



NOTICE OF THE ANNUAL MEETING THE WOODSTOCK ACADEMY CORPORATORS MEETING

CORPORATION:

Section 5: Membership

The members of said Corporation shall consist, first, of all persons now living who are so called stockholders of record of said Corporation, and second, of all persons twenty-one years of age or over who shall have attended the Academy conducted by said Corporation the equivalent of one school year, and shall have completed thereby with credit, the equivalent of one school year's work.

Meeting date: Tuesday, August 21, 2018

Time: 7:00 p.m.

Location: SOUTH CAMPUS – Auditorium, Center for the Arts

Agenda

1. Call to Order
2. Nominating Committee Recommendation
 - a. Term Renewal - Alumni Trustee
3. Secretary's Report
 - a. August 22, 2017 Minutes
 - b. August 14, 2018 Special Meeting Minutes
4. Alumni Association Report
5. Auditor's Report – FY 2016/2017
6. Proposed By-Laws Amendments
7. Other
8. Head of School's Annual Report
9. Adjournment

The Woodstock Academy shall prepare ALL students for a lifetime of learning by providing academic rigor, a safe environment, and a diversity of educational experiences which will foster a sense of respect for self and others, and will encourage active investment in family, school, community, and the world.

MINUTES OF THE MEETING
The Woodstock Academy
Annual Corporators Meeting
Room SC 200 of the Student Center
August 22, 2017
7:00 p.m.



These minutes are for
informational purposes

PRESENT

Corporators: A. Favreau, K. Hughes, J. Larrow, H. Singleton, K. Xeller, A. Walker, Jr., A. Walker, Sr.
Alumni Trustees: M. Beckwith, C. Bentley, R. Blackmer, R. Canavan, E. Cartier, B. Child, C. Hustus (E), P. Kelly, J. Livernois, J. Musumeci

Trustees: J. Bellerose, G. Carabeau, C. Davis (W), E. Higgins, K. Johnston, G. Marmat, W. McGinn, P. Paquette, J. Rauh, C. Swenson, D. Teed, S. Young

Administration: J. Campbell, M. Harten, C. Sandford, J. Sturdevant.

1. Call to Order

Christine Swenson, President of the Board of Trustees, called the meeting to order at 7:05 p.m.

2. Nominating Committee Recommendation

a. Term Renewal – Alumni Trustee

MOTION: (Kelly/Bentley) To move to renew the appointment(s) of Richard Canavan, as an Alumni Trustee, to a six-year term, which term ends in 2023.

Unanimous

3. Secretary's Report August 23, 2016

MOTION: (Musumeci/Kelly) To accept the minutes of the Annual Corporators meeting of August 23, 2016.

Unanimous

4. Alumni Association Report

Alumni Association President Jay Livernois reported about the finances of the Alumni Association and thanked the Board for their support of him as President.

5. Auditors Report – FY 2015/2016

Mr. Kelly presented the 2015-2016 Auditors Report.

MOTION: (Singleton/Musumeci) I move to accept the 2015-2016 Audit, which was previously approved by the full Board at the November 15, 2016 meeting.

Unanimous

6. Other – none.

7. Head of Schools's Annual Report

Mr. Sandford reviewed the previous year and spoke about the historic opening of the second campus.

8. Adjournment

MOTION: (Beckwith/Hustus) To adjourn meeting at 7:25 p.m.

Unanimous

Respectfully submitted,

Julie Woodland

Julie Woodland
Board Clerk

The Woodstock Academy shall prepare ALL students for a lifetime of learning by providing academic rigor, a safe environment, and a diversity of educational experiences which will foster a sense of respect for self and others, and will encourage active investment in family, school, community, and the world.

MINUTES OF THE MEETING
The Woodstock Academy
Special Corporators Meeting
South Campus—Center for the Arts
August 14, 2018
7:00 p.m.



These minutes are for
informational purposes

PRESENT: A. Favreau, H. Singleton, B. Child, J. C. Musumeci, J. Child, A. Walker Jr., C. Desmond, H. Quercia, J. Larrow, B. Favreau, K. Xeller, C. Bentley, J. Cerrod, S. Asikainen, D. Holt, R. Blackmer, P. D. Lynn, J. Livernois, K. Woodcock-Lynn, P. Kelly, C. Swenson, R. Smith

GUESTS: W. McGinn, H. Frankhouser, J. Rigney, C. Singleton, K. Johnston, J. Sturdevant, J. Bellerose, C. Sandford

1. Call to Order

The meeting was called to order at 7:02 p.m. by Trustee W. McGinn.

2. Review Proposed Changes to Board of Trustee By-Laws

W. McGinn presented an explanation of changes section by section. Changes were made to remove archaic language, to separate Board and Corporation policies, and to align with modern practice.

3. Discussion

C. Swenson reviewed the process the Board of Trustees undertook in updating the By-Laws. The floor was opened up for questions and discussion.

- K. Xeller requested that in 1.2.4, the term “ex-officio” be amended to be more accurate.
- J. Livernois requested that “The Mission” be removed from section 1.2.
- J. Larrow requested an addition to section 1.2.4. so the Alumni Association may have the option to submit a designee in place of the Alumni Association president to serve on the Board.
- Discussion of 1.2.3: J. Child asked about the reduction of the Trustees of the communities being reduced from 2 per town to 1 per town. R. Blackmer noted that the Board membership consists of many individuals from the sending towns. C. Swenson emphasized the uniqueness of these positions and that the Board wanted to maintain the sending town representatives but also allow for all towns with contracts with The Woodstock Academy to have a representative. J. Child suggested that the Town of Woodstock should have more because it represents more students. He also suggested that additional representatives be added for Union and Canterbury instead of reducing. H. Singleton stated that the representation is for the Board, and that each town only has one board; representation is not for the number of students. H. Quercia agreed with adding members, not reducing them. She also questioned the need for by-law 1.4. C. Swenson responded that there had been a few issues with unexcused attendance. J. Livernois provided some history about the sending town representatives: they were not an official part of the by-laws until the 1990s, when the state required their inclusion because of the bonded loan The Academy took out from the state.
- K. Xeller questioned section 5.3, wanting to know if this committee and its responsibilities was a new addition to the by-laws. C. Swenson informed her that this section was unchanged from the original by-laws.
- J. Musumeci requested that section 4.0 be changed so that one of the four officers be a Corporator.
- J. Musumeci requested that in section 5.1, one-third of the Executive Committee membership consist of Corporators.

4. Possible Action

MOTION: (Livernois/Xeller) To remove language about “The Mission” from section 1.2.

Discussion ensued.

Favor: 9, Opposed: 7, Abstention: 1. Motion passes.

MOTION: (Singleton/Xeller) To replace, in 1.2.4, “Sending Town Trustees” with “Ex-Officio Trustees.”

Unanimous

MOTION: (Musumeci/Larrow): To require that one of the four officers be a Corporator.

Discussion ensued.

Favor: 3, Opposed: 13, Abstention: 1. Motion does not pass.

MOTION: (Musumeci/Larrow): To require that one-third of the Executative Committee be Corporators.

Discussion ensued.

Favor: 1, Opposed: 13, Abstention: 2. Motion does not pass.

MOTION: (Xeller/Blackmar) To add language to section 1.2.4 to read “The Woodstock Academy Alumni Association may submit its President, or designee, as a candidate to the Nominating Committee.”

Unanimous

MOTION: (Blackmar/B. Favreau) To approve the By-Laws with the proposed changes.

Unanimous

5. Adjournment

MOTION: (Walker/Bentley) To adjourn at 8:11 p.m.

Unanimous

Respectfully submitted,

Holly G. Singleton

Holly G. Singleton

Corporator, Class of 1986

The Woodstock Academy shall prepare ALL students for a lifetime of learning by providing academic rigor, a safe environment, and a diversity of educational experiences which will foster a sense of respect for self and others, and will encourage active investment in family, school, community, and the world.

Woodstock Academy
Consolidated Financial Statements
and
Report of Independent
Certified Public Accountant

For the Years Ended
June 30, 2017 and 2016

Woodstock Academy
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For the Years Ended June 30, 2017 and 2016

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CERTIFIED PUBLIC ACCOUNTANTS

43 Enterprise Drive • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

Independent Auditor's Report

Board of Trustees
Woodstock Academy

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Woodstock Academy, which comprise the consolidated statement of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Woodstock Academy as of June 30, 2017 and 2016, 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.

Emphasis of Matter

As part of our audit of the 2016 financial statements, we also audited the prior period adjustments described in Note 19. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of Woodstock Academy other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements as a whole.

Other Matters

The financial statements of Woodstock Academy for the year ended June 30, 2015, were audited by another auditor whose report dated October 19, 2015 expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2017 on our consideration of Woodstock Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woodstock Academy's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Maletta & Company", with a stylized flourish at the end.

Maletta & Company
Certified Public Accountants

Bristol Connecticut
October 23, 2017

Woodstock Academy
Statement of Financial Position
As of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,622,836	\$ 1,940,933
Investments	1,537,989	1,689,051
Other Receivables	97,799	1,880
Prepaid Expenses	14,995	-
Total Current Assets	<u>4,273,619</u>	<u>3,631,864</u>
Property and Equipment, Net	<u>24,206,244</u>	<u>10,299,440</u>
Other Assets		
Investments	2,745,922	2,532,790
Deferred Interest	15,432	23,148
Cash - Restricted	54,712	43,707
Total Other Assets	<u>2,816,066</u>	<u>2,599,645</u>
Total Assets	<u><u>\$ 31,295,929</u></u>	<u><u>\$ 16,530,949</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 302,503	\$ 235,329
Accrued Expenses	485,654	475,616
Prepaid Tuition	2,118,246	2,183,854
Student Deposits Payable	225,301	125,506
Current Portion of Mortgages Payable	320,657	93,296
Current Portion of Capital Lease Payable	127,716	127,716
Student Activity Funds	251,392	313,236
Total Current Liabilities	<u>3,831,469</u>	<u>3,554,553</u>
Long-Term Debt		
Mortgages Payable	18,166,705	3,687,546
Capital Lease Payable	127,716	255,432
Security Deposits	1,400	-
	<u>18,295,821</u>	<u>3,942,978</u>
Total Liabilities	<u>22,127,290</u>	<u>7,497,531</u>
Net Assets		
Unrestricted	6,487,887	6,644,320
Temporarily Restricted	1,807,255	1,515,601
Permanently Restricted	873,497	873,497
Total Net Assets	<u>9,168,639</u>	<u>9,033,418</u>
Total Liabilities and Net Assets	<u><u>\$ 31,295,929</u></u>	<u><u>\$ 16,530,949</u></u>

*The accompanying notes are an integral
part of these financial statements*

Woodstock Academy
Statement of Activities
For the Years Ended June 30, 2017 and 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total
Operating Revenues and Support								
Tuition	\$ 13,272,776	\$ -	\$ -	\$ 13,272,776	\$ 12,540,839	\$ -	\$ -	\$ 12,540,839
International Student Revenue	4,322,188	-	-	4,322,188	4,423,707	-	-	4,423,707
Contributions	97,911	179,709	-	277,620	14,231	194,247	-	208,478
Fees	29,164	-	-	29,164	31,973	-	-	31,973
Miscellaneous	53,362	-	-	53,362	52,353	-	-	52,353
Rental Income	25,990	-	-	25,990	15,525	-	-	15,525
Investment Return for Operations	2,075	62,937	-	65,012	3,101	54,137	-	57,238
Total Revenue and Support Before Net Assets Released from Restrictions	17,803,466	242,646	-	18,046,112	17,081,729	248,384	-	17,330,113
Net Assets Released from Restrictions	119,620	(119,620)	-	-	152,985	(152,985)	-	-
Total Operating Revenues and Support	17,923,086	123,026	-	18,046,112	17,234,714	95,399	-	17,330,113
Operating Expenses								
Salaries and Benefits	12,554,043	-	-	12,554,043	11,915,026	-	-	11,915,026
Program and Administrative	4,398,185	-	-	4,398,185	4,607,026	-	-	4,607,026
Awards	55,125	-	-	55,125	38,606	-	-	38,606
Interest Expense	7,716	-	-	7,716	7,716	-	-	7,716
Total Operating Expenses	17,015,069	-	-	17,015,069	16,568,374	-	-	16,568,374
Results of Operations	908,017	123,026	-	1,031,043	666,340	95,399	-	761,739
Non-Operating Revenues and (Expenses)								
Endowment Contributions	-	-	-	-	-	-	-	-
Contributions for Capital Improvements	-	-	-	-	-	-	-	-
Investment Income	68,724	-	-	68,724	107,441	-	-	107,441
Investment Return in Excess/(Deficit) of Spending Policy	22,348	168,628	-	190,976	(2,654)	(49,015)	-	(51,669)
Interest Expense	(121,412)	-	-	(121,412)	(131,424)	-	-	(131,424)
Depreciation Expense	(1,034,110)	-	-	(1,034,110)	(1,002,948)	-	-	(1,002,948)
Total Non-Operating Revenues and (Expenses)	(1,064,450)	168,628	-	(895,822)	(1,029,585)	(49,015)	-	(1,078,600)
Change in Net Assets	(156,433)	291,654	-	135,221	(363,245)	46,384	-	(316,861)
Net Assets, Beginning	6,644,320	1,515,601	873,497	9,033,418	7,087,565	1,739,842	873,497	9,700,904
Prior Period Adjustment	-	-	-	-	(80,000)	(270,625)	-	(350,625)
Net Assets, Ending	\$ 6,487,887	\$ 1,807,255	\$ 873,497	\$ 9,168,639	\$ 6,644,320	\$ 1,515,601	\$ 873,497	\$ 9,033,418

The accompanying notes are an integral part of these financial statements

Woodstock Academy
Statement of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in Net Assets	\$ 135,221	\$ (316,861)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Prior Period Adjustments	-	(350,625)
Depreciation	1,034,110	1,002,948
Unrealized Change in Value of Investments	(255,500)	(34,545)
Decrease/(Increase) In:		
Other Receivables	(95,919)	565,325
Prepaid Expenses	(14,995)	9,120
Deferred Interest	7,716	(23,148)
Cash - Restricted	(11,005)	(47)
Increase/(Decrease) in:		
Accounts Payable	67,174	(293,923)
Accrued Expenses	10,038	(140,381)
Prepaid Tuition	(65,608)	659,354
Student Deposits Payable	99,795	23,000
Security Deposits	1,400	-
Net Cash Provided by Operating Activities	912,427	1,100,217
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(14,940,916)	(796,254)
Sale of Investments	247,863	145,513
Purchase of Investments	(54,431)	(45,442)
Net Cash (Used) by Investments	(14,747,484)	(696,183)
Cash Flows from Financing Activities		
Principal Payments on Debt	(221,196)	(211,725)
Proceeds From Borrowings	14,800,000	510,864
Net Cash (Used) by Financing Activities	14,578,804	299,139
Net Increase/(Decrease) in Cash	743,747	703,173
Cash and Cash Equivalents, Beginning	1,940,933	924,524
Cash and Cash Equivalents, Ending	<u>\$ 2,684,680</u>	<u>\$ 1,627,697</u>
Supplemental Information		
Cash Paid for Interest	\$ 129,128	\$ 139,140

*The accompanying notes are an integral
part of these financial statements*

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies

Organization and Nature of Activities

Woodstock Academy is a private school founded in 1801, which offers a high school education to students primarily from the Northeast Connecticut area and also to international students.

Woodstock Academy Foundation, Inc. is a nonprofit corporation founded in 2011 that provides goods, services or funds to organizations through grants for specific program needs, scholarships that are based on the merits of specific program expectations, funding of capital improvements, and endowments for specific new programs that are beyond the normal scope of the organization's operating objectives.

Principles of Consolidation

The consolidated financial statements include the accounts Woodstock Academy and Woodstock Academy Foundation, Inc. after the elimination of inter-company transactions, hereafter collectively referred to as "the Academy."

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under these standards the Academy is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, whether by actions of the Academy and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Academy. Generally, the donors of these assets permit the Academy to use all or part of the income earned on any related investment for general or specific purposes.

Income Tax Structure

The Academy is not a private foundation and has been granted tax-exempt status from federal income taxes under Section 501(c)(3) of the Internal Revenue code and accordingly does not provide a provision for income taxes on its related earnings.

The Academy regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. It believes that in the event of an examination by taxing authorities, its positions would prevail based upon the technical merits of such positions. Therefore, the Academy has concluded that no tax benefits or liabilities are required to be recognized.

Measure of Operations

The Academy includes in its measure of operations all support and revenues that are an integral part of its programs and supporting activities. The measure of operations includes the investment return equal to the Academy's endowment spending policy and excludes investment returns in excess of the spending policy, permanently restricted contributions, income from investments designated for long-term investment by Board policy, and contributions for capital additions and related expenses, such as depreciation and interest.

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies (Cont'd)

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Academy considers highly liquid investments with an original maturity of ninety days or less to be cash equivalents, except for cash and short-term investments held for long-term investment as part of the Academy's investment strategies. Occasionally the amount of cash on deposit may exceed federally insured amounts. The Academy has not experienced any losses on its accounts and believes the accounts are not exposed to any significant credit risk.

Accounts Receivable

The Academy uses the allowance method of accounting for bad debts. On a periodic basis, the Academy evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs, collections and current credit conditions.

Property and Equipment

Property and equipment is carried at cost, for assets prior to June 30, 1986, at estimated cost, or, if donated, at the estimated fair value at the date of donation. Property and equipment with a value over \$1,000 providing a benefit to the Academy greater than two years is capitalized. The Academy records depreciation using the straight-line method over an estimated useful life as follows:

Asset	Life
Buildings and Improvements	15 – 40 Years
Furniture, Fixtures and Equipment	5 – 10 Years
Vehicles	3 – 5 Years
Computer Equipment and Software	3 – 5 Years

Compensated Absences

Employees of the Academy are entitled to paid time off depending on job classification, length of service and other factors. The Academy has accrued for vested sick pay up to the employees' last anniversary date. Accrued sick and vacation pay amounted to \$114,422 and is reported in accrued expenses on the statement of financial position.

Revenue Recognition

The Academy recognizes tuition revenue based upon the contractual agreements with the sending towns. The towns pay tuition based upon the number of students from the previous or current year depending on the contractual agreement multiplied by the per student tuition rate. The Academy recognizes revenue for private pay students based upon the period for which the education is provided.

Donated Services

The Academy pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Academy. No amounts have been reflected in the financial statements for donated services in 2017.

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies (Cont'd)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and /or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Advertising Costs

The Academy expenses advertising costs as incurred.

Subsequent Events

Subsequent events have been evaluated through October 23, 2017, the date through which the financial statement were available to be issued. Management believes there are no subsequent events requiring disclosure or recognition in the financial statements.

Note 2 – Property and Equipment

A summary of property and equipment as of June 30, 2017 and 2016 is as follows:

	2017	2016
Land	\$ 4,007,257	\$ 3,335,537
Construction in Progress	-	148,348
Buildings and Improvements	35,448,248	21,783,979
Furniture and Fixtures	2,344,754	1,843,553
Vehicles	257,888	196,218
Rental Property	338,711	177,306
Property and Equipment	42,396,858	27,484,941
Less Accumulated Depreciation	(18,190,614)	(17,185,501)
Property and Equipment, Net	<u>\$ 24,206,244</u>	<u>\$ 10,299,440</u>

Depreciation expense for the year ended June 30, 2017 and 2016 was \$1,034,110 and \$1,002,948, respectively. Construction in progress relates to gymnasium storage improvements.

Significant Additions – The significant additions include the acquisition of the former Hyde School totaling approximately \$14.3 million.

Note 3 – Restricted Cash

The Academy has provided the Town of Woodstock a certificate of deposit in lieu of a bond for the construction related to the athletic field additions. This certificate of deposit balance as of June 30, 2017 and 2016 was \$6,005 and \$6,000, respectively.

As part of the USDA mortgage note the Academy must fund a reserve account with monthly deposits of \$915 until the reserve account reaches \$109,800, at which time deposits may be suspended, except to replace withdrawals. With prior approval, funds may be used for payments on the mortgage, repairing or replacing damage to the facility that has been caused by catastrophe, or making extensions and improvements to the facility. The account balance as of June 30, 2017 and 2016 was \$48,708 and \$37,707, respectively.

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 4 – Investments

Investments stated at fair market value as of June 30, 2017 and 2016 were as follows:

	2017	2016
Cash and Cash Equivalents	\$ 394,943	\$ 258,745
Certificates of Deposit	451,707	866,118
Equities	444,991	458,113
Corporate Bonds	391,312	386,566
Exchange Traded Funds (ETFs) - Bonds	217,368	118,106
Equity Funds	1,474,934	1,239,898
Bond Funds	908,656	894,295
	<u>\$ 4,283,911</u>	<u>\$ 4,221,841</u>

The following is a schedule of investment return and its classification in the statement of activities for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
Interest and Dividends	\$ 38,182	\$ 40,191	\$ -	\$ 78,373
Net Unrealized Gain/(Loss)	56,620	198,880	-	255,500
Investment Fees	(1,655)	(7,506)	-	(9,161)
Total Return on Investments	<u>93,147</u>	<u>231,565</u>	<u>-</u>	<u>324,712</u>
Classification				
Operating Investment Return	2,075	62,937	-	65,012
Non-Operating Investment Return	91,072	168,628	-	259,700
Total Return on Investments	<u>\$ 93,147</u>	<u>\$ 231,565</u>	<u>\$ -</u>	<u>\$ 324,712</u>

The following is a schedule of investment return and its classification in the statement of activities for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total
Interest and Dividends	\$ 42,011	\$ 44,027	\$ -	\$ 86,038
Net Unrealized Gain/(Loss)	66,572	(32,027)	-	34,545
Investment Fees	(695)	(6,878)	-	(7,573)
Total Return on Investments	<u>107,888</u>	<u>5,122</u>	<u>-</u>	<u>113,010</u>
Classification				
Operating Investment Return	3,101	54,137	-	57,238
Non-Operating Investment Return	104,787	(49,015)	-	55,772
Total Return on Investments	<u>\$ 107,888</u>	<u>\$ 5,122</u>	<u>\$ -</u>	<u>\$ 113,010</u>

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 5 – Fair Value of Financial Instruments

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. When, as a practical expedient, an investment is measured at fair value on the basis of net asset value, its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at net asset value at the measurement date. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

In general, management relies on the third-party investment managers to provide valuations on a monthly basis. Management verifies these valuations in a number of ways including, but not limited to, assessing the valuation methodologies used by each manager and reviewing the footnotes related to valuation in audited financial statements. The following is a description of the valuation methodologies used for investments measured at fair value:

Cash, Cash Equivalents, and CDs – Cash, cash equivalents, and certificates of deposit (CDs) are valued as cash.

Equities and ETFs – Equities and ETFs are valued at the closing price reported in the active market in which the individual securities are traded.

Corporate Bonds – Corporate bonds are valued at the fair market value provided by third-party investment fund managers.

Equity and Bond Funds – Equity and bond funds are valued at the quoted net asset value per share (NAV) provided by third-party investment fund managers.

The Academy's other financial instruments include cash, receivables, prepaid expenses, accounts payable, accrued expenses, and debt. The carrying amounts reported in the statements of financial position for these financial instruments approximate their fair value due to their short term nature.

There have been no changes in the methodologies used at June 30, 2017 and 2016.

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

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 5 – Fair Value of Financial Instruments (Cont'd)

The following is a summary of the fair value measurements of financial instruments by class that are measured at fair value on a recurring basis as of June 30, 2017 and 2016:

	Total 6/30/17	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 394,943	\$ 394,943	\$ -	\$ -
Certificates of Deposit	451,707	451,707	-	-
Equities	444,991	444,991	-	-
Corporate Bonds	391,312	391,312	-	-
Exchange Traded Funds (ETFs) - Bonds	217,368	217,368	-	-
Equity Funds	1,474,934	1,474,934	-	-
Bond Funds	908,656	908,656	-	-
	<u>\$ 4,283,911</u>	<u>\$ 4,283,911</u>	<u>\$ -</u>	<u>\$ -</u>

	Total 6/30/16	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 258,745	\$ 258,745	\$ -	\$ -
Certificates of Deposit	866,118	866,118	-	-
Equities	458,113	458,113	-	-
Corporate Bonds	386,566	386,566	-	-
Exchange Traded Funds (ETFs) - Bonds	118,106	118,106	-	-
Equity Funds	1,239,898	1,239,898	-	-
Bond Funds	894,295	894,295	-	-
	<u>\$ 4,221,841</u>	<u>\$ 4,221,841</u>	<u>\$ -</u>	<u>\$ -</u>

Note 6 – Endowment

The Academy has several donor restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Trustees of the Academy has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, the Academy 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) accumulations 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 the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Academy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policies of the organization

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 6 – Endowment (Cont'd)

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Academy to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in temporarily restricted net assets were \$-0- and \$-0- as of June 30, 2017 and 2016.

Return Objectives and Risk Parameters - The Academy 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 the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested using a diversified asset allocation strategy to avoid incurring a concentration of risk inherent in overinvesting in specific instruments, individual financial institutions or maturities.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Academy 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). The Academy targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - As approved by the Board of Trustees, the Academy has a policy of appropriating for distribution each year up to 5% of the average of the prior three years of the fund's total worth as determined by the earnings, dividends, interest and growth as of March 31st.

The composition of the Academy's endowment funds at June 30, 2017 and 2016 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
Donor-Restricted Endowment Funds	\$ -	\$ 1,611,589	\$ 873,497	\$ 2,485,086
Board-Designated Endowment Funds	192,209	-	-	192,209
Total	<u>\$ 192,209</u>	<u>\$ 1,611,589</u>	<u>\$ 873,497</u>	<u>\$ 2,677,295</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total
Donor-Restricted Endowment Funds	\$ -	\$ 1,422,048	\$ 873,497	\$ 2,295,545
Board-Designated Endowment Funds	175,606	-	-	175,606
Total	<u>\$ 175,606</u>	<u>\$ 1,422,048</u>	<u>\$ 873,497</u>	<u>\$ 2,471,151</u>

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 6 – Endowment (Cont'd)

The changes in endowment net assets for the year ended June 30, 2017 and 2016 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, 7/1/15	\$ 218,617	\$ 1,455,820	\$ 873,497	\$ 2,547,934
Reclassifications	(4,334)	4,334	-	-
Contributions	1,855	21,520	-	23,375
Investment Return				
Investment Income	3,396	37,150	-	40,546
Net Appreciation/(Depreciation)	(2,949)	(32,028)	-	(34,977)
Total Investment Return	447	5,122	-	5,569
Amounts Appropriated for Expenditure	(3,101)	(54,137)	-	(57,238)
Transfer Out Quasi-Endowment Funds	(37,878)	(10,611)	-	(48,489)
Endowment Net Assets, 6/30/2016	<u>\$ 175,606</u>	<u>\$ 1,422,048</u>	<u>\$ 873,497</u>	<u>\$ 2,471,151</u>

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, 7/1/2016	\$ 175,606	\$ 1,422,048	\$ 873,497	\$ 2,471,151
Reclassifications	-	-	-	-
Contributions	-	6,205	-	6,205
Investment Return				
Investment Income	3,083	40,313	-	43,396
Net Appreciation/(Depreciation)	13,521	190,860	-	204,381
Total Investment Return	16,604	231,173	-	247,777
Amounts Appropriated for Expenditure	-	(47,837)	-	(47,837)
Transfer Out Quasi-Endowment Funds	-	-	-	-
Endowment Net Assets, 6/30/2017	<u>\$ 192,210</u>	<u>\$ 1,611,589</u>	<u>\$ 873,497</u>	<u>\$ 2,677,296</u>

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 7 – Debt

As of June 30, 2017 and 2016 the following debts were outstanding:

	Current	Long-Term	2017 Total	2016 Total
\$9,000,000 mortgage payable to USDA dated June 15, 2017. Monthly payments of principal and interest of \$29,070 over 40 years, with an interest rate of 2.375%. Secured, matures July 2057.	\$ 136,570	8,863,430	\$ 9,000,000	\$ -
\$5,800,000 mortgage payable to USDA dated June 15, 2017. Monthly payments of principal and interest of \$18,734 over 40 years, with an interest rate of 2.375%. Secured, matures July 2057.	88,012	5,711,988	5,800,000	-
\$725,000 mortgage payable to Robert and Martha Beckwith, dated August 21, 2014. Monthly payments of principal and interest of \$5,454 over 15 years, with interest rate adjusting at two five year intervals at prime plus 1%. Currently at 4.25% until August 2019. Secured, matures August 2029.	39,830	581,078	620,908	659,083
\$786,000 note payable to Town of Woodstock, dated June 2014. Annual fixed principal payment of \$19,650 plus interest at 2.75% for 40 years, matures June 2053.	19,650	687,750	707,400	727,050
\$2,500,000 mortgage payable to USDA, dated November 20, 2012 (Loan Resolution Security Agreement effective date). Monthly payments of principal and interest of \$9,150, interest at 3.125%, payable over 40 years. Secured, matures January 2053.	36,595	2,322,459	2,359,054	2,394,709
	<u>\$ 320,657</u>	<u>\$ 18,166,705</u>	<u>\$ 18,487,362</u>	<u>\$ 3,780,842</u>

Future minimum principal payments for the years ended June 30, 2017 and 2016 are as follows:

Years Ending	2017 Amount	2016 Amount
2017		\$ 93,296
2018	\$ 320,657	96,075
2019	328,935	98,961
2020	337,455	101,959
2021	346,224	105,073
2022	355,218	
Thereafter	16,798,873	3,285,478
	<u>\$ 18,487,362</u>	<u>\$ 3,780,842</u>

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 8 – Capital Lease

	Current	Long-Term	2017 Total	2016 Total
\$510,864 lease payable to Apple, Inc., dated July 30, 2015, 4 annual payments of \$127,716. Expires July 2019. Equipment purchase option at end of lease is FMV.	\$ 127,716	\$ 127,716	\$ 255,432	\$ 383,148

Future minimum lease payments together with the present value of the net minimum payment are as follows:

Years Ending June 30,	2017	2016
2017		\$ 127,716
2018	\$ 127,716	127,716
2019	127,716	127,716
2020	-	-
2021	-	-
Thereafter	-	
Total Minimum Payments	255,432	\$ 383,148
Less Amount Representing Interest	(15,432)	(23,148)
Present Value of Net Minimum Payments	\$ 240,000	\$ 360,000

Note 9 – Operating Leases

The Academy leases office equipment under various lease agreements that expire in 2019. The following is a schedule of future minimum payments required under operating leases for the years ended June 30, 2017 and 2016:

Years Ending June 30,	2017	2016
2017		\$ 77,972
2018	\$ 66,534	66,534
2019	12,613	12,613
2020	5,494	5,494
2021	-	-
2022	-	
Thereafter	-	
	\$ 84,641	\$ 162,613

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 10 – Net Assets

Temporarily Restricted - Temporarily restricted net assets represent the unspent cumulative investment return of the permanently restricted endowment funds that donors have designated for specific purposes and unspent donor-restricted contributions. The following is a schedule of temporarily restricted net assets, by purpose restriction, as of June 30, 2017 and 2016:

	Cumulative Additions to Endowment		2017
	Funds	Contributions	Total
Scholarships and Gifts	\$ 930,147	\$ 8,397	\$ 938,544
Academy Funds	681,442	-	681,442
Woodstock Academy Foundation	-	187,269	187,269
	<u>\$ 1,611,589</u>	<u>\$ 195,666</u>	<u>\$ 1,807,255</u>

	Cumulative Additions to Endowment		2016
	Funds	Contributions	Total
Scholarships and Gifts	\$ 845,213	\$ 10,611	\$ 855,824
Academy Funds	576,835	-	576,835
Woodstock Academy Foundation	-	82,942	82,942
	<u>\$ 1,422,048</u>	<u>\$ 93,553</u>	<u>\$ 1,515,601</u>

Net assets were released from restrictions based on the satisfaction of donor imposed stipulations. The following is a schedule of temporarily restricted net assets released from restrictions by purpose for the years ended June 30, 2017 and 2016:

	2017	2016
Scholarships and Gifts	\$ 15,100	\$ 48,952
Academy Funds	46,843	5,185
Woodstock Academy Foundation	57,677	139,971
Reclassifications	-	(41,123)
	<u>\$ 119,620</u>	<u>\$ 152,985</u>

Permanently Restricted – Permanently restricted net assets represent the principal of donor-restricted contributions designed for investing in perpetuity. The following is a schedule of permanently restricted net assets, by purpose restriction, as of June 30, 2017 and 2016:

	2017 Endowment Funds	2016 Endowment Funds
Scholarships and Gifts	\$ 435,999	\$ 435,999
Academy Funds	437,498	437,498
	<u>\$ 873,497</u>	<u>\$ 873,497</u>

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 11 – Collective Bargaining Agreements

The Academy's educators (approximately 62% of all employees) are covered by a collective bargaining agreement with Woodstock Academy Education Association which is scheduled to expire on June 30, 2019.

The Academy's custodial employees (approximately 6% of all employees) are covered by a collective bargaining agreement with AFSCME Local 1303, which expired on June 30, 2015.

Note 12 – Employee Retirement Benefits

The Academy sponsors a 401(k) plan for all eligible employees not covered by a union collective bargaining agreement. The Academy contributes 6% of the eligible employees' compensation to the plan. The expenses for the years ended June 30, 2017 and 2016 were \$110,169 and \$107,054, respectively.

Note 13 – Self Funding

The Academy has elected to self-fund all of its state unemployment compensation claims. In the event a former employee is entitled to state unemployment compensation, the Academy will be directly liable for payment of all claims. The expense recorded for the years ended June 30, 2017 and 2016 was \$34,515 and \$35,338, respectively. The amount of potential claims as of June 30, 2017 and 2016 has been estimated to be \$30,850 and 32,804, respectively; for which a liability has been recorded.

The Academy also self-funds a portion of its medical insurance coverage with an aggregate cap and stop-loss provision. The Academy's recorded an estimated liability for claims that have not been processed as of June 30, 2017 is \$184,510 and \$181,692, respectively.

Note 14 – Related Party Transactions

The Academy has a seller-financed mortgage from a board member for the purchase of a parcel of land. The balance due as of June 30, 2017 and 2016 was \$620,908 and \$659,083, respectively.

Note 15 – Concentration

Currently the Academy receives its tuition from six area towns and from a select number of private paying students. The tuition received from one of the towns represents approximately 42% of total tuition received. The contract with that town has expired and the Academy is currently on a month-to-month basis with that town.

Note 16 – Contingencies

The Academy provides sick days to the employees; which, if they are not used, will accumulate to certain maximums. An employee must be sick in order to receive pay for the sick days, or, if an employee has reached their maximum sick days, they will receive remuneration for the excess days. In addition, when an employee reaches certain years of service, the employee becomes vested in the sick day remuneration. The financial statements of the Academy reflect the liability for the vested obligations only.

Woodstock Academy
Notes to the Consolidated Financial Statements
As of and For the Years Ended June 30, 2017 and 2016

Note 17 – Functional Expenses

The following is a schedule of the Academy's functional expenses for the years ended June 30, 2017 and 2016:

	Program Services	Supporting Services		
	Education and Student Activities	Fundraising	General and Administrative	2017 Total
Salaries and Benefits	\$ 10,519,514	\$ 453,462	\$ 1,581,067	\$ 12,554,043
Program and Administrative	3,715,351	223,926	458,908	4,398,185
Awards	55,125	-	-	55,125
Depreciation	954,273	-	79,837	1,034,110
Interest Expense	129,128	-	-	129,128
	<u>\$ 15,373,391</u>	<u>\$ 677,388</u>	<u>\$ 2,119,812</u>	<u>\$ 18,170,591</u>

	Program Services	Supporting Services		
	Education and Student Activities	Fundraising	General and Administrative	2016 Total
Salaries and Benefits	\$ 10,248,448	\$ 222,470	\$ 1,444,108	\$ 11,915,026
Program and Administrative	4,010,274	190,770	405,982	4,607,026
Awards	38,606	-	-	38,606
Depreciation	914,150	-	88,798	1,002,948
Interest Expense	134,378	-	4,762	139,140
	<u>\$ 15,345,856</u>	<u>\$ 413,240</u>	<u>\$ 1,943,650</u>	<u>\$ 17,702,746</u>

Note 18 – Student Activity Funds

Student activities that generate their own revenue are considered agency funds. The Academy holds student activity funds in trust for the benefit of the funds owners, but generally does not dictate the uses for these funds. These funds are not considered assets of the Academy and are recorded as a liability on the statement of financial position.

Note 19 – Prior Period Adjustments

A prior period adjustment in the amount of \$80,000 was made to correct the acquisition of land recorded in duplicate.

A prior period adjustment in the amount of \$270,625 was made to classify the student activity funds as agency funds held in trust, not as the Academy's net assets.



CERTIFIED PUBLIC ACCOUNTANTS

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Trustees
Woodstock Academy

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Woodstock Academy, which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated October 23, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Woodstock Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodstock Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodstock Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodstock Academy's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Maletta & Company". The signature is stylized, with the first name "Maletta" written in a cursive script and "Company" written in a more formal, slightly cursive script. There is a small vertical line separating the two words.

Maletta & Company
Certified Public Accountants

Bristol, Connecticut
October 23, 2017

**Preface to
The Woodstock Academy
Manual of Governance**

The General Assembly of the State of Connecticut granted The Woodstock Academy a Charter shortly after its founding in 1801. The Charter, and subsequent amendments, established the system of governance of The Woodstock Academy Corporation by the Board of Trustees. The Trustees are charged with the management of “*all the property and affairs of said Corporation*” (Charter of Woodstock Academy, 1933 Amendment, Section 6). Trustees provide supervision of The Academy and delegate daily operation to the Head of School.

Members of The Woodstock Academy Corporation consist of “*all persons twenty-one years of age or over who shall have attended the Academy ..., and shall have completed thereby with credit, the equivalent of one school year's work*” (Charter of Woodstock Academy, 1933 Amendment, Section 5). The Corporation is granted all the powers conferred by the laws of the state of Connecticut upon corporations organized without capital stock. The Corporation also holds an annual meeting.

The bylaws for both the Corporation and Trustees are contained in this Governance Manual. Despite the division of bylaws, the Corporation and Trustees form one organization. The separation of the bylaws is intended to clarify the role of each group.

*These proposed amendments were adopted at a Special Meeting of the Corporation held on August 14, 2018
Final approval may occur at the Annual Meeting of the Corporation scheduled for August 21, 2018*

**Bylaws of
The Woodstock Academy Corporation**

Section 1

Annual Meeting of the Corporation

The annual meeting of the members of The Woodstock Academy Corporation (hereafter “the Corporation”) shall be held on the campus of The Woodstock Academy, prior to the start of the school year, as determined by the president of the Board of Trustees, the hour and place to be designated by the president, by notice to be published in a newspaper having a circulation in Windham County. Such newspaper notice shall be published not more than forty-five nor less than fifteen days before the date of such meeting.

The Nominating Committee of The Woodstock Academy Board of Trustees shall propose members of the Corporation for election to the Board of Trustees at the annual meeting of the Corporation (see the Bylaws of The Woodstock Academy Board of Trustees, Section 1.2.1).

Section 2

Special Meetings of the Corporation

Special meetings of the members of the Corporation may be held at any time on the campus of The Academy, upon the call of the president of the Board of Trustees. Any five trustees or twenty-five members of the Corporation (also referred to as “corporators”) may petition the president to call a special meeting of the Corporation and shall state, in said petition, the business to be transacted at said special meeting. The president shall call a special meeting of the Corporation to be held within sixty days thereafter to act upon the matters set forth in said petition. All such meetings of the Corporation shall be called by notice published in a newspaper having a circulation in Windham County, not less than fifteen nor more than forty-five days before the date of such special meeting.

Section 3

Quorum and Proceedings of the Corporation

Except where contrary to the Charter or these Bylaws, a quorum of the corporation shall consist of seven corporators.

Except where contrary to the Charter or these Bylaws, all meetings of the Corporation shall be conducted in accordance with *Robert’s Rules of Order*.

No business shall be transacted at any meeting of the Corporation other than that provided for in the bylaws, unless notice of the proposed business be contained in the call.

Section 4

Duties of Officers

The president of the Board of Trustees shall preside at all meetings of the Corporation. The vice-president of the Board of Trustees, in the absence of or by request of the president, may perform all the duties and exercise all of the powers of the president.

The secretary of the Board of Trustees shall keep a true and accurate record of the doings of the meetings of the Corporation and shall perform all the duties and exercise all the powers prescribed by law, by these bylaws, and by vote of the Board of Trustees.

*These proposed amendments were adopted at a Special Meeting of the Corporation held on August 14, 2018
Final approval may occur at the Annual Meeting of the Corporation scheduled for August 21, 2018*

The treasurer of the Board of Trustees shall cause to be kept a true and accurate record of financial affairs of said Corporation, in manner and form as may be prescribed by the Board of Trustees and shall perform all the duties and exercise all the powers prescribed by law, these bylaws, and by vote of the Board of Trustees.

Section 5

Auditing

An annual audit of The Woodstock Academy is required. At a meeting of the Board of Trustees, preceding the end of The Woodstock Academy's fiscal year, a firm of certified public accountants shall be chosen, whose duties shall be to examine carefully accounts of The Academy and make a certified written report to the Trustees and present it to the Corporators at the Annual Meeting.

Section 6

Seal

The seal of the Corporation shall be circular in form and shall bear the following legend: "The Woodstock Academy, Woodstock, Connecticut, Founded 1801."

Section 7

Amendments

These bylaws may be amended by a two-thirds majority vote of the members of the Corporation present at the Annual Meeting, said amendment having been proposed at the previous annual meeting, or at a special meeting of the Corporation called for that purpose.

**Bylaws of
The Woodstock Academy Board of Trustees**

**Section 1
Trustees**

1.0 Board of Trustees Size:

The Woodstock Academy Board of Trustees (hereafter “The Board of Trustees”) shall consist of a minimum of five and a maximum of thirty trustees.

1.1 Charter Requirements for the Board of Trustees:

The 1933 Amendment to the Charter of The Woodstock Academy (hereafter “The Academy”) regulates the composition of the Board of Trustees and The Woodstock Academy Corporation (hereafter “The Corporation”).

1.1.1 One-third of Trustees must be members of the Corporation

“No more than two-thirds of trustees may be persons who are not members of the Corporation” (Charter Amendment of 1933, Section 6).

1.1.2 Members of the Corporation Defined

“Members of said Corporation shall consist of all persons twenty-one years of age or over who shall have attended The Academy conducted by said Corporation the equivalent of one school year, and shall have completed thereby with credit, the equivalent of one school year's work” (Charter Amendment of 1933, Section 5).

1.2 Classes of Trustees and Tenure:

There shall be five classes of trustee: Trustees of the Corporation, Trustees of the Community, Trustees of the Sending Towns, Ex-Officio Trustees, and Honorary Trustees. Trustees of all classes must consist of individuals willing to support The Woodstock Academy.

1.2.1 Trustees of the Corporation:

All trustees of this class shall be members of The Woodstock Academy Corporation. The nominating committee of the Board of Trustees shall propose candidates for Trustees of the Corporation to the annual meeting of the Corporation. The Corporation at the annual meeting shall consider nominees and elect, by majority vote, Trustees of the Corporation. The Corporation shall elect a number of trustees sufficient to satisfy the Charter requirements (Sec. 1.1.1).

The term of Trustees of the Corporation is six years.

1.2.2 Trustees of the Community:

The nominating committee shall propose to the Board of Trustees candidates for Trustees of the Community. The Board of Trustees shall elect, by majority vote, trustees of this class.

The term of Trustees of the Community is six years.

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1.2.3 Trustees of the Sending Towns:

Trustees of this class are also responsible for maintaining communications between the sending towns and the Board of Trustees. A sending town is a town or jurisdiction which has a contract with The Woodstock Academy for the education of its students.

The term of Trustees of the Sending Towns ends at the first municipal election following their election to the Board of Trustees.

Sending towns may have a maximum of one trustee of this class who must be a member of the Board of Education.

Only the Board of Education of a sending town may propose to the nominating committee candidates of this class. The nominating committee may submit candidates to the Board of Trustees. The Board of Trustees shall consider nominees and elect, by majority vote, Trustees of the Sending Towns.

1.2.4 Ex-Officio Trustees:

The Woodstock Academy Alumni Association may submit its president, or designee, as a candidate to the nominating committee. The nominating committee may submit that candidate to the Board of Trustees for consideration as an ex-officio trustee with a one-year term of office. The Board of Trustees shall consider nominees and elect, by majority vote, Ex-Officio Trustees.

1.2.5 Honorary Trustees:

From time to time, the Board of Trustees may confer the title of Honorary Trustee on persons in recognition of distinguished service to The Academy. Such a trustee shall not have voting privileges and shall not be numbered among the trustees allowed by the charter.

1.3 Vacancies in Board of Trustees:

1.3.1 Replacement of Trustees of the Corporation or Community

Any vacancy caused by the death, removal, or resignation of a Trustee of the Corporation or Community may be filled for the unexpired term of such vacancy by the Board of Trustees.

1.3.2 Replacement of Trustees of the Sending Towns

The Board of Trustees may fill the unexpired term of a vacancy caused by the death, removal, or resignation of a Trustee of the Sending Town. The Board of Education of the sending town of the person whose seat is vacated may propose a replacement candidate to the nominating committee.

1.3 Trustee's Absence from Regular Meetings:

A trustee, absent from three consecutive regular meetings, unless excused by the Board of Trustees, may be deemed by the Board of Trustees to have resigned.

Section 2

Trustees' Meetings

2.1 Annual Meeting:

The Annual Meeting of the Board of Trustees shall be held on the campus of The Woodstock Academy prior to the start of the school year as determined by the president of the Board of Trustees (hereafter "the president"), the hour

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and place to be designated by the president, by notice to be published in a newspaper having a circulation in Windham County or any manner as may be established by majority vote of the trustees and is consistent with parliamentary procedure (Section 2.5). Notice shall be published not more than forty-five nor less than fifteen days before the date of such meeting.

2.2 Regular Meetings:

Regular meetings shall be held at such times as may be established by the Board of Trustees.

2.3 Special Meetings:

Special meetings for a specified purpose may be called by the president or by five trustees.

2.4 Notice of Meetings:

Notices of meetings of the Board of Trustees shall be given in such manner as may be established, from time to time, by a majority vote by the trustees.

2.5 Parliamentary Procedure:

Except where contrary to the Charter or these bylaws, all meetings of the Corporation, the Board of Trustees, and its committees shall be conducted in accordance with *Robert's Rules of Order*.

2.6 Quorum:

Except where contrary to the Charter or these bylaws, a quorum of the Board of Trustees, or of its committees, shall consist of forty percent of the voting membership of said board or committee.

Section 3

In Absentia Voting by Trustees

3.0 *In Absentia* Voting by Trustees:

Trustees *in absentia* may vote in such manner as may be established by majority vote of the Board of Trustees.

Section 4

Officers

4.0 Election of Officers:

The trustees shall elect at the annual meeting a president, one or more vice-presidents, a secretary, and a treasurer. They may also elect one or more assistant secretaries, and one or more assistant treasurers. Said officers shall take office immediately upon their election, and shall hold office for one year from said date and until their successors are duly chosen and qualified, unless sooner removed for cause by a two-thirds vote of the Board of Trustees at a meeting duly called and held for that purpose.

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4.1 Duties of the President and Vice-President:

The president of the Board of Trustees shall preside at all meetings of the Corporation and Board of Trustees. The vice-president of the Board of Trustees, in the absence of or by request of the president, may perform all the duties and exercise all of the powers of the president.

4.2 Secretary:

The secretary or the secretary's designee shall keep a true and accurate record of the meetings of the Board of Trustees and of the executive committee, and shall perform all the duties and exercise all the powers prescribed by law, by these bylaws, and by vote of the Board of Trustees.

4.3 Treasurer:

The treasurer shall arrange for the receipt and custody of all funds and securities of The Academy and disbursements of the same, in accordance with the direction of the Board of Trustees, shall cause to be kept a true and accurate record of financial affairs of said Corporation in manner and form as may be prescribed by the Board of Trustees. The treasurer shall also perform such other duties and exercise such other powers as are provided by law, these bylaws, and by the vote of the Board of Trustees.

4.4 Assistant Officers:

The assistant secretary and assistant treasurer shall exercise all powers of the secretary and treasurer as shall be designated by the Board of Trustees. The Board of Trustees may further specifically delegate to the assistant secretary and assistant treasurer any particular duties of the secretary and treasurer.

Section 5 Committees

5.0 Terms of Committees

Committees shall be appointed annually by the president. Committee members may be removed by majority vote of the Board of Trustees.

5.1 Executive Committee:

The executive committee shall be composed of the officers of the Board of Trustees and such other trustees as appointed by the president.

5.2 Finance Committee:

The president shall appoint a finance committee composed of the treasurer, assistant treasurer, and at least two additional members of the Board of Trustees. The finance committee shall exercise all the powers and perform all the duties prescribed by the Board of Trustees.

5.3 Nominating Committee:

The president shall appoint a nominating committee.

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5.4 Other Committees:

The president may establish additional committees as needed. Members shall hold office for one year, or until their successors are appointed, or the business of the committee is completed.

Section 6 Borrowing

6.0 Borrowing:

The Board of Trustees shall have authority to borrow such amounts as may, from time to time be needed, provided that three-fourths of those present at a properly called meeting of the Board of Trustees approves.

Section 7 Auditing

7.0 Auditing:

An annual audit of The Woodstock Academy is required. At a meeting of the Board of Trustees, preceding the end of The Woodstock Academy's fiscal year, a firm of certified public accountants shall be chosen whose duties shall be to examine carefully accounts of The Academy, and make a certified written report to the trustees and be presented to the Corporators at the annual meeting.

Section 8 Seal

8.0 Seal:

The seal of the Corporation shall be circular in form and shall bear the following legend: "The Woodstock Academy, Woodstock, Connecticut, Founded 1801."

Section 9 Amendments

9.0 Amendments:

The bylaws may be amended by a two-thirds majority vote of the members of the Corporation present at the annual meeting, said amendment having been proposed at the previous annual meeting, or at a special meeting of the Corporation called for that purpose.

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