Supplemental Financial Information

CCES’s financial standing has continued to improve over the previous several years. Significant advances have been made in the areas of financial oversight, financial strength, budgetary processes, financial reporting processes, endowment oversight, planning, and overall financial operations.

The school has no long term debt as of June 30, 2019 and has access to a multi-year credit facilities structure which allows for suitable borrowing availability to cover annual operational needs, Board of Trustees approved construction projects, and/or capital improvements.

The school has increased the maintenance reserve from $364,820 as of June 30, 2009 to $1,379,150 as of June 30, 2019. This balance is prior to transfer of any maintenance reserve funds that may be approved by the Board of Trustees upon receipt of the 2018-2019 fiscal year end audit results. The reserve was established to finance significant maintenance, renewal, or replacement of the school’s plant assets. Maintaining this reserve is critically important to ensuring the long term financial health of the school.

The school has implemented a number of improvements in the school’s budgetary process resulting in a healthier financial position overall. Furthermore, monthly reports are distributed to all budget stakeholders for review, and quarterly results are presented to the Finance Committee.

The school has received an unqualified, or “clean,” opinion in each of its recent fiscal year end statement audits. Furthermore, no material weaknesses in internal control were noted in the school’s most recently completed audit.

The Finance Committee is comprised of twelve members who meet five times throughout the year. The committee operates as a working arm of the Board of Trustees primarily responsible for:

- Working with the administration to establish operating and capital budgets for Board of Trustees approval
- Reviewing financial activity
- Managing and preserving institutional resources
- Interpreting financial matters to the Board of Trustees for action

These responsibilities are accomplished by means of the following functions:

- Review of budget line items
- Preparation of financial policy for Board of Trustees approval
- Review of quarterly financial reports from the Business Office
- Study of administrative proposals on tuition, salaries, and other major aspects of any proposed budget

The value of the school’s endowment investments, including letter of intent pledges, has increased from approximately $7,668,444 as of June 30, 2008 to $15,800,900 as of June 30, 2019 excluding the Operating Reserve Fund balance and planned giving pledges.
Cumulative annual distributions used to offset expenses in the annual operating budget total $7,493,608 since 2000.

Furthermore, the endowment yield covers 2.2% of 2019-2020 operating budget expenses. The budgeted endowment distribution for 2019-2020 is $513,510.

The CCES Endowment Corporation has the primary investment goal of providing for growth without undue exposure to risk while providing cash flow to support the operational needs of the School. Outside investment advisors provide oversight and consulting to the school to manage investment of the endowment funds. School owned endowment funds are currently invested in accordance with the following asset allocation model:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Lower Band</th>
<th>Target</th>
<th>Upper Band</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Equivalents</td>
<td>0%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Fixed Income Securities</td>
<td>15%</td>
<td>26%</td>
<td>45%</td>
</tr>
<tr>
<td>Equities</td>
<td>25%</td>
<td>61%</td>
<td>75%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>0%</td>
<td>10%</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Role of Fundraising in the Finances of Our School**

The Cavalier Fund is a yearly appeal for donations to support the current operations of the school. These gifts bridge the gap between tuition income and the operating expenses of the school (what the education costs really are). Contributions to the Cavalier Fund allow families to gain a tax-deductible advantage for the support of their children’s education. Monies are raised and spent within the same fiscal year. The 16% operating cost gap between annual tuition and the cost to run the school equates to $3,122 per student.

Capital Funds, on the other hand, are raised to finance specific school projects. Capital projects typically include new building construction and renovation of existing buildings. These funds are derived from private donations and are received in the form of restricted or unrestricted gifts.

Endowment Funds are also raised to augment the school’s overall endowment position. These gifts may be received as part of a capital project, from a capital campaign, or a stand-alone restricted gift. These gifts are restricted in nature and given for a specific purpose such as financial assistance or professional development.