



WALDORF SCHOOL OF SAN DIEGO

Financial Statements
For Year Ended June 30, 2015
(with Summarized Comparative Information for the Eleven Months Ended June 30, 2014)

(With Independent Auditor's Report Thereon)

TABLE OF CONTENTS**PAGE NO.**

Independent Auditor's Report.....	1 - 2
Statement of Financial Position - June 30, 2015 and June 30, 2014 (Summarized).....	3 - 4
Statement of Changes in Net Assets - Year Ended June 30, 2015 and Eleven Months Ended June 30, 2014 (Summarized)	5
Statement of Functional Expenses - Year Ended June 30, 2015 and Eleven Months Ended June 30, 2014 (Summarized)	6
Statement of Cash Flows - Year Ended June 30, 2015 and Eleven Months Ended June 30, 2014	7
Notes to Financial Statements - June 30, 2015 and 2014.....	8 - 17



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Waldorf School of San Diego

We have audited the accompanying financial statements of Waldorf School of San Diego which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waldorf School of San Diego as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Waldorf School of San Diego's June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2014. In our opinion, the summarized comparative information presented herein as of and for the eleven months ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



September 16, 2015

Kushner, Smith, Joanou, and Gregson, LLP
100 Spectrum Center Drive, Suite 1000, Irvine, California 92618

WALDORF SCHOOL OF SAN DIEGO

**Statement of Financial Position
June 30, 2015
(with Summarized Comparative Information at June 30, 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Current assets:				
Cash and cash equivalents	\$ 322,632	\$ 122,876	\$ 445,508	\$ 325,080
Tuition receivable - net	50,847	--	50,847	42,957
Contributions receivable (Notes 2 and 3)	--	40,300	40,300	--
Inventory	73,170	--	73,170	74,832
Prepaid expenses	--	--	--	43
Total current assets	<u>446,649</u>	<u>163,176</u>	<u>609,825</u>	<u>442,912</u>
Contributions receivable (Notes 2 and 3)	--	53,812	53,812	--
Property and equipment, net (Notes 4 and 6)	5,223,889	--	5,223,889	5,216,499
Deferred loan costs	<u>47,566</u>	<u>--</u>	<u>47,566</u>	<u>60,749</u>
Total assets	<u>\$ 5,718,104</u>	<u>\$ 216,988</u>	<u>\$ 5,935,092</u>	<u>\$ 5,720,160</u>

(Statement of financial position continued on the following page)

WALDORF SCHOOL OF SAN DIEGO

Statement of Financial Position

(Continued)

June 30, 2015

(with Summarized Comparative Information at June 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Current liabilities:				
Accounts payable	\$ 23,951	\$ --	\$ 23,951	\$ 38,914
Accrued payroll	81,781	--	81,781	81,225
Other accrued liabilities (Note 5)	17,146	--	17,146	14,619
Current portion of long-term debt (Note 6)	111,235	--	111,235	107,369
Deferred revenue	510,069	--	510,069	274,543
Total current liabilities	<u>744,182</u>	<u>--</u>	<u>744,182</u>	<u>516,670</u>
Long-term liabilities:				
Long-term debt (Note 6)	4,133,573	--	4,133,573	4,244,937
Total liabilities	<u>4,877,755</u>	<u>--</u>	<u>4,877,755</u>	<u>4,761,607</u>
Commitments (Note 7)				
Net assets (Note 8):				
Unrestricted	840,349	--	840,349	867,036
Temporarily restricted	--	216,988	216,988	91,517
Total net assets	<u>840,349</u>	<u>216,988</u>	<u>1,057,337</u>	<u>958,553</u>
Total liabilities and net assets	<u>\$ 5,718,104</u>	<u>\$ 216,988</u>	<u>\$ 5,935,092</u>	<u>\$ 5,720,160</u>

See accompanying notes to financial statements

WALDORF SCHOOL OF SAN DIEGO

**Statement of Changes in Net Assets
Year Ended June 30, 2015**

(with Summarized Comparative Information for the Eleven Months Ended June 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Revenues:				
Tuition, school fees, & extended care (net of allowances of \$1,629,352 and \$1,627,938, respectively)	\$ 3,280,455	\$ --	\$ 3,280,455	\$ 2,948,334
Grants	--	157,366	157,366	52,803
Donations	--	98,319	98,319	128,549
Field trip income	--	197,916	197,916	189,066
Rental income	49,894	--	49,894	40,208
Fundraising income	48,165	144,259	192,424	714,346
Interest	72	--	72	--
Miscellaneous income	1,092	--	1,092	--
Merchandise and scrip sales	658,124	--	658,124	632,135
Net assets released from restrictions	472,389	(472,389)	--	--
Total revenues	<u>4,510,191</u>	<u>125,471</u>	<u>4,635,662</u>	<u>4,705,441</u>
Expenses:				
Program services	3,626,760	--	3,626,760	3,526,720
Management and general	761,651	--	761,651	749,339
Fundraising	148,467	--	148,467	234,737
Total expenses	<u>4,536,878</u>	<u>--</u>	<u>4,536,878</u>	<u>4,510,796</u>
Change in net assets	(26,687)	125,471	98,784	194,645
Net assets at beginning of year	<u>867,036</u>	<u>91,517</u>	<u>958,553</u>	<u>763,908</u>
Net assets at end of year	<u>\$ 840,349</u>	<u>\$ 216,988</u>	<u>\$ 1,057,337</u>	<u>\$ 958,553</u>

See accompanying notes to financial statements

WALDORF SCHOOL OF SAN DIEGO

**Statement of Functional Expenses
Year Ended June 30, 2015**

(with Summarized Comparative Information for the Eleven Months Ended June 30, 2014)

	Program Services	Management and General	Fundraising	2015 Totals	2014 Totals
Salaries	\$ 1,835,181	\$ 362,362	\$ 91,802	\$ 2,289,345	\$ 2,117,562
Payroll taxes	179,123	20,757	7,689	207,569	208,386
Employee benefits	237,646	26,748	3,088	267,482	183,727
Total salaries and related expenses	<u>2,251,950</u>	<u>409,867</u>	<u>102,579</u>	<u>2,764,396</u>	<u>2,509,675</u>
Cost of goods sold	560,240	--	--	560,240	553,601
Mortgage interest	119,060	51,026	--	170,086	166,796
Property taxes	5,178	2,219	--	7,397	29,509
Rent	3,410	853	--	4,263	31,506
Utilities	42,845	10,711	--	53,556	39,712
Telephone and internet	--	15,574	--	15,574	13,968
Office expenses	--	10,614	--	10,614	12,712
Professional development	31,067	--	--	31,067	30,870
Classroom supplies	121,118	--	--	121,118	131,790
Facilities expenses	103,066	34,355	--	137,421	119,223
Professional services	--	36,123	--	36,123	45,435
Advertising expense	--	27,228	--	27,228	11,451
Liability insurance	--	33,772	--	33,772	27,666
Membership dues	--	26,503	--	26,503	19,419
Bad debt expense	--	44,100	--	44,100	39,274
Finance charges and merchant fees	--	12,918	--	12,918	13,092
Board expenses	--	3,770	--	3,770	1,074
Field trips and classroom expenses	238,791	--	--	238,791	157,674
Repairs and maintenance	--	10,039	--	10,039	10,311
Automobiles	12,163	--	--	12,163	9,907
Charity and outreach	--	4,115	--	4,115	4,021
Security	14,597	--	--	14,597	8,812
Loss on extinguishment of debt	--	--	--	--	244,894
Tuition protection plan	16,299	--	--	16,299	--
Miscellaneous	--	--	--	--	10,158
Fundraising	--	1,119	45,888	47,007	164,326
Total expenses before depreciation	<u>3,519,784</u>	<u>734,906</u>	<u>148,467</u>	<u>4,403,157</u>	<u>4,406,876</u>
Amortization	10,546	2,637	--	13,183	8,859
Depreciation	96,430	24,108	--	120,538	95,061
Total expenses	<u>\$ 3,626,760</u>	<u>\$ 761,651</u>	<u>\$ 148,467</u>	<u>\$ 4,536,878</u>	<u>\$ 4,510,796</u>

See accompanying notes to financial statements

WALDORF SCHOOL OF SAN DIEGO

Statement of Cash Flows
Year Ended June 30, 2015 and
Eleven Months Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Changes in net assets	\$ 98,784	\$ 194,645
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	133,721	103,920
Changes in operating assets and liabilities:		
(Increase)/decrease in tuition receivable	(7,890)	75,446
(Increase)/decrease in contributions receivable	(94,112)	--
(Increase)/decrease in inventory	1,662	(5,737)
(Increase)/decrease in prepaid expenses	293	9,005
(Decrease)/increase in accounts payable	(15,213)	22,198
(Decrease)/increase in accrued payroll	556	9,590
(Decrease)/increase in other accrued liabilities	2,527	14,619
(Decrease)/increase in deferred revenue	235,526	34,912
Net cash provided by operating activities	<u>355,854</u>	<u>458,598</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(127,928)</u>	<u>(2,917,440)</u>
Net cash (used in) investing activities	<u>(127,928)</u>	<u>(2,917,440)</u>
Cash flows from financing activities:		
Repayments of long-term debt	(107,498)	(1,839,594)
Proceeds from issuance of long-term debt	--	4,400,000
Acquisitions of deferred loan costs	--	(69,608)
Net cash (used in) provided by financing activities	<u>(107,498)</u>	<u>2,490,798</u>
Net increase in cash and cash equivalents	120,428	31,956
Cash and cash equivalents, beginning of year	<u>325,080</u>	<u>293,124</u>
Cash and cash equivalents, end of year	<u>\$ 445,508</u>	<u>\$ 325,080</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 170,086</u>	<u>\$ 152,658</u>

See accompanying notes to financial statements

WALDORF SCHOOL OF SAN DIEGO**Notes to Financial Statements
June 30, 2015 and 2014****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization - The Waldorf School of San Diego (the School) began in 1981 with a small and enthusiastic group of individuals studying the educational philosophy of Rudolf Steiner. The school began to grow each year as the School expanded educational programs. The School is incorporated and operates as a not-for-profit organization.

Basis of Presentation - The financial statements of the School have been prepared on the accrual basis of accounting.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

- *Unrestricted Net Assets* - Net assets that are not subject to donor-imposed stipulations. Expenses of this fund include management and program expenses.
- *Temporarily Restricted Net Assets* - Net assets that are subject to donor-imposed stipulations that require passage of time or the occurrence of a specific event.
- *Permanently Restricted Net Assets* - Net assets subject to donor-imposed restrictions that require a balance to be kept in perpetuity while permitting the School to use or expend part or all of the income derived from the assets.

The School records gifts of cash and other assets as temporarily restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of changes in net assets as net assets released from donor restrictions. Contributions with donor-imposed restrictions that are received and spent in the same year have been recorded as temporarily restricted with the corresponding amount reclassified to unrestricted net assets in the accompanying statement of changes in net assets.

During fiscal year ended July 31, 2013, the School elected to change its fiscal year end from July 31 to June 30. This change took effect in the fiscal year ended June 30, 2014.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the School considers highly liquid investments and investments with original maturities of three months or less to be cash and cash equivalents. The School places its temporary cash investments with high credit quality financial institutions. At times such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

(Note 1 continued on the following page)

WALDORF SCHOOL OF SAN DIEGO**Notes to Financial Statements
(Continued)
June 30, 2015 and 2014****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Tuition Revenue and Receivable - Tuition revenues consist of all gross tuition revenue and other School related fees earned. The School recognizes unrestricted revenues from student tuition and fees totally within the fiscal year in which the academic term is predominantly conducted. Unearned tuition and fees are included in deferred revenue and gains in the statements of financial position. The School maintains an allowance for estimated uncollectible accounts based on experience and any unusual circumstances that may affect the ability of families to meet their obligations. Amounts deemed uncollectible for the year ended June 30, 2015 and the eleven months ended June 30, 2014 were \$35,413 and \$39,274, respectively.

Inventory - Inventory is stated at the lower of cost (first-in, first-out) or market value. Market value is determined by comparison with recent purchases or net realizable value. Inventory consists primarily of Scrip (store gift cards), books, craft supplies, and other household goods.

Property and Equipment - Property and equipment are stated at cost, or if donated, at the fair market value at the date of donation. The building improvements, equipment, and furniture are depreciated using the straight-line method over estimated useful lives of 3 to 50 years.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Deferred Loan Costs - During the eleven months ended June 30, 2014, the School simultaneously refinanced its existing mortgage loans with RSF bank and financed the purchase of real property by entering into one mortgage loan with First Bank (Note 4). Costs relating to obtaining the mortgage loan are capitalized and amortized over the term of the related mortgage loan using the straight-line method. Accumulated amortization at June 30, 2015 and 2014 amounted to \$22,042 and \$8,859, respectively. Amortization of deferred financing costs charged to operations for the year ended June 30, 2015 and the eleven months ended June 30, 2014, was \$13,183 and \$8,859, respectively. The net book value of these deferred loan costs was \$47,566 and \$60,749 at June 30, 2015 and 2014, respectively.

(Note 1 continued on the following page)

WALDORF SCHOOL OF SAN DIEGO**Notes to Financial Statements
(Continued)
June 30, 2015 and 2014****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributed Services and Gifts In-Kind - Contributed services are recognized if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time and services in the School's core activities. Only those amounts that meet the criteria above are recorded in the accompanying financial statements. The School recognized \$9,435 of in-kind donations as income during the year ended June 30, 2015 and no in-kind donations as income during the eleven months ended June 30, 2014, respectively.

Advertising Expense - Advertising and promotional costs are charged to operations when incurred. For the year ended June 30, 2015 and the eleven months ended June 30, 2014, advertising and promotional costs totaled \$27,228 and \$11,451, respectively.

Revenue Recognition - Revenue from the sale of inventory is recognized when persuasive evidence of the arrangement exists, delivery and performance has occurred, the price is fixed and determinable and collectivity is probable. Generally, these criteria are met at the time the sale has occurred. The School provides for estimated customer returns and allowances by reducing sales in the period that the sale occurs.

Income Taxes - The School is exempt from Federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of the California Revenue and Taxation Statute. However, the School is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. As a matter of course, various taxing authorities, including the IRS, have the authority to regularly audit the School. There were no tax years open to examination by major tax jurisdictions as of June 30, 2015. Management believes that the School's tax positions comply with applicable tax law and has adequately provided for these matters.

The School has adopted the provisions of Accounting Standards Codification ("ASC") 740-10-05 relating to accounting and reporting for uncertainty in income taxes. For the School, these provisions could be applicable to the incurrence of any unrelated business income attributable to the School. Because of the School's general tax-exempt status, ASC 740-10-05 is not anticipated to have a material impact on the School's financial statements.

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

(Note 1 continued on the following page)

WALDORF SCHOOL OF SAN DIEGO**Notes to Financial Statements
(Continued)
June 30, 2015 and 2014****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Comparative Data - The financial statements include prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the eleven months ended June 30, 2014 from which the summarized information was derived.

Subsequent Events - The School evaluated subsequent events through September 16, 2015, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2 - FAIR VALUE MEASUREMENTS

The carrying value of financial instruments in the financial statements approximates fair value.

The School has adopted the provisions of ASC 820-10, for fair value measurements of financial assets and financial liabilities, and for fair value measurements of non-financial items that are recognized and disclosed at fair value in the financial statements on a recurring basis. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The assets that are recorded at fair value on a recurring basis are investments and beneficial interest in irrevocable deferred gifts. The School has no financial liabilities or non-financial items that are recorded at fair value on a recurring basis.

ASC 820-10 establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

- Level 1: fair values are based on quoted prices in active markets for identical assets and liabilities. The School does not hold any Level 1 assets.
- Level 2: fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the asset. The School does not hold any Level 2 assets.

(Note 2 continued on the following page)

WALDORF SCHOOL OF SAN DIEGO

**Notes to Financial Statements
(Continued)
June 30, 2015 and 2014**

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

- Level 3: fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data. The School's Level 3 assets include contributions receivable.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair values may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering from sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

The following table sets forth by level, within the fair value hierarchy, the School's assets at fair value as of June 30, 2015:

	<u>Assets at Fair Value as of June 30, 2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributions receivable	--	--	94,112	94,112
Total	\$ --	\$ --	\$ 94,112	\$ 94,112

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the School's Level 3 assets for the year ended June 30, 2015:

	<u>Contributions Receivable</u>
Balance, beginning of year	\$ --
New pledges	214,020
Payments received	(115,850)
Write-offs	(1,140)
Change in present value discount	<u>(2,918)</u>
Balance, end of year	\$ <u>94,112</u>

WALDORF SCHOOL OF SAN DIEGO

**Notes to Financial Statements
(Continued)
June 30, 2015 and 2014**

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using the three-year U.S. Treasury note rate applicable in the year in which the promise was made. Management believes that all contributions receivable are fully collectible.

Included in contributions receivable at June 30, 2015 are the following unconditional promises to give:

Amounts due in		
Less than one year	\$	40,300
One to five years		<u>56,730</u>
Total promises to give		97,030
Less: allowance for uncollectibles		--
Less: unamortized discount		<u>(2,918)</u>
Net contributions receivable	\$	<u><u>94,112</u></u>

WALDORF SCHOOL OF SAN DIEGO

**Notes to Financial Statements
(Continued)
June 30, 2015 and 2014**

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 1,553,796	\$ 1,553,796
Land improvements	24,929	--
Buildings and improvements	4,141,885	4,140,518
Equipment and furniture	178,527	107,704
Construction in progress	30,809	--
Total	<u>5,929,946</u>	<u>5,802,018</u>
Less: accumulated depreciation	<u>(706,057)</u>	<u>(585,519)</u>
	<u>\$ 5,223,889</u>	<u>\$ 5,216,499</u>

Depreciation expense totaled \$120,538 and \$95,061 for the year ended June 30, 2015 and the eleven months ended June 30, 2014, respectively.

NOTE 5 - OTHER ACCRUED LIABILITIES

Other accrued liabilities at June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Interest	\$ 14,138	\$ 14,138
Other	<u>3,008</u>	<u>481</u>
	<u>\$ 17,146</u>	<u>\$ 14,619</u>

WALDORF SCHOOL OF SAN DIEGO

**Notes to Financial Statements
(Continued)
June 30, 2015 and 2014**

NOTE 6 - LONG TERM DEBT

Long-term debt at June 30, 2015 and 2014 is summarized as follows:

	2015	2014
<p>In November 2013, the School entered into a 3.90% fixed rate term loan with an original principal amount of \$4,400,000 payable in monthly installments of principal and interest of \$23,132 with a bank. The loan has an amortization period of 25 years, and matures in November 2018. The note is collateralized by the real property of the School.</p>	<p>\$ <u>4,244,808</u> 4,244,808</p>	<p>\$ <u>4,352,306</u> 4,352,306</p>
Less current portion	<p><u>(111,235)</u></p>	<p><u>(107,369)</u></p>
	<p>\$ <u><u>4,133,573</u></u></p>	<p>\$ <u><u>4,244,937</u></u></p>

The annual aggregate maturities of long-term debt are as follows:

Years ending June 30:	
2016	\$ 111,235
2017	116,171
2018	120,849
2019	<u>3,896,553</u>
	<p>\$ <u><u>4,244,808</u></u></p>

WALDORF SCHOOL OF SAN DIEGO

**Notes to Financial Statements
(Continued)
June 30, 2015 and 2014**

NOTE 7 - LEASES

The School leases office equipment and vehicles for use in day-to-day operations. The leases are currently scheduled to expire on various dates ranging from November 2015 through March 2018. The monthly lease payments are fixed and range from \$117 to \$253. Future minimum lease payments under noncancelable operating leases as of June 30, 2015 are as follows:

Years ending June 30:		
2016	\$	9,686
2017		4,633
2018		<u>1,771</u>
	\$	<u><u>16,090</u></u>

Rent expense totaled \$14,302 and \$41,816 for the year ended June 30, 2015 and the eleven months ended June 30, 2014, respectively.

NOTE 8 - NET ASSETS

During the year ended June 30, 2015 and eleven months ended June 30, 2014, \$356,769 and \$809,143, respectively, were released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

Net assets are restricted for the following purposes at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Temporarily restricted:		
Field trips	\$ 9,697	\$ 15,340
Classroom funds	40,944	76,177
Building fund	46,701	--
School programs	25,534	--
Contributions receivable	<u>94,112</u>	<u>--</u>
Total temporarily restricted assets	<u>\$ 216,988</u>	<u>\$ 91,517</u>

WALDORF SCHOOL OF SAN DIEGO**Notes to Financial Statements
(Continued)
June 30, 2015 and 2014****NOTE 9 - RETIREMENT PLAN**

The School has a retirement plan for employees formed under Section 403(b) of the Internal Revenue Code consisting of a tax-sheltered custodial account. Under the provisions of the Plan, employees may make voluntary contributions up to 100% of annual salary. Matching contributions of \$55,410 and \$2,045 were made by the School during the year ended June 30, 2015 and the eleven months ended June 30, 2014, respectively.