

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

**FINANCIAL STATEMENTS**

Years Ended June 30, 2022 and 2021

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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**

#### **Opinion**

We have audited the accompanying financial statements of Horizons at New Canaan Country School, a program of New Canaan Country School, Incorporated (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 as of June 30, 2022 and 2021, 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.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Horizons at New Canaan Country School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Horizons at New Canaan Country School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Horizons at New Canaan Country School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Horizons at New Canaan Country School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Capossela, Cohen, LLC*

October 20, 2022

**NEW CANAAN COUNTRY SCHOOL, INCORPORATED**  
**HORIZONS AT NEW CANAAN COUNTRY SCHOOL**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2022 and 2021

**Assets**

	<u><b>2022</b></u>	<u><b>2021</b></u>
<b>Current assets</b>		
Cash	\$ 930,830	\$ 1,109,558
Cash - with donor restrictions	1,018,659	516,184
Cash - endowment	5,509	3,659
Other receivable	55,990	-
Prepaid expenses and other assets	<u>80,508</u>	<u>68,448</u>
<b>Total current assets</b>	<b>2,091,496</b>	<b>1,697,849</b>
Investments	6,198,518	7,050,108
Property, equipment and improvements, net	<u>14,546</u>	<u>15,222</u>
<b>Total assets</b>	<b>\$ <u>8,304,560</u></b>	<b>\$ <u>8,763,179</u></b>

**Liabilities and net assets**

<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 101,252	\$ 106,862
Accrued postretirement health care benefits, current portion	<u>7,873</u>	<u>5,690</u>
<b>Total current liabilities</b>	<b>109,125</b>	<b>112,552</b>
<b>Accrued postretirement health care benefits</b>	<b>162,733</b>	<b>232,096</b>
<b>PPP loan payable</b>	<b>-</b>	<b>125,000</b>
<b>Net assets</b>		
Without donor restrictions:		
Available for operations	855,263	726,199
Board designated endowment	<u>2,415,766</u>	<u>2,747,553</u>
	<u>3,271,029</u>	<u>3,473,752</u>
With donor restrictions - Note F	<u>4,761,673</u>	<u>4,819,779</u>
<b>Total net assets</b>	<b><u>8,032,702</u></b>	<b><u>8,293,531</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>8,304,560</u></b>	<b>\$ <u>8,763,179</u></b>

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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating</b>			
<b>Support and revenue</b>			
Contributions	\$ 1,086,165	\$ 247,070	\$ 1,333,235
Special event, (integral and ongoing)			
Contributions	-	668,932	668,932
Event sales	-	98,047	98,047
Less: costs of direct benefit to donors	-	( 87,392)	( 87,392)
Net special event (integral and ongoing)	-	679,587	679,587
Special events, net (peripheral and incidental)	73,555	-	73,555
Endowment fund income	-	-	-
Current investment loss	-	( 7,220)	( 7,220)
Program revenues:			
Registration fees	19,730	-	19,730
Net assets released from restrictions - Note G	466,815	( 466,815)	-
<b>Total support and revenue</b>	<b>1,646,265</b>	<b>452,622</b>	<b>2,098,887</b>
<b>Expenses</b>			
Program	1,437,382	-	1,437,382
Administration	103,838	-	103,838
Development	231,803	-	231,803
<b>Total expenses</b>	<b>1,773,023</b>	<b>-</b>	<b>1,773,023</b>
<b>Change in net assets from operating activities</b>	<b>( 126,758)</b>	<b>452,622</b>	<b>325,864</b>
<b>Non operating</b>			
Net investment loss	( 331,782)	( 512,578)	( 844,360)
Other income	180,990	-	180,990
Post-retirement health benefit	74,827	-	74,827
Contributions - endowment	-	1,850	1,850
	( 75,965)	( 510,728)	( 586,693)
<b>Change in net assets</b>	<b>( 202,723)</b>	<b>( 58,106)</b>	<b>( 260,829)</b>
<b>Net assets at beginning of year</b>	<b>3,473,752</b>	<b>4,819,779</b>	<b>8,293,531</b>
<b>Net assets at end of year</b>	<b>\$ 3,271,029</b>	<b>\$ 4,761,673</b>	<b>\$ 8,032,702</b>

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>
<b>Operating</b>			
<b>Support and revenue</b>			
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>
<b>Total support and revenue</b>	1,875,061	( 104,584)	1,770,477
<b>Expenses</b>			
Program	1,391,068	-	1,391,068
Administration	94,992	-	94,992
Development	<u>169,101</u>	<u>-</u>	<u>169,101</u>
<b>Total expenses</b>	<u>1,655,161</u>	<u>-</u>	<u>1,655,161</u>
<b>Change in net assets from operating activities</b>	219,900	( 104,584)	115,316
<b>Non operating</b>			
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>
<b>Change in net assets</b>	763,799	732,170	1,495,969
<b>Net assets at beginning of year</b>	<u>2,709,953</u>	<u>4,087,609</u>	<u>6,797,562</u>
<b>Net assets at end of year</b>	<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 FUNCTIONAL EXPENSES**

Year Ended June 30, 2022

	<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	\$ 592,378	\$ 142,580	\$ 135,453	\$ 870,411	\$ 24,062	\$ 132,908	\$ 1,027,381
Payroll taxes and benefits	88,455	33,466	31,325	153,246	8,039	34,651	195,936
Independent contractors	700	1,075	2,290	4,065	-	-	4,065
Supplies and miscellaneous	34,633	3,018	10,723	48,374	2,459	25,174	76,007
Trips and college tours	4,152	-	10,422	14,574	-	-	14,574
College scholarships	-	-	2,500	2,500	-	-	2,500
Emergency fund	-	54,171	-	54,171	-	-	54,171
Food	74,007	7,000	-	81,007	-	-	81,007
Transportation	93,920	4,406	-	98,326	-	-	98,326
Pool	11,396	-	-	11,396	-	-	11,396
Professional fees	2,724	666	666	4,056	24,812	-	28,868
Services	39,363	10,050	15,072	64,485	19,266	-	83,751
Office and insurance	-	-	-	-	21,535	-	21,535
Training and program development	6,057	11,648	667	18,372	1,439	-	19,811
Fundraising	-	-	-	-	-	27,764	27,764
Printing and postage	-	840	2,420	3,260	-	9,612	12,872
<b>Total before non-cash expenses</b>	<b>947,785</b>	<b>268,920</b>	<b>211,538</b>	<b>1,428,243</b>	<b>101,612</b>	<b>230,109</b>	<b>1,759,964</b>
Postretirement healthcare expense	2,749	1,675	765	5,189	765	1,694	7,648
Depreciation	3,950	-	-	3,950	1,461	-	5,411
<b>Total expenses</b>	<b>\$ 954,484</b>	<b>\$ 270,595</b>	<b>\$ 212,303</b>	<b>\$ 1,437,382</b>	<b>\$ 103,838</b>	<b>\$ 231,803</b>	<b>\$ 1,773,023</b>

**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</u> <u>Program</u>	<u>School Year</u> <u>Program</u>	<u>High School</u> <u>Program</u>	<u>Total</u> <u>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	9,411	5,635	44,819
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	-	-	-	-	20,409	-	20,409
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
<b>Total before non-cash expenses</b>	<b>886,232</b>	<b>271,621</b>	<b>225,270</b>	<b>1,383,123</b>	<b>92,944</b>	<b>167,817</b>	<b>1,643,884</b>
Postretirement healthcare expense	2,109	1,299	587	3,995	587	1,284	5,866
Depreciation	3,950	-	-	3,950	1,461	-	5,411
<b>Total expenses</b>	<b>\$ 892,291</b>	<b>\$ 272,920</b>	<b>\$ 225,857</b>	<b>\$ 1,391,068</b>	<b>\$ 94,992</b>	<b>\$ 169,101</b>	<b>\$ 1,655,161</b>

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, 2022 and 2021

	<b>Increase (decrease) in cash</b>	
	<u><b>2022</b></u>	<u><b>2021</b></u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ ( 260,829)	\$ 1,495,968
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,411	5,411
PPP loan forgiveness income	( 125,000)	-
Contributions restricted for long-term investment	( 1,850)	( 1,000)
Net realized and unrealized loss (gain)	980,827	( 1,440,634)
Accrued post-retirement healthcare benefits	( 67,180)	3,843
Change in assets and liabilities:		
Prepaid expenses	( 12,060)	41,120
Other receivable	( 55,990)	-
Accounts payable and accrued liabilities	( 5,610)	27,363
<b>Net cash from operating activities</b>	<b>457,719</b>	<b>132,071</b>
<b>Cash flows from investing activities:</b>		
Construction in progress	( 4,734)	-
Proceeds from sale of investments	542,438	1,897,179
Purchase of investments	( 671,676)	( 1,873,607)
<b>Net cash from investing activities</b>	<b>( 133,972)</b>	<b>23,572</b>
<b>Cash flows from financing activities:</b>		
Proceeds from PPP loan	-	125,000
Proceeds from contributions restricted for investment in endowment	1,850	1,000
<b>Net cash from financing activities</b>	<b>1,850</b>	<b>126,000</b>
<b>Net change in cash</b>	<b>325,597</b>	<b>281,643</b>
<b>Cash at beginning of year</b>	<b>1,629,401</b>	<b>1,347,758</b>
<b>Cash at end of year</b>	<b>\$ 1,954,998</b>	<b>\$ 1,629,401</b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash	\$ 930,830	\$ 1,109,558
Cash - with restrictions	1,018,659	516,184
Cash - endowment	5,509	3,659
Total cash shown on the statements of cash flows	<u>\$ 1,954,998</u>	<u>\$ 1,629,401</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, 2022 and 2021

**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, Incorporated (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 and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”).

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, 2022 and 2021

**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 restrictions. 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, 2022 and 2021

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

**Contributed services**

During the years ended June 30, 2022 and 2021, 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
Supplies and miscellaneous	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, 2022 and 2021

**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 Horizons' 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. Benefits and special events that are restricted for future periods are presented as increases in net assets with donor restrictions.

**Note C - Investments**

Investments at June 30, 2022 consist of the following:

	<u>Cost</u>	<u>Market</u>
Mutual funds:		
Bond fund	\$ 2,026,599	\$ 1,865,142
Equity fund	1,501,481	1,596,791
Alternative investments:		
Investment in limited partnerships	<u>2,211,335</u>	<u>2,736,585</u>
	<u>\$ 5,739,415</u>	<u>\$ 6,198,518</u>

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>

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

June 30, 2022 and 2021

**Note C - Investments (continued)**

The following is a summary of investment returns for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 162,802	\$ 134,488
Net realized and unrealized (loss) gain	( 980,827)	1,440,634
Investment expense	( 33,555)	( 34,457 )
Return on long-term investments	\$ <u>( 851,580)</u>	\$ <u>1,540,665</u>
Investment return is reported as follows:		
Endowment income	\$ -	\$ 150,000
Net investment (loss) gain	( 844,360)	1,377,631
Current investment (loss) income	( 7,220)	13,034
Return on long-term investments	\$ <u>( 851,580)</u>	\$ <u>1,540,665</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 liabilities 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.

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

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

	<u>2022</u>	<u>2021</u>
Mutual funds	\$ 3,461,933	\$ 4,060,979
Alternative investments:		
Investment in limited partnerships	<u>2,736,585</u>	<u>2,989,129</u>
<b>Total</b>	<u>\$ 6,198,518</u>	<u>\$ 7,050,108</u>

Fair value was determined as follows:

<b>June 30, 2022</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Other (1)</u>	<u>Total Fair Value</u>
Mutual funds	\$ 3,461,933	\$ -	\$ -	\$ -	\$ 3,461,933
Alternative investments	-	<u>835,260</u>	-	<u>1,901,325</u>	<u>2,736,585</u>
<b>Total</b>	<u>\$ 3,461,933</u>	<u>\$ 835,260</u>	<u>\$ -</u>	<u>\$ 1,901,325</u>	<u>\$ 6,198,518</u>
<b>June 30, 2021</b>	<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>1,095,054</u>	-	<u>1,894,074</u>	<u>2,989,128</u>
<b>Total</b>	<u>\$ 4,060,980</u>	<u>\$ 1,095,054</u>	<u>\$ -</u>	<u>\$ 1,894,074</u>	<u>\$ 7,050,108</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 \$729,123 have no redemption rights. Based upon the terms and conditions in effect at June 30, 2022, Horizons' remaining investments in limited partnerships can be redeemed as follows:

<u>June 30,</u> 2023	<u>Amount</u> \$2,007,462
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**Note E - Property, Equipment and Improvements**

Property, equipment and improvements consist of the following:

	<u>2022</u>	<u>2021</u>
Transportation equipment	\$ 28,155	\$ 28,155
Furniture and equipment	23,521	23,521
Building improvements	96,907	96,907
Construction in progress	4,734	-
	153,317	148,583
Less accumulated depreciation	( 138,771)	( 133,360)
	\$ 14,546	\$ 15,223

Depreciation expense for each of the years ended June 30, 2022 and 2021 was \$5,411.

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

Net assets with donor restrictions are available for the following purposes at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<b>Subject to expenditure for specified purposes:</b>		
Program activities:		
Program resources	\$ 304,750	\$ 203,569
Acquisition and maintenance of buildings and equipment	52,067	59,833
	356,817	263,402
<b>Subject to the passage of time:</b>		
Restricted gifts for use after June 30, 2022 and 2021, respectively	671,823	312,615
<b>Subject to Horizons' endowment spending policy and appropriation:</b>		
Investment in perpetuity:		
General endowment	29,061	33,052
School Year Program Endowment	2,600,980	2,958,206
Ann Robertson Cohen Endowment Fund	249,521	283,791
Gacel Machado Lecuona Endowment Fund	74,850	83,154
Teacher Salary Endowment	778,621	885,559
	3,733,033	4,243,762
Total net assets with donor restrictions	\$ 4,761,673	\$ 4,819,779

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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>2022</u>	<u>2021</u>
Pool fund	\$ 546	\$ 500
<i>Benefit Proceeds:</i>		
Benefit 2019 - time restricted	-	321,012
Benefit 2022 - fundraising costs	27,764	-
Trivia Night and Giving Day - time restricted	205,115	-
Individual Restricted Gifts	107,500	70,000
Summer Program	57,100	86,197
High School Program	2,000	20,000
School Year Program	5,000	-
Lone Pine Opportunity Fund	4,734	-
Lone Pine COVID Response	-	18,909
Parent Council Dues	2,885	2,025
Faculty Bonuses	-	38,000
Family Emergency Fund	54,171	40,590
Grossman Family Foundation	-	17,750
	\$ 466,815	\$ 614,983

**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, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
Board designated endowment funds	\$ 2,415,766	\$ -	\$	2,415,766
Donor-restricted endowment funds:				
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	2,654,237		2,654,237
Accum. investment gains	-	1,078,796		1,078,796
 Total funds	 \$ <u>2,415,766</u>	 \$ <u>3,733,033</u>	 \$	 <u>6,148,799</u>

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**Note I - Endowment (continued)**

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	<u>-</u>	<u>1,591,374</u>	<u>1,591,374</u>
 Total funds	 <u>\$ 2,747,554</u>	 <u>\$ 4,243,761</u>	 <u>\$ 6,991,315</u>

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of period	\$ 2,747,554	\$ 4,243,761	\$ 6,991,315
Investment return:			
Net investment income	50,354	77,793	128,147
Net appreciation (loss) (realized and unrealized)	( 382,142)	( 590,371)	( 972,513)
Net investment return	( 331,788)	( 512,578)	( 844,366)
Contributions	-	1,850	1,850
Appropriation of endowment assets for expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of period	<u>\$ 2,415,766</u>	<u>\$ 3,733,033</u>	<u>\$ 6,148,799</u>

Endowment funds held in cash and cash equivalents as of June 30, 2022 were \$73,826.

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**Note I - Endowment (continued)**

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	( <u>58,466</u> )	( <u>91,534</u> )	( <u>150,000</u> )
Endowment net assets, end of period	\$ <u><u>2,747,554</u></u>	\$ <u><u>4,243,761</u></u>	\$ <u><u>6,991,315</u></u>

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

*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, 2022 and 2021 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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**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 30<sup>th</sup>. 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 years ended June 30, 2022 and 2021 were \$35,731 and \$51,385, 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, 2022 total \$250,929.

**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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 930,830	\$ 1,109,558

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 \$6,075,034 and cash and cash equivalents of \$73,826, 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 was to 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 were eligible to 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. During the year ended June 30, 2022, the School submitted the PPP loan forgiveness application which was approved by the Lender on May 4, 2022.

**Note O - Employee Retention Credit**

The CARES Act provided an employee retention credit ("ERC"), which is a refundable tax credit against certain employment taxes. The ERC provided eligible employers with less than 500 employees a refundable tax credit against the employer's share of social security taxes. The ERC is equal to 70% of qualified wages paid to employees during calendar year 2021 for a maximum credit per employee of \$7,000 for each quarter through September 30, 2021. During the year ended June 30, 2022, Horizons claimed ERCs of \$55,990 which is included with other income and other receivable on the accompanying statement of activities and statement of financial position, respectively.

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**Note P - Special Events**

Special events generate revenue for Horizons as well as raise awareness about the organization's mission. Horizons holds a major biennial benefit. Other events are incidental to Horizons' central activities. Incidental events are recorded net in the accompanying Statements of Activities.

Horizons held a benefit during the year ended June 30, 2022 as follows:

Changes in net assets with donor restrictions:		
Revenues:		
Contributions		\$668,932
Event sales	\$98,047	
Less: costs of direct benefits to donors	( 87,392)	
Net revenues from special events		<u>10,655</u>
<b>Total revenues</b>		<u>679,587</u>
Expenses:		
Fundraising		<u>27,764</u>
Increases in net assets with donor restrictions		<u><u>\$651,823</u></u>

Horizons did not hold a benefit during the year ended June 30, 2021.

**Note Q - Subsequent Events**

**Date of management evaluation**

Management has evaluated subsequent events through October 20, 2022, the date on which the financial statements were available to be issued.