development	4,537	1,257	1,161	6,955	1,553	-	8,508
Printing and postage	-	910	3,443	4,353	-	10,901	15,254
Total before non-cash expenses	886,232	271,621	225,270	1,383,123	92,944	167,817	1,643,884
Postretirement healthcare expense	2,109	1,299	587	3,995	587	1,284	5,866
Depreciation	3,950	-	-	3,950	1,461	-	5,411
Total expenses	\$ 892,291	\$ 272,920	\$ 225,857	\$ 1,391,068	\$ 94,992	\$ 169,101	\$ 1,655,161

See independent auditor's report and notes to financial statements

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	<u>Summer Program</u>	<u>School Year Program</u>	<u>High School Program</u>	<u>Total Program</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Salaries and wages	\$ 558,247	\$ 119,582	\$ 128,120	\$ 805,949	\$ 22,031	\$ 117,352	\$ 945,333
Payroll taxes and benefits	82,611	29,875	29,061	141,547	8,009	30,900	180,456
Independent contractors	750	8,344	5,330	14,424	-	-	14,424
Supplies and miscellaneous	33,600	5,110	4,990	43,700	10,306	1,286	55,293
Trips and college tours	26,636	-	-	26,636	-	-	26,636
College scholarships	-	-	2,500	2,500	-	-	2,500
Food	60,641	2,152	-	62,793	-	-	62,793
Transportation	62,085	4,753	-	66,838	-	-	66,838
Pool	6,815	-	-	6,815	-	-	6,815
Professional fees	1,019	550	2,069	3,638	21,220	-	24,858
Services	38,500	10,000	15,000	63,500	19,000	-	82,500
Office and insurance	-	-	-	-	16,496	-	16,496
Training and program development	5,958	1,890	1,031	8,880	1,402	-	10,281
Printing and postage	-	700	4,562	5,262	-	30,792	36,054
Total before non-cash expenses	876,863	182,955	192,664	1,252,482	98,464	180,330	1,531,276
Postretirement healthcare expense	11,035	6,800	3,070	20,905	3,070	6,722	30,697
Depreciation	5,220	-	-	5,220	1,931	-	7,151
Total expenses	\$ 893,118	\$ 189,755	\$ 195,734	\$ 1,278,607	\$ 103,465	\$ 187,052	\$ 1,569,124

See independent auditor's report and notes to financial statements

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

Increase (decrease) in cash

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,495,968	\$ 201,451
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,411	7,151
Contributions restricted for long-term investment	(1,000)	(750)
Net realized and unrealized gain	(1,440,634)	(119,114)
Accrued post-retirement healthcare benefits	3,843	28,489
Change in assets and liabilities:		
Prepaid expenses	41,120	(60,669)
Accounts payable and accrued liabilities	<u>27,363</u>	<u>(26,306)</u>
Net cash from operating activities	132,071	30,252
Cash flows from investing activities:		
Proceeds from sale of investments	1,897,179	3,957,105
Purchase of investments	<u>(1,873,607)</u>	<u>(3,920,612)</u>
Net cash from investing activities	23,572	36,493
Cash flows from financing activities:		
Proceeds from PPP loan	125,000	-
Proceeds from contributions restricted for investment in endowment	<u>1,000</u>	<u>750</u>
Net cash from financing activities	<u>126,000</u>	<u>750</u>
Net change in cash	281,643	67,495
Cash at beginning of year	<u>1,347,758</u>	<u>1,280,263</u>
Cash at end of year	\$ <u><u>1,629,401</u></u>	\$ <u><u>1,347,758</u></u>
Supplemental disclosures of cash flow information:		
Cash	\$ 1,109,558	\$ 701,314
Cash - with restrictions	516,184	633,302
Cash - endowment	<u>3,659</u>	<u>13,142</u>
Total cash shown on the statements of cash flows	\$ <u><u>1,629,401</u></u>	\$ <u><u>1,347,758</u></u>

See independent auditor's report and notes to financial statements

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note A - Description of Program and Significant Accounting Policies

Description of program

Horizons at New Canaan Country School (“Horizons”) provides academic, artistic, and athletic opportunities to students from local low-income families. Approximately 400 K-12 students participate in the program each year. All students attend the program on full scholarship, paying a nominal registration fee of \$75, which is waived in cases of extreme hardship. The program has been replicated across the country. Currently there are more than sixty Horizons programs in operation, modeled after the New Canaan public/private partnership, serving thousands of students across the country. Horizons consists of an intensive summer program which is 6 weeks long in a typical summer, complemented by school year programming, a high school program and family programs. Offerings include academic classes, enrichment activities, tutoring, academic coaching, caregiver programs, a winter program on Saturdays, SAT preparation, and college tours.

Horizons is a program of the New Canaan Country School, Inc. (the “School”) and operates on the campus of the School. The operating results and financial position of Horizons could be significantly different if Horizons were an independent organization. The accompanying financial statements have been prepared solely from the accounts of Horizons and do not include any accounts of the School or any other operation in which the School is engaged.

Financial statement presentation

The financial statements of Horizons have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective January 1, 2019.

Under provisions of the Guide, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Horizons and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of Horizons. Horizons’ board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets that are subject to the stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Horizons or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

Note A - Description of Program and Significant Accounting Policies (continued)

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Cash and cash equivalents

Horizons considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property, equipment and improvements

Property, equipment and improvements are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Investments

Horizons has various investments in limited partnerships that invest primarily in other limited partnerships formed for the purpose of making investments in publicly traded securities, venture capital, domestic private equity and international private capital. Investments in limited partnerships are presented in the accompanying statements of financial position at fair value, as determined by the General Partner. Although the General Partner uses its best judgment in estimating the fair value of investments, there are inherent limitations in any estimation technique. Therefore, the values presented herein are not necessarily indicative of the amount that the limited partnerships could realize in a current transaction. Future confirming events could affect the estimates of fair value and could be material to the financial statements. These events could also affect the amount realized upon liquidation of the investments.

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note A - Description of Program and Significant Accounting Policies (continued)

Contributed services

During the years ended June 30, 2021 and 2020, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Income taxes

Horizons at New Canaan Country School is a separate operation of New Canaan Country School, Inc., which is a qualified organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Use of 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.

Revenue recognition

Horizons recognizes revenue pursuant to Accounting Standard Codification (ASC) Topic 606, "Revenue from Contracts with Customers" (Topic 606). The standard provides for a comprehensive five-step model for recognizing revenue. The core principle of Topic 606 is that revenue shall be recognized when goods and services promised under a contract are transferred to the customer, as contemplated under the contract and for which Horizons is reasonably entitled to compensation.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and Effort
Services	Time and Effort
Training and program development	Time and Effort
Professional fees	Time and Effort

Prior year reclassifications

Certain amounts in the prior year have been reclassified for comparative presentation purposes.

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

Note B - Contracts with Customers

Nature of goods and services

Horizons has two revenue streams that are accounted for as exchange transactions: program fees and benefit and special event income.

Program Fees

Horizons provides academic, artistic, and athletic opportunities to students from local low-income families. All students attend the program on full scholarship, paying a nominal registration fee of \$75. Payments are made either electronically or via check and are typically received on or prior to the due date. Program fee revenue is recognized upon completion of the program.

Benefits and Special Events

Benefits and special events income results from Horizon's efforts to produce a wide variety of events around large annual fundraisers. The revenue is recognized in the period that the benefits and events are held and is presented net of related expenses.

Note C - Investments

Investments at June 30, 2021 consist of the following:

	<u>Cost</u>	<u>Market</u>
Mutual funds:		
Bond fund	\$ 2,044,156	\$ 2,081,723
Equity fund	1,423,120	1,979,257
Alternative investments:		
Investment in limited partnerships	<u>2,226,892</u>	<u>2,989,128</u>
	<u>\$ 5,694,168</u>	<u>\$ 7,050,108</u>

Investments at June 30, 2020 consist of the following:

	<u>Cost</u>	<u>Market</u>
Mutual funds:		
Bond fund	\$ 1,775,497	\$ 1,539,896
Equity fund	1,492,329	1,865,657
Alternative investments:		
Investment in limited partnerships	<u>2,070,039</u>	<u>2,227,491</u>
	<u>\$ 5,337,864</u>	<u>\$ 5,633,044</u>

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note C - Investments (continued)

The following is a summary of investment returns for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 134,488	\$ 169,364
Net realized and unrealized gains	1,440,634	119,114
Investment expense	(34,457)	(24,572)
Return on long-term investments	\$ <u>1,540,665</u>	\$ <u>263,906</u>
Investment return is reported as follows:		
Endowment income	\$ 150,000	\$ 163,000
Net investment gain	1,377,631	98,735
Current investment income	<u>13,034</u>	<u>2,172</u>
Return on long-term investments	\$ <u>1,540,665</u>	\$ <u>263,906</u>

Note D - Fair Value Measurements

Accounting standards establish 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 fair value hierarchy under accounting standards are as follows:

Level 1 - Inputs that have an active market that provides an objective quoted value for each unit. Here the active market quoted value is used to measure the fair value. Level 1 has the most objective measurement of fair value. Level 2 is less objective and level 3 is the least objective (most subjective) in estimating fair value.

Level 2 - Inputs other than quoted prices that are observable for the asset or liability where there is no active market in the same assets, but where there are parallel markets or alternative means to estimate fair value using observable information inputs such as the value placed on similar assets or liability that were recently traded.

Level 3 - Inputs that are unobservable. Fair values are based on information from the entity that reports these values in their financial statements. Such data are referred to as unobservable, in that the valuations are not based on data available to parties outside the entity.

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note D - Fair Value Measurements (continued)

Horizon's investments are reported at fair value in the accompanying statements of financial position:

	<u>2021</u>	<u>2020</u>
Mutual funds	\$ 4,060,979	\$ 3,405,553
Alternative investments:		
Investment in limited partnerships	<u>2,989,129</u>	<u>2,227,491</u>
Total	<u>\$ 7,050,108</u>	<u>\$ 5,633,044</u>

Fair value was determined as follows:

June 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Other (1)</u>	<u>Total Fair Value</u>
Mutual funds	\$ 4,060,980	\$ -	\$ -	\$ -	\$ 4,060,980
Alternative investments	<u>-</u>	<u>1,095,054</u>	<u>-</u>	<u>1,894,074</u>	<u>2,989,128</u>
Total	<u>\$ 4,060,980</u>	<u>\$ 1,095,054</u>	<u>\$ -</u>	<u>\$ 1,894,074</u>	<u>\$ 7,050,108</u>
June 30, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Other (1)</u>	<u>Total Fair Value</u>
Mutual funds	\$ 3,405,553	\$ -	\$ -	\$ -	\$ 3,405,553
Alternative investments	<u>-</u>	<u>907,134</u>	<u>-</u>	<u>1,320,357</u>	<u>2,227,491</u>
Total	<u>\$ 3,405,553</u>	<u>\$ 907,134</u>	<u>\$ -</u>	<u>\$ 1,320,357</u>	<u>\$ 5,633,044</u>

(1) In accordance with FASB Accounting Standards Codification subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The limitations and restrictions on Horizons' ability to redeem these investments vary by investment. Investments in limited partnerships valued at \$392,386 have no redemption rights. Based upon the terms and conditions in effect at June 30, 2021, Horizons' remaining investments in limited partnerships can be redeemed as follows:

<u>June 30,</u>	<u>Amount</u>
2022	\$2,117,310
2023	\$ 479,432

NEW CANAAN COUNTRY SCHOOL, INCORPORATED
HORIZONS AT NEW CANAAN COUNTRY SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

Note E - Property, Equipment and Improvements

Property, equipment and improvements consist of the following:

	<u>2021</u>	<u>2020</u>
Transportation equipment	\$ 28,155	\$ 28,155
Furniture and equipment	23,521	23,521
Building improvements	96,907	96,907
	<u>148,583</u>	<u>148,583</u>
Less accumulated depreciation	(<u>133,360</u>)	(<u>127,950</u>)
	<u>\$ 15,223</u>	<u>\$ 20,632</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$5,411 and \$7,151, respectively.

Note F - Restrictions and Limitations on Net Asset Balances

Net assets with donor restrictions are available for the following purposes at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes:		
Program activities:		
Program resources	\$ 203,569	\$ 158,300
Acquisition and maintenance of buildings and equipment	59,833	47,299
	<u>263,402</u>	<u>205,599</u>
Subject to the passage of time:		
Benefit and individual restricted gifts for use after June 30, 2021	312,615	475,002
Subject to Horizons' endowment spending policy and appropriation:		
Investment in perpetuity		
General endowment	33,052	26,533
School Year Program Endowment	2,958,206	2,374,785
Ann Robertson Cohen Endowment Fund	283,791	227,822
Gacel Machado Lecuona Endowment Fund	83,154	66,959
Teacher Salary Endowment	885,559	710,908
	<u>4,243,762</u>	<u>3,407,007</u>
Total net assets with donor restrictions	<u>\$ 4,819,779</u>	<u>\$ 4,087,608</u>

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Note G - Net Assets Released From Restrictions

The sources of net assets with donor restrictions released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were as follows:

	<u>2021</u>	<u>2020</u>
Pool fund	\$ 500	\$ -
<i>Benefit Proceeds:</i>		
Benefit 2019- time restricted	321,012	134,575
Individual Restricted Gifts	70,000	91,650
Summer Program	86,197	49,375
High School Program	20,000	55,430
Lone Pine Staff Recognition/Professional Development	-	2,500
Lone Pine Opportunity Fund	-	4,168
Lone Pine COVID Response	18,909	6,091
Parent Council Dues	2,025	4,067
Broadway Fund	-	500
Faculty Bonuses	38,000	-
Family Emergency Fund	40,590	2,000
Grossman Family Foundation	17,750	-
	\$ 614,983	\$ 350,356

Note H - Concentration of Credit Risk for Cash Held at Bank

Horizons maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. Horizons maintains deposits that exceed the insured balance throughout the year.

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Note I - Endowment

Horizons' endowment includes both donor-restricted endowment funds which are classified and reported based on the existence or absence of donor-imposed restrictions, and funds designated by the Board of Trustees to function as endowment.

The Board of Trustees of Horizons has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the School classifies as with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulation to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by CTUPMIFA. Horizons considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 2,747,554	\$ -	\$ 2,747,554
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	2,652,387	2,652,387
Accum. investment gains	-	1,591,374	1,591,374
 Total funds	 \$ <u>2,747,554</u>	 \$ <u>4,243,761</u>	 \$ <u>6,991,315</u>

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June 30, 2021 and 2020

Note I - Endowment (continued)

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 2,205,678	\$ -	\$ 2,205,678
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	2,651,387	2,651,387
Accum. investment gains	<u>-</u>	<u>755,620</u>	<u>755,620</u>
 Total funds	 <u>\$ 2,205,678</u>	 <u>\$ 3,407,007</u>	 <u>\$ 5,612,685</u>

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of period	\$ 2,205,678	\$ 3,407,007	\$ 5,612,685
Investment return:			
Net investment income	38,978	60,205	99,183
Net appreciation (loss) (realized and unrealized)	<u>561,364</u>	<u>867,083</u>	<u>1,428,447</u>
Net investment return	600,342	927,288	1,527,630
Contributions	-	1,000	1,000
Appropriation of endowment assets for expenditures	(58,466)	(91,534)	(150,000)
Endowment net assets, end of period	<u>\$ 2,747,554</u>	<u>\$ 4,243,761</u>	<u>\$ 6,991,315</u>

Endowment funds held in cash and cash equivalents as of June 30, 2021 were \$153,518.

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NOTES TO FINANCIAL STATEMENTS
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Note I - Endowment (continued)

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of period	\$ 2,166,461	\$ 3,346,740	\$ 5,513,200
Investment return:			
Net investment income	49,190	75,985	125,175
Net appreciation (loss) (realized and unrealized)	<u>53,664</u>	<u>82,895</u>	<u>136,559</u>
Net investment return	102,854	158,880	261,734
Contributions	-	750	750
Appropriation of endowment assets for expenditures	<u>(63,636)</u>	<u>(99,363)</u>	<u>(162,999)</u>
Endowment net assets, end of period	<u>\$ 2,205,678</u>	<u>\$ 3,407,007</u>	<u>\$ 5,612,685</u>

Endowment funds held in cash and cash equivalents as of June 30, 2020 were \$341,413.

Funds with Deficiencies: From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or CTUPMIFA requires Horizons to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets. As of June 30, 2021 and 2020 there were no deficiencies.

Return objectives and risk parameters: Horizons has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in accordance with sound investment practices emphasizing long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, Horizons relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Horizons targets a diversified asset allocation consisting of domestic and international equity, hedge funds and other alternative asset holdings, domestic fixed income securities and cash to achieve its long-term return objectives within prudent risk constraints.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note I - Endowment (continued)

Spending policy and how the investment objectives relate to spending policy: In order to support the operating activities of Horizons, the Board of Trustees utilizes a spending policy based on up to five percent of the average of the prior twelve quarter-end endowment values up to and including June 30th. In establishing this policy, Horizons considered the long-term expected return on its endowment. Accordingly, over the long-term, Horizons expects the current spending policy to allow its endowment to grow, consistent with its objective to maintain the purchasing power of the endowment over time as well as to provide additional real growth through new gifts and investment return

Note J - Retirement Plan

Salaried employees are covered by a contributory retirement plan that is generally available to employees of educational organizations and provides for retirement benefits through the purchase of individually owned annuities. Horizons' policy is to fund costs accrued. Contributions for the year ended June 30, 2021 and 2020 were \$51,385 and \$40,610, respectively.

Note K - Commitments

The Horizons program has subscribed for investments in various limited partnerships investment funds. Outstanding commitments for additional capital contributions as of June 30, 2021 total \$358,486.

Note L - Postretirement Health Care Benefits

The School sponsors a defined benefit postretirement medical benefit plan covering certain full-time salaried employees who meet date of hire, years of service and age requirements. The plan is contributory, with retiree contributions adjusted annually. Accounting standards require recognition of this unfunded liability on the statement of financial position. Actuarial details of the plan can be found in the financial statements of the New Canaan Country School.

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Note M - Liquidity

Horizons financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,109,558	\$ 701,314

Horizons' financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the statement of financial position date and amounts set aside for long-term investing in endowments.

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of Horizons' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The endowment, which consists of investments of \$6,900,249 and cash and cash equivalents of \$153,518, is subject to an annual spending rate of up to 5% as described in Note I. Although Horizons does not intend to spend from the board-designated endowment portion (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Note N - PPP Loan

Paycheck Protection Program Loan

In February 2021, the School entered into a loan (the "PPP Loan") with First County Bank (the "Lender") pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Horizons received \$125,000 from the School for their portion of expenses used in calculating the total amount of the PPP Loan. The PPP Loan bears interest at a fixed rate of 1% per year, with the first ten months of interest deferred, and payable over a term of two years. The PPP Loan is unsecured and guaranteed by the Small Business Administration.

The PPP Loan may be used for payroll costs, costs related to certain group health care benefits and insurance premiums, rent payments, utility payments, and also interest payments on any debt obligation that were entered into before February 15, 2020. PPP Loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP, with such forgiveness to be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities.

The School has incurred costs during the eligible period that will result in the majority, if not all, of the loan balance to be forgiven, but has not applied for forgiveness as of June 30, 2021. Pursuant to the guidance under the *Accounting for Contributions (ASC-605)*, the School has recorded the loan as a conditional contribution. As a result, the PPP Loan proceeds are recorded as a loan payable, which is included in current liabilities. When forgiveness is granted by the Lender, the School will recognize income equivalent to the related costs to which the PPP Loan relates. Horizons has accounted for the PPP Loan in the same manner as the School.

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Note O - Special Events

Special events generate revenue for Horizons as well as raise awareness about the organization's mission. Some events are annual and some are incidental to Horizons central activities and do not happen regularly. Incidental events are recorded net in the accompanying Statements of Activities.

Horizons did not hold any annual events during the years ended June 30, 2021 and 2020.

Note P - Other Matters

As discussed in Note N, Horizons obtained a PPP Loan during 2021 which helped to mitigate the effect COVID-19 had on its fiscal year 2021 financial position. The full impact of the COVID-19 outbreak continues to evolve. As such, it is uncertain as to the full magnitude the pandemic will have on Horizon's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation and the impact on its financial condition, liquidity, operations, suppliers, industry, and workforce.

Note Q - Subsequent Events

Date of management evaluation

Management has evaluated subsequent events through November 24, 2021, the date on which the financial statements were available to be issued.