

**NEW CANAAN COUNTRY SCHOOL,  
INCORPORATED  
HORIZONS STUDENT ENRICHMENT PROGRAM**

**FINANCIAL STATEMENTS**

Years Ended June 30, 2015 and 2014

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## Capossela, Cohen, LLC

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### **Independent Auditor's Report**

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of New Canaan Country School, Incorporated - Horizons Student Enrichment Program (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, 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**

The Program's 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 unmodified audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Canaan Country School, Incorporated - Horizons Student Enrichment Program as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Capossela, Cohen, LLC*

October 28, 2015

**NEW CANAAN COUNTRY SCHOOL, INCORPORATED**  
**HORIZONS STUDENT ENRICHMENT PROGRAM**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2015 and 2014

**Assets**

	<u><b>2015</b></u>	<u><b>2014</b></u>
Cash	\$ 484,742	\$ 322,985
Cash - temporarily restricted	628,899	448,140
Cash - endowment	110,609	227,318
Contributions receivables	-	4,762
Prepaid expenses	22,338	33,229
Investments	5,442,663	5,505,491
Property, equipment and improvements, net	<u>41,185</u>	<u>46,031</u>
<b>Total assets</b>	<b>\$ <u>6,730,436</u></b>	<b>\$ <u>6,587,956</u></b>

**Liabilities and net assets**

Accounts payable	\$ 138,538	\$ 34,735
Accrued postretirement health care benefits	<u>178,673</u>	<u>134,853</u>
<b>Total liabilities</b>	317,211	169,588
<b>Net assets</b>		
Unrestricted	234,114	238,316
Board designated endowment	<u>2,192,326</u>	<u>2,263,911</u>
<b>Total unrestricted net assets</b>	2,426,440	2,502,227
Temporarily restricted	1,399,267	1,328,622
Permanently restricted	<u>2,587,519</u>	<u>2,587,519</u>
<b>Total net assets</b>	<u>6,413,226</u>	<u>6,418,368</u>
<b>Total liabilities and net assets</b>	<b>\$ <u>6,730,436</u></b>	<b>\$ <u>6,587,956</u></b>

See independent auditor's report and notes to financial statements

**NEW CANAAN COUNTRY SCHOOL, INCORPORATED**  
**HORIZONS STUDENT ENRICHMENT PROGRAM**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Operating</b>				
<b>Support and revenue</b>				
Contributions	\$ 964,924	\$ 84,296	\$ -	\$ 1,049,220
Gross special event revenue	-	687,910	-	687,910
Less: cost of direct benefit to donors	-	( 167,687)	-	( 167,687)
Net special event revenue	-	520,223	-	520,223
Endowment fund income	259,908	-	-	259,908
Current investment income	7	569	-	576
Program revenues				
Registration fees	19,525	-	-	19,525
Net assets released from restrictions	<u>426,040</u>	<u>( 426,040)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<b>1,670,404</b>	<b>179,048</b>	<b>-</b>	<b>1,849,452</b>
<b>Expenses</b>				
Program	1,377,673	-	-	1,377,673
Administration	140,048	-	-	140,048
Development	<u>120,632</u>	<u>-</u>	<u>-</u>	<u>120,632</u>
<b>Total expenses</b>	<b><u>1,638,353</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,638,353</u></b>
<b>Change in net assets from operating activities</b>	<b>32,051</b>	<b>179,048</b>	<b>-</b>	<b>211,099</b>
<b>Non operating</b>				
Release of prior year endowment income	( 71,585)	( 108,402)	-	( 179,987)
Post retirement health benefit	( 36,252)	-	-	( 36,252)
	<u>( 107,837)</u>	<u>( 108,402)</u>	<u>-</u>	<u>( 216,239)</u>
<b>Change in net assets</b>	<b>( 75,786)</b>	<b>70,646</b>	<b>-</b>	<b>( 5,140)</b>
<b>Net assets at beginning of year</b>	<b><u>2,502,226</u></b>	<b><u>1,328,622</u></b>	<b><u>2,587,519</u></b>	<b><u>6,418,368</u></b>
<b>Net assets at end of year</b>	<b>\$ <u>2,426,440</u></b>	<b>\$ <u>1,399,267</u></b>	<b>\$ <u>2,587,519</u></b>	<b>\$ <u>6,413,226</u></b>

See independent auditor's report and notes to financial statements

**NEW CANAAN COUNTRY SCHOOL, INCORPORATED**  
**HORIZONS STUDENT ENRICHMENT PROGRAM**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Operating</b>				
<b>Support and revenue</b>				
Contributions	\$ 902,582	\$ 213,660	\$ -	\$ 1,116,242
Gross special event revenue	70,365	4,850	-	75,215
Less: cost of direct benefit to donors	( 30,250)	-	-	( 30,250)
Net special event revenue	40,115	4,850	-	44,965
Endowment fund income	247,955	-	-	247,955
Current investment income	11	-	-	11
Program revenues				
Registration fees	17,320	-	-	17,320
Net assets released from restrictions	<u>314,476</u>	<u>( 314,476)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<b>1,522,459</b>	<b>( 95,966)</b>	<b>-</b>	<b>1,426,493</b>
<b>Expenses</b>				
Program	1,303,368	-	-	1,303,368
Administration	132,461	-	-	132,461
Development	<u>141,093</u>	<u>-</u>	<u>-</u>	<u>141,093</u>
<b>Total expenses</b>	<b><u>1,576,922</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,576,922</u></b>
<b>Change in net assets from operating activities</b>	<b>( 54,463)</b>	<b>( 95,966)</b>	<b>-</b>	<b>( 150,429)</b>
<b>Non operating</b>				
Net investment gain	217,127	334,166	-	551,293
Post retirement health benefit	3,318	-	-	3,318
Contributions	<u>-</u>	<u>-</u>	<u>69,100</u>	<u>69,100</u>
	<u>220,445</u>	<u>334,166</u>	<u>69,100</u>	<u>623,711</u>
<b>Change in net assets</b>	<b>165,982</b>	<b>238,200</b>	<b>69,100</b>	<b>473,282</b>
<b>Net assets at beginning of year</b>	<b><u>2,336,244</u></b>	<b><u>1,090,422</u></b>	<b><u>2,518,419</u></b>	<b><u>5,945,085</u></b>
<b>Net assets at end of year</b>	<b>\$ <u>2,502,226</u></b>	<b>\$ <u>1,328,622</u></b>	<b>\$ <u>2,587,519</u></b>	<b>\$ <u>6,418,368</u></b>

See independent auditor's report and notes to financial statements

**NEW CANAAN COUNTRY SCHOOL, INCORPORATED**  
**HORIZONS STUDENT ENRICHMENT PROGRAM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2015

	<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	\$ 544,547	\$ 131,688	\$ 124,708	\$ 800,943	\$ 24,196	\$ 89,193	\$ 914,332
Payroll taxes and benefits	66,389	18,708	12,906	98,003	11,979	20,677	130,659
Independent contractors	-	42,006	136,816	178,822	-	-	178,822
Supplies and miscellaneous	26,049	6,631	2,436	35,116	16,227	470	51,813
Trips and college tours	17,062	-	-	17,062	-	-	17,062
College scholarships	-	-	26,500	26,500	-	-	26,500
Enrichment lessons	-	4,270	200	4,470	-	-	4,470
Food	48,152	575	-	48,727	-	-	48,727
Transportation	67,753	4,164	1,812	73,729	-	-	73,729
Pool	9,447	-	-	9,447	-	-	9,447
Professional fees	3,131	-	-	3,131	47,974	-	51,105
Services	38,500	10,000	15,000	63,500	19,000	-	82,500
Office and insurance	-	-	-	-	18,880	-	18,880
Training and program development	6,300	-	-	6,300	-	-	6,300
Printing and postage	-	1,183	1,183	2,366	-	9,231	11,597
<b>Total before non-cash expenses</b>	<b>827,329</b>	<b>219,225</b>	<b>321,561</b>	<b>1,368,115</b>	<b>138,256</b>	<b>119,570</b>	<b>1,625,941</b>
Postretirement healthcare expense	2,831	2,705	485	6,021	484	1,062	7,567
Depreciation	3,537	-	-	3,537	1,308	-	4,845
<b>Total expenses</b>	<b>\$ 833,697</b>	<b>\$ 221,930</b>	<b>\$ 322,046</b>	<b>\$ 1,377,673</b>	<b>\$ 140,048</b>	<b>\$ 120,632</b>	<b>\$ 1,638,353</b>

See independent auditor's report and notes to financial statements

**NEW CANAAN COUNTRY SCHOOL, INCORPORATED**  
**HORIZONS STUDENT ENRICHMENT PROGRAM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2014

	<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	\$ 545,818	\$ 115,526	\$ 103,782	\$ 765,126	\$ 22,538	\$ 106,612	\$ 894,276
Payroll taxes and benefits	72,939	17,816	10,716	101,471	17,634	24,941	144,046
Independent contractors	-	45,824	117,366	163,190	-	-	163,190
Supplies and miscellaneous	25,648	7,298	3,658	36,604	22,081	143	58,828
Trips and college tours	20,217	-	1,324	21,541	-	-	21,541
College scholarships	-	-	18,750	18,750	-	-	18,750
Enrichment lessons	-	6,185	2,416	8,601	-	-	8,601
Food	36,587	454	-	37,041	-	-	37,041
Transportation	64,475	3,950	1,740	70,165	-	-	70,165
Pool	4,513	-	-	4,513	-	-	4,513
Professional fees	350	-	-	350	34,279	-	34,629
Services	38,500	10,000	15,000	63,500	19,000	-	82,500
Office and insurance	-	-	-	-	15,228	-	15,228
Training and program development	2,559	1,184	-	3,743	-	-	3,743
Printing and postage	-	707	707	1,414	85	8,724	10,223
<b>Total before non-cash expenses</b>	<b>811,606</b>	<b>208,944</b>	<b>275,460</b>	<b>1,296,009</b>	<b>130,844</b>	<b>140,419</b>	<b>1,567,273</b>
Postretirement healthcare expense	1,797	1,717	308	3,822	308	674	4,804
Depreciation	3,537	-	-	3,537	1,308	-	4,845
<b>Total expenses</b>	<b>\$ 816,940</b>	<b>\$ 210,661</b>	<b>\$ 275,768</b>	<b>\$ 1,303,368</b>	<b>\$ 132,461</b>	<b>\$ 141,093</b>	<b>\$ 1,576,922</b>

See independent auditor's report and notes to financial statements



**NEW CANAAN COUNTRY SCHOOL, INCORPORATED**  
**HORIZONS STUDENT ENRICHMENT PROGRAM**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2015 and 2014

**Increase (decrease) in cash**

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ ( 5,140)	\$ 473,283
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	4,845	4,845
Contributions restricted for long-term investment	-	( 69,100)
Net realized and unrealized gain	( 16,400)	( 728,499)
Accrued post-retirement healthcare benefits	43,820	6,928
Change in assets and liabilities:		
Contributions receivable	4,762	24,521
Prepaid expenses	10,891	( 5,175)
Accounts payable	<u>103,803</u>	<u>32,242</u>
<b>Net cash from operating activities</b>	146,579	( 260,955)
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	1,324,008	430,182
Purchase of investments	<u>( 1,244,780)</u>	<u>( 469,760)</u>
<b>Net cash from investing activities</b>	79,228	( 39,578)
<b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for investment in endowment	<u>-</u>	<u>69,100</u>
<b>Net change in cash</b>	225,807	( 231,433)
<b>Cash at beginning of year</b>	<u>998,443</u>	<u>1,229,877</u>
<b>Cash at end of year</b>	\$ <u><u>1,224,250</u></u>	\$ <u><u>998,443</u></u>

See independent auditor's report and notes to financial statements

**NEW CANAAN COUNTRY SCHOOL, INCORPORATED**  
**HORIZONS STUDENT ENRICHMENT PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014

**Note A - Description of Program and Significant Accounting Policies**

**Description of program**

Horizons Student Enrichment Program (“Horizons”) provides academic, artistic, and athletic opportunities to students from local low-income families. This past year 269 kindergarten through eighth graders and 144 high school students participated. 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 forty-five Horizons programs in operation, modeled after the New Canaan public/private partnership, serving thousands of students. Horizons consists of an intensive six-week Summer Program, The School Year Program, The High School Program and The Parent Program. Programs include enrichment, tutoring, academic coaching, parenting programs, music lessons, a winter Saturday program, 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**

In accordance with accounting standards, Horizons is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

**Contributions**

In accordance with accounting standards, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

**NEW CANAAN COUNTRY SCHOOL, INCORPORATED**  
**HORIZONS STUDENT ENRICHMENT PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014

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

**Net asset categories**

To ensure observance of limitations and restrictions that may be placed on the use of resources available, the accounts of Horizons are maintained in the following net asset categories:

**Unrestricted** - Unrestricted net assets represent available resources other than donor restricted contributions. Donor restricted contributions which are satisfied in the same reporting period when the contribution is received are treated as unrestricted contributions. Included in unrestricted net assets are grants and contracts that are earmarked for the general-purpose use of Horizons.

**Temporarily Restricted** - Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose or as to time of expenditure.

**Permanently Restricted** - Permanently restricted net assets represent contributions that are limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Horizons.

**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 publically 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**  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014

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

**Contributed services**

During the years ended June 30, 2015 and 2014, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

**Income taxes**

The Horizons Student Enrichment Program 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.

**Allocated expenses**

Expenses by function have been allocated among program and support services classifications on the basis of estimates made by Horizons' management.

**Note B - Investments**

Investments at June 30, 2015 consist of the following:

	<u>Cost</u>	<u>Market</u>
Mutual funds:		
Bond fund	\$ 975,414	\$ 977,366
Equity fund	1,934,566	2,395,536
Commodities fund	741,839	574,050
Alternative investments:		
Investment in limited partnerships	1,019,018	1,495,711
	<u>\$ 4,670,838</u>	<u>\$ 5,442,663</u>

**NEW CANAAN COUNTRY SCHOOL, INCORPORATED**  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014

**Note B - Investments (continued)**

Investments at June 30, 2014 consist of the following:

	<u>Cost</u>	<u>Market</u>
Mutual funds:		
Bond fund	\$ 787,922	\$ 804,506
Equity fund	2,037,379	2,813,147
Commodities fund	548,147	489,669
Alternative investments:		
Investment in limited partnerships	978,714	1,398,169
	<u>\$ 4,352,162</u>	<u>\$ 5,505,491</u>

The following is a summary of investment returns for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Dividends and interest	\$ 83,701	\$ 90,078
Net realized and unrealized gains (losses)	16,647	728,338
Investment expense	( <u>19,857</u> )	( <u>19,167</u> )
Return on long-term investments	<u>\$ 80,491</u>	<u>\$ 799,249</u>
Investment return is reported as follows:		
Endowment income	259,908	247,955
(Release of prior year unrestricted endowment income) Net investment gain	( 71,585 )	217,127
(Release of prior year temporarily restricted endowment income) Net investment gain	( <u>107,832</u> )	<u>334,166</u>
Return on long-term investments	<u>\$ 80,491</u>	<u>\$ 799,249</u>

**Note C - 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:

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June 30, 2015 and 2014

**Note C - Fair Value Measurements (continued)**

*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.

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

	<u>2015</u>	<u>2014</u>
Mutual funds	\$ 3,946,952	\$ 4,107,322
Alternative investments:		
Investment in limited partnerships	<u>1,495,711</u>	<u>1,398,169</u>
Total	<u>\$ 5,442,663</u>	<u>\$ 5,505,491</u>

Fair value was determined as follows:

	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Based on Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
<b><u>June 30, 2015</u></b>			
Mutual funds	\$ 3,946,952	\$ -	\$ -
Alternative investments:			
Investment in limited partnerships	<u>-</u>	<u>-</u>	<u>1,495,711</u>
Total	<u>\$ 3,946,952</u>	<u>\$ -</u>	<u>\$ 1,495,711</u>

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**NOTES TO FINANCIAL STATEMENTS**  
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**Note C - Fair Value Measurements (continued)**

<u>June 30, 2014</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Based on Other Observable Inputs (Level 2) Other</u>	<u>Unobservable Inputs (Level 3)</u>
Mutual funds	\$ 4,107,322	\$ -	\$ -
Alternative investments:			
Investment in limited partnerships	<u>-</u>	<u>-</u>	<u>1,398,169</u>
<b>Total</b>	<u>\$ 4,107,322</u>	<u>\$ -</u>	<u>\$ 1,398,169</u>

The classification of an investment within level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

The limitations and restrictions on Horizons' ability to redeem these investments vary by investment. Investments in limited partnerships valued at \$182,061 have no redemption rights. Based upon the terms and conditions in effect at June 30, 2015, the Horizons remaining investments in limited partnerships can be redeemed as follows:

<u>June 30,</u>	<u>Amount</u>
2016	351,291
2017	167,891
2018	794,468

Following is a reconciliation of activity for the year ended June 30, 2015 for investments measured at fair value based on significant unobservable (non-market) information (level 3). All net realized and unrealized gains and (losses) are reflected in the accompanying statement of activities:

	<u>Alternative Investments</u>
Balance at beginning of year	\$ 1,398,169
Net realized and unrealized gains and (losses)	148,859
Net contributions (distributions)	<u>(51,317)</u>
<b>Balance at end of year</b>	<u>\$ 1,495,711</u>

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**Note D - Property, Equipment and Improvements**

Property, equipment and improvements consist of the following:

	<u>2015</u>	<u>2014</u>
Transportation equipment	\$ 28,155	\$ 28,155
Pool	71,007	71,007
Furniture and equipment	7,428	7,428
Building improvements	96,907	96,907
	<u>203,497</u>	<u>203,497</u>
Less accumulated depreciation	( 162,311)	( 157,466)
	<u>\$ 41,185</u>	<u>\$ 46,031</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$4,845.

**Note E - Restrictions and Limitations on Net Asset Balances**

Temporarily restricted net assets are available for the following purposes at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Pool fund	\$ 40,056	\$ 39,768
Literature funds	-	1,248
General support	50,000	-
Broadway Fund	25,520	23,745
<i>Benefit Proceeds:</i>		
Benefits - purpose restricted	56,110	49,748
Benefit 2013 - time restricted	-	349,463
Benefit 2015 - time restricted	376,432	-
School Year Program	17,100	7,050
Summer Program	10,000	-
<i>Endowment:</i>		
General Endowment	12,872	13,733
School Year Programming Endowment	514,542	591,616
Ann Robertson Cohen Endowment Fund	40,419	47,813
Teacher Salary Endowment	164,479	187,552
High School Program	91,737	16,886
	<u>\$ 1,399,267</u>	<u>\$ 1,328,622</u>



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**Note E - Restrictions and Limitations on Net Asset Balances (continued)**

Permanently restricted net assets consist of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
General Endowment	\$ 13,500	\$ 13,500
School Year Programming Endowment	1,845,869	1,845,869
Ann Robertson Cohen Endowment Fund	186,025	186,025
Teacher Salary Endowment	542,125	542,125
	<u>\$ 2,587,519</u>	<u>\$ 2,587,519</u>

**Note F - Net Assets Released From Restrictions**

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

	<u>2015</u>	<u>2014</u>
Pool fund	\$ 281	\$ 4,513
Broadway Fund	1,000	-
Literature Funds	1,248	1,465
<i>Benefit Proceeds:</i>		
Benefit - time restricted	349,463	78,000
Benefit - purpose restricted	49,748	46,595
Summer Program	-	4,250
School Year Program	8,250	61,525
High School Program	1,000	106,607
Administrative Support	15,050	11,521
	<u>\$ 426,040</u>	<u>\$ 314,476</u>

**Note G - 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 H - 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 absent explicit donor stipulations to the contrary. As a result of this interpretation, Horizons classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Horizons in a manner consistent with the standard of prudence prescribed by CTUPMIFA. In accordance with 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, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted, endowment funds	\$ -	\$ 732,312	\$ 2,587,519	\$ 3,319,831
Board designated endowment funds	<u>2,192,326</u>	<u>-</u>	<u>-</u>	<u>2,192,326</u>
<b>Total funds</b>	<u>\$ 2,192,326</u>	<u>\$ 732,312</u>	<u>\$ 2,587,519</u>	<u>\$ 5,512,157</u>

Endowment net asset composition by type of fund as of June 30, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted, endowment funds	\$ -	\$ 840,714	\$ 2,587,519	\$ 3,428,233
Board designated endowment funds	<u>2,263,911</u>	<u>-</u>	<u>-</u>	<u>2,263,911</u>
<b>Total funds</b>	<u>\$ 2,263,911</u>	<u>\$ 840,714</u>	<u>\$ 2,587,519</u>	<u>\$ 5,692,144</u>

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**Note H - Endowment (continued)**

Changes in endowment net assets for the year ended June 30, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of period	\$ 2,263,911	\$ 840,714	\$ 2,587,519	\$ 5,692,144
Investment return:				
Net investment income	182,447	276,280	-	458,727
Net appreciation (realized and unrealized)	<u>(150,660)</u>	<u>(228,145)</u>	<u>-</u>	<u>(378,805)</u>
Net investment return	31,787	48,135	-	79,922
Appropriation of endowment assets for expenditures	<u>(103,372)</u>	<u>(156,536)</u>	<u>-</u>	<u>(259,908)</u>
Endowment net assets, end of period	\$ <u>2,192,326</u>	\$ <u>732,312</u>	\$ <u>2,587,519</u>	\$ <u>5,512,157</u>

Changes in endowment net assets for the year ended June 30, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of period	\$ 2,046,160	\$ 512,649	\$ 2,518,419	\$ 5,077,228
Investment return:				
Net investment income	28,185	42,239	-	70,424
Net appreciation (realized and unrealized)	<u>289,494</u>	<u>433,852</u>	<u>-</u>	<u>723,347</u>
Net investment return	317,679	476,091	-	793,771
Contributions	-	-	69,100	69,100
Appropriation of endowment assets for expenditures	<u>(99,928)</u>	<u>(148,027)</u>	<u>-</u>	<u>(247,955)</u>
Endowment net assets, end of period	\$ <u>2,263,911</u>	\$ <u>840,714</u>	\$ <u>2,587,519</u>	\$ <u>5,692,144</u>

*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, 2015 and 2014 there were no deficiencies.

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**Note H - Endowment (continued)**

*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. Endowment assets include those assets of donor-restricted funds that Horizons must hold in perpetuity. 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.

*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 taking up to five percent of the average of the three most recent years' Horizons Endowment Fund balance. 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 assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

**Note I - Pension 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, 2015 and 2014 were \$22,837 and \$33,708, respectively.

**Note J - Commitments**

The Horizons program has subscribed for investments in various limited partnerships investment funds. Outstanding commitments for additional capital contributions as of June 30, 2015 total \$29,537.

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**Note K - Postretirement Health Care Benefits**

Horizons participates in a defined benefit postretirement medical benefit plan covering salaried employees. The plan is contributory, with retiree contributions adjusted annually. Accounting standards require recognition of this unfunded liability on the balance sheet. Actuarial details of the plan can be found in the financial statements of the New Canaan Country School.

**Note L - Subsequent Events**

**Date of management evaluation**

Management has evaluated subsequent events through October 28, 2015, the date on which the financial statements were available to be issued.