Agenda Item #: 4C-1

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:	**June 19, 2018**	**[ ] Consent** **[ ] Ordinance**	**[ ] Regular** **[X] Public Hearing**
Department:	**Department of Economic Sustainability**		

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to:

A) Approve the application of The Benjamin Private School, Inc. (the "Borrower") for the issuance of the County's Revenue Bonds (The Benjamin Private School, Inc. Project), Series 2018 in an aggregate principal amount not to exceed $13,000,000 (the "Bonds");

B) Conduct a Tax Equity and Fiscal Responsibilities Act ("TEFRA") public hearing pursuant to Section 147(f) of the Internal Revenue Code, as amended concerning the proposed issuance of the Bonds; and

C) Adopt a Resolution of the Board of County Commissioners of Palm Beach County, Florida: (I) authorizing the issuance of the County's Revenue Bonds (The Benjamin Private School, Inc. Project) Series 2018 (the "Bonds") for the purpose of providing funds to make a loan to The Benjamin Private School, Inc. (the "Borrower") to provide funds to refinance the County's Revenue Bonds, Series 2003, issued for the benefit of the Borrower; to provide funds to finance and refinance certain costs incurred by the Borrower in connection with the private school facilities owned and operated by the Borrower; and to provide funds to pay the costs of issuing the Bonds; (II) authorizing the execution of a financing agreement; (III) awarding the sale of the Bonds by a negotiated sale; (IV) authorizing officials of the County to take certain action in connection with the issuance of the Bonds; (V) making certain other covenants and agreements in connection with the issuance of the Bonds; and (VI) providing an effective date.

Summary: The Borrower has requested the issuance of the Bonds to be used to refinance revenue bonds issued by the County in 2003 for the benefit of the Borrower and to finance costs incurred by the Borrower in connection with the private school facilities owned by the Borrower and located at 11000 Ellison Wilson Road in North Palm Beach and 4875 Grandiflora Road in Palm Beach Gardens. Costs incurred include $800,000 in capital expenditures to build a new classroom building at the Ellison Wilson Road property as well as closing costs. **Neither the taxing power nor the faith and credit of the County, nor any County funds, shall be pledged to pay the principal, premium, if any, or interest on the Bonds.** District 1 (DB)

Background and Policy Issues: The Internal Revenue Code requires that certain bonds be approved by an elected governmental agency after a public hearing. The Bonds are being purchased by STI Institutional & Government, Inc. (an affiliate of SunTrust Bank).

Attachment(s):
1. TEFRA Notice
2. Application
3. Memo to Assistant County Administrator
4. Resolution

Recommended By: Jonathan Brown 6/4/18
Department Director **Date**

Approved By: Faye Johnson 6/5/18
Assistant County Administrator **Date**

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2018	2019	2020	2021	2022
Capital Expenditures					
Operating Costs					
External Revenues	($32,500)				
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	($32,500)				

# ADDITIONAL FTE POSITIONS (Cumulative)					

Is Item included In Current Budget? Yes ___ No _X_
Does this Item include the use of Federal Funds? Yes ___ No _X_

Budget Account No.:

Fund 1539 Dept 143 Unit 2102 RSRC 4133 Program Code/Period N/A

B. Recommended Sources of Funds/Summary of Fiscal Impact:

All costs to be borne by the Applicant. Palm Beach County is expected to receive an issuance fee of approximately $32,500, as well as legal fees for services rendered in connection with the issuance of the Bonds. The issuance fee amount is the maximum fee allowable for for-profit projects as approved by the BCC on April 10, 2018, Item #5C-4. A total of 13 hours of staff time was required to provide this service. The County's costs ~~are included~~ in the budget.

C. Departmental Fiscal Review:

Beverley Reid, Fiscal Manager I

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

5/23

OFMB 5/23 5/23

Contract Development and Control 6/4/18

6/4/18

B. Legal Sufficiency:

6/5/18

Assistant County Attorney

C. Other Department Review:

Department Director

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)

PUBLIC NOTICE
BOARD OF COUNTY COMMISSIONERS
PALM BEACH COUNTY, FLORIDA

Public notice is hereby given that the Board of County Commissioners of Palm Beach County, Florida (the "County"), will hold a public hearing in the Jane Thompson Memorial Chambers, 6th Floor of the Palm Beach County Governmental Center, 301 North Olive Avenue, West Palm Beach, Florida 33401, during a meeting commencing at 9:30 a.m. on June 19, 2018, or as soon thereafter as possible, on the proposed issuance by the County of its revenue bonds (the "Bonds"), in a principal amount not to exceed $13,000,000, for the purpose of providing a loan to The Benjamin Private School, Inc. (the "Company"). Bond proceeds will be used by the Company to finance and refinance certain costs incurred or to be incurred by the Company in connection with the charter school facilities owned and operated by the Company and located at 11000 Ellison Wilson Road, North Palm Beach, Florida and 4875 Grandiflora Road, Palm Beach Gardens, Florida, including refinancing the County's Variable Rate Demand Revenue Bonds (The Benjamin Private School, Inc. Project) Series 2003, issued to finance such facilities. All facilities financed with the Bonds will be owned and operated by the Company. The Bonds will be payable solely from revenues derived from the Company. Neither the taxing power nor the faith and credit of the County, nor any County funds, shall be pledged to pay the principal, premium, if any, or interest on the Bonds. All interested persons are invited to attend the public hearing, which will be the only public hearing held concerning the issuance of the Bonds. Any such interested parties may at their option submit written comments to the County Administrator, 11th Floor, 301 North Olive Avenue, West Palm Beach, Florida 33401, prior to the hearing. Written comments should be received by the County on or before 5:00 p.m. June 18, 2018. Any person desiring to present oral comments should appear at the hearing. If a person decides to appeal any decision made by the Commission with respect to any matter considered at this meeting or hearing, he or she will need to have a record of the proceedings and for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

ATTACHMENT 1

MARK E. RAYMOND
ATTORNEY AT LAW

4360 NORTHLAKE BOULEVARD
SUITE 204
PALM BEACH GARDENS, FL 33410
Tel: 561.775.8440
Fax: 561.775.8442
mark.raymond@mraymondlaw.com

April 27, 2018

Palm Beach County, Florida
c/o Stacey Amodio
Department of Economic Sustainability
100 Australian Ave.
Suite 500
West Palm Beach, FL 33406

Re: Industrial Development Bond Application for The Benjamin Private School, Inc.

Ladies and Gentlemen:

I have been engaged by The Benjamin Private School, Inc. (the "Company") to serve as bond counsel in connection with a proposed industrial revenue bond issuance for the benefit of the Company. The Company is asking the County to issue up to $13,000,000 in principal amount of bonds.

Accordingly, enclosed please find the application by the Company for this financing. Set forth below is the information required by the application instructions to the extent such information is not included in the application itself. The numbers preceding such information correspond to the numbers on the application instructions pursuant to which such information is provided.

1. Leslie Downs
Chief Financial Officer
The Benjamin Private School, Inc.
11000 Ellison Wilson Road
North Palm Beach, FL 33408

3. The Company is a Florida corporation not-for-profit formed in 1960. The Company owns and operates a school with a present enrollment of approximately 1100 students enrolled in grades pre-K through 12.

4. The proposed transaction will refinance the County's Series 2003 revenue bonds issued for the benefit of the Company in 2003. The transaction will also reimburse the Company for approximately $800,000 in capital expenditures and pay closing costs.

5. Enclosed in this application package are five year financial projections.

ATTACHMENT 2

6. The expected economic impact of the financing is primarily to assist the Company in continuing to provide the services it has provided since opening the School. In other words, this transaction is a refinancing of existing debt to achieve a reduction in annual debt service requirements.

7. The financing will be secured by a mortgage on and security interest in certain real and personal property of the Company.

8. This financing will take the form of a private placement with STI Institutional & Government, Inc., an affiliate of SunTrust Bank.

9. Audited financial statements of the Company for the fiscal years ended 2015 through 2017 are included.

10. Please see the attached distribution list for the names, addresses and phone numbers of the current parties to the financing team.

Very truly yours,

Mark E. Raymond

INDUSTRIAL DEVELOPMENT REVENUE BOND

PALM BEACH COUNTY, FLORIDA

APPLICATION FORM

When there is insufficient space on the application to provide information include attachments. Enclose all pertinent documentation.

INDUSTRIAL REVENUE BOND FINANCING
PROJECT ELIGIBILITY QUESTIONNAIRE

1. Entity that will lease or purchase the project (or borrow the bond proceeds) from the bond issuer.

   The Benjamin Private School, Inc.
   11000 Ellison Wilson Road
   North Palm Beach, FL 33408

This entity is referred to as the project's "principal user" for the remainder of this questionnaire.

2. Form of organization of principal user (check one): corporation not for profit

Is the principal user related to any other organization by more than 50% common ownership? no.

3. Ownership: List all stockholders or partners having 10% or more interest in the principal user: None

4. If any of the above persons own more than 50% of the principal user, list all other organizations which are related to the principal user by virtue of such persons having more than a 50% interest in such organizations: N/A

5. Location of the project (street address & municipality or unincorporated area of County):

11000 Ellison Wilson Road, North Palm Beach, FL

4875 Grandiflora Road, Palm Beach Gardens, FL

6. Project Site (land):

(a) Indicate approximate size (in acres or square feet) of project site: 63.5 acres. Are there buildings now on the project site? Yes

(b) Indicate the present use of the project site: private school

(c) Indicate present owner of project site: Applicant

7. If the principal user now owns the project site, indicate:

(a) Date of Purchase: various

(b) Purchase Price: various

(c) Balance of Existing Mortgage: $11,850,000

(d) Holder of Mortgage: The Northern Trust Company

8. If the principal user is not now the owner of the project site, does the principal user have an option to purchase the site and any buildings on the site? N/A

9. Has the principal user entered into a contract to purchase the site? N/A

10. If the principal user is not the owner of project site, does the principal user now lease the site or any buildings on the site? N/A

11. Is there a relationship legally or by virtue of common control or ownership between the principal user and the seller / lessor of the project site? N/A

12. Does the project involve acquisition of an existing building or buildings? No.

13. Does the project consist of the construction of a new building or buildings? No.

14. Does the project consist of additions and/or renovations to existing buildings? No.

15. What will be the use of the buildings or buildings to be acquired, constructed or expanded by the principal user for this project? This is a refunding. The principal user operates a private school.

16. If any space in the project is to be leased to third parties, indicate total square footage of the project, amount to be leased to each tenant, and proposed use by each tenant: N/A

17. Has construction work on this project begun? N/A

18. List principal items or categories of equipment to be acquired as part of the project:

This is a refunding

19. Has any of the above equipment been ordered or purchased? No.

20. List the face amount of all tax-exempt finance previously arranged by or for the benefit of the principal user in Palm Beach County:$11,850,000.

21. State the proposed uses of bond proceeds:

The proposed transaction will refinance the County's Series 2003 revenue bonds issued for the benefit of the Company in 2003. The transaction will also reimburse the Borrower for approximately $800,000 of capital expenditures and pay closing costs.

22. Have any of the above expenditures already been made by the applicant? No

23. Have any of the above expenditures been incurred but not paid by the principal user? No

24. Are costs of working capital, moving expenses, work in process, or stock in trade included in the proposed uses of bond proceeds? no

25. Will any of the funds to be borrowed through the County be used to repay or refinance an existing mortgage or outstanding loan? yes

If yes, indicate particulars: Proceeds of the bonds will be used as described in paragraph 21.

26. List capital expenditures with respect to this project: None

27. List capital expenditures with respect to other facilities of the principal user or any related person, if the facilities are located in Palm Beach County: N/A. This is a qualified 501(c)(3) financing and other capital expenditures are not relevant.

28. Indicate approximate number of individuals who will be employed after completion of the project:

Approximately 199 full-time equivalent employees.

29. Do any of said employees require specialized training or skills to qualify for said employment? Yes. Certain personnel require specialized training. State and local educational institutions provide such training.

30. Please indicate utility needs; i.e., electrical, water and sewer. Include quantity and character of said needs: All utility needs are currently met.

31. Does the project produce emissions through stacks or chimneys which would subject it to the jurisdiction of the Florida Department of Environmental Regulation? no

32. Does the project produce sewage, industrial effluent, or discharge of an unusual character requiring specialized treatment? no

Authorized Signature
Print Name: Mark Raymond
Title: Attorney to Applicant
Date: April 27, 2018

DISTRIBUTION LIST

Palm Beach County, Florida
Industrial Development Revenue Bond, Series 2018
(The Benjamin Private School, Inc. Project)

THE ISSUER Palm Beach County, Florida Stacey Amodio Department of Economic Sustainability 100 Australian Ave. Suite 500 West Palm Beach, FL 33406 email: samodio@pbcgov.org phone: (561) 233-3671 fax: (561) 233-2155	ISSUER'S COUNSEL County Attorney's Office 301 N. Olive Avenue, Suite 601 West Palm Beach, FL 33401 David Behar Assistant County Attorney (561) 355-3375 (561) 355-4398 dbehar@pbcgov.org
THE LENDER STI Institutional & Government, Inc. 515 East Las Olas Blvd. 7th Floor Fort Lauderdale, FL 33301 David Ross Tel. 954-765-7445 David.ross@suntrust.com	LENDER'S COUNSEL Holland & Knight 2115 Harden Blvd. Lakeland, FL 33803 Michael Wiener Tel. 863-499-5362 Michael.wiener@hklaw.com
BOND COUNSEL/BORROWER COUNSEL Mark E. Raymond 4360 Northlake Boulevard Suite 204 Palm Beach Gardens, FL 33410 Phone: 561-775-8440 Fax: 561-775-8442 Email: mark.raymond@mraymondlaw.com	THE BORROWER Leslie Downs Chief Financial Officer The Benjamin Private School, Inc. 11000 Ellison Wilson Road North Palm Beach, FL 33408 Tel: 561-471-3420 Leslie.downs@thebenjaminschool.org

THE BENJAMIN SCHOOL 5 YEAR PROJECTION
FYE 6/30/18-6/30/22

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
INCOME					
TUITION	$25,434,320	$25,080,780	$25,833,203	$26,608,200	$27,406,445
INVESTMENT INCOME	$335,000	$335,000	$335,000	$335,000	$335,000
NTRS (NON TUITION REVENUE SOURCES) NET	$258,417	$260,000	$267,800	$275,834	$284,109
DEVELOPMENT	$1,625,000	$1,673,750	$1,723,963	$1,775,681	$1,828,952
RELEASED FROM RESTRICTIONS	$263,500				
OTHER INCOME	$616,000	$616,000	$634,480	$653,514	$673,120
TOTAL INCOME	$28,532,237	$27,965,530	$28,794,446	$29,648,229	$30,527,626
EXPENSES					
SALARIES	$13,615,987	$13,656,454	$14,066,147	$14,488,132	$14,922,776
BENEFITS:					
MEDICAL & LTD	$1,056,378	$1,055,263	$1,086,921	$1,119,528	$1,153,114
FICA	$1,041,470	$1,044,719	$1,076,060	$1,108,342	$1,141,592
TIAA-CREF	$649,897	$546,258	$562,646	$579,525	$596,911
TOTAL BENEFITS	$2,747,745	$2,646,240	$2,725,627	$2,807,396	$2,891,618
TOTAL SALARIES & BENEFITS	$16,363,732	$16,302,693	$16,791,774	$17,295,527	$17,814,393
FINANCIAL AID:					
OPERATING	$1,887,611	$1,890,000	$1,946,700	$2,005,101	$2,065,254
FACULTY/STAFF	$1,084,144	$1,080,000	$1,112,400	$1,145,772	$1,180,145
TOTAL FINANCIAL AID	$2,971,755	$2,970,000	$3,059,100	$3,150,873	$3,245,399
BUILDINGS & GROUNDS:					
B & G MAINTENANCE	$514,200	$564,200	$581,126	$598,560	$616,517
UTILITIES	$439,500	$514,500	$529,935	$545,833	$562,208
CONTRACTED SERVICES	$1,356,420	$1,548,908	$1,595,375	$1,643,236	$1,692,534
RENTAL & LEASE EXPENSE	$12,000	$12,000	$12,360	$12,731	$13,113
TOTAL BUILDINGS & GROUNDS	$2,322,120	$2,639,608	$2,718,796	$2,800,360	$2,884,371
OTHER EXPENSES:					
GENERAL INSURANCE	$575,385	$671,385	$691,527	$712,272	$733,641
BOND INTEREST & MISC	$685,000	$400,000	$380,000	$360,000	$340,000
ALL OTHER EXPENSES	$3,619,399	$3,691,787	$3,802,541	$3,916,617	$4,034,115
TOTAL OTHER EXPENSES	$4,879,784	$4,763,172	$4,906,067	$5,053,249	$5,204,847
TOTAL EXPENSES	$26,537,391	$26,675,473	$27,475,738	$28,300,010	$29,149,010
INCOME/LOSS FROM OPERATIONS	$1,994,846	$1,290,057	$1,318,708	$1,348,219	$1,378,616
LESS CAPITAL EXPENDITURES	$700,000	$700,000	$700,000	$700,000	$700,000
LESS PINCIPAL PAYMENTS	$1,280,000	$450,000	$470,000	$490,000	$510,000
SURPLUS/(DEFICIT)	14,846	140,057	148,708	158,219	168,616

The Benjamin Private School, Inc.

Financial Statements
For the Years Ended June 30, 2015 and 2014

The Benjamin Private School, Inc.

Financial Statements
For The Years Ended June 30, 2015 And 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Benjamin Private School, Inc.
North Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of The Benjamin Private School, Inc. (the "School"), (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities and cash flows for the years 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.

KMCcpa.com | 6550 N Federal Hwy, 4th Floor Fort Lauderdale, FL 33308 Phone: 954.771.0896 Fax: 954.938.9353

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2015 and 2014, 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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 11, 2015

FINANCIAL STATEMENTS

The Benjamin Private School, Inc.
Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
Assets:		
Cash and cash equivalents	$ 10,415,318	$ 16,308,113
Investments	11,711,274	12,085,702
Receivables:		
Annual fund and other pledges	239,350	341,303
Employee	80,521	134,132
Other	49,059	105,882
Prepaid expenses and deposits	307,516	337,691
Restricted assets:		
Cash and cash equivalents	1,204,792	3,495,769
Investments	766,992	766,992
Capital campaign pledges receivable	2,454,533	2,997,745
Property and equipment, net	44,058,500	34,696,684
Bond issuance costs, net of $ 733,446 and $ 666,073 amortization	645,617	712,990
Total assets	$ 71,933,472	$ 71,983,003
Liabilities:		
Accounts payable	$ 550,573	$ 697,177
Accrued expenses and other liabilities	1,418,349	1,002,352
Deferred revenue	13,235,336	13,067,368
Debt	15,510,000	16,615,000
Obligation under interest rate swap agreement	1,904,415	2,198,154
Total liabilities	32,618,673	33,580,051
Net Assets:		
Unrestricted:		
Undesignated	31,196,516	27,661,837
Designated for endowment	3,763,327	3,821,241
Temporarily restricted	3,587,964	6,152,882
Permanently restricted	766,992	766,992
Total net assets	39,314,799	38,402,952
Total liabilities and net assets	$ 71,933,472	$ 71,983,003

The accompanying notes to financial statements are an integral part of these statements.

The Benjamin Private School, Inc.
Statement of Activities
For the Year Ended June 30, 2015
(with memorandum comparative totals for the year ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2015	Totals 2014
Support and Revenues:					
Tuition and fees:					
Tuition and fees, net of financial aid and scholarships	$ 21,573,667	$ -	$ -	$ 21,573,667	$ 20,360,511
Special events	727,628	-	-	727,628	967,518
Contributions:					
Annual fund	1,069,008	-	-	1,069,008	1,449,377
Student loans and scholarships	13,650	-	-	13,650	-
Capital campaign	-	1,363,305	-	1,363,305	2,690,829
Student activities	439,107	-	-	439,107	441,152
Summer program	362,625	-	-	362,625	304,770
Other income	153,846	-	-	153,846	137,752
Activity and application fees	59,473	-	-	59,473	72,126
Investment income	165,099	-	-	165,099	1,999,700
Net assets released from restrictions	3,928,223	(3,928,223)	-	-	-
Total support and revenues	28,492,326	(2,564,918)	-	25,927,408	28,423,735
Expenses:					
Instruction:					
Salaries	7,187,631	-	-	7,187,631	6,585,882
Employee benefits	1,417,499	-	-	1,417,499	1,304,397
Supplies	578,978	-	-	578,978	547,073
Summer program	164,776	-	-	164,776	204,986
Library	53,017	-	-	53,017	56,057
Textbook supplies	17,669	-	-	17,669	26,343
Operation of facility:					
Provisions for depreciation and amortization	1,578,527	-	-	1,578,527	1,526,912
Maintenance and repair	1,939,821	-	-	1,939,821	2,035,671
Interest expense	742,263	-	-	742,263	797,117
Utilities	656,402	-	-	656,402	597,537
Salaries	455,010	-	-	455,010	406,649
Employee benefits	93,591	-	-	93,591	79,819
Rent	8,675	-	-	8,675	10,852
General administration:					
Salaries	4,888,578	-	-	4,888,578	4,413,818
Administration expenses	2,654,960	-	-	2,654,960	2,495,099
Employee benefits	906,690	-	-	906,690	821,075
Special events	241,835	-	-	241,835	305,263
Student activities	819,724	-	-	819,724	881,002
Provision for uncollectible receivables	903,654	-	-	903,654	274,872
Total expenses	25,309,300	-	-	25,309,300	23,370,424

The accompanying notes to financial statements are an integral part of these statements.

The Benjamin Private School, Inc.
Statement of Activities
(continued)
For the Year Ended June 30, 2015
(with memorandum comparative totals for the year ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2015	Totals 2014
Excess of support and revenues over expenses	3,183,026	(2,564,918)	-	618,108	5,053,311
Other Changes:					
Change in value of swap agreement	293,739	-	-	293,739	307,851
Total other changes	293,739	-	-	293,739	307,851
Change in net assets	3,476,765	(2,564,918)	-	911,847	5,361,162
Net Assets, beginning of year	31,483,078	6,152,882	766,992	38,402,952	33,041,790
Net Assets, end of year	$ 34,959,843	$ 3,587,964	$ 766,992	$ 39,314,799	$ 38,402,952

The accompanying notes to financial statements are an integral part of these statements.

The Benjamin Private School, Inc.
Statement of Activities
For the Year Ended June 30, 2014
(with memorandum comparative totals for the year ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2014	Totals 2013
Support and Revenues:					
Tuition and fees:					
Tuition and fees, net of financial aid and scholarships	$ 20,360,511	$ -	$ -	$ 20,360,511	$ 19,685,439
Special events	967,518	-	-	967,518	1,173,615
Contributions:					
Annual fund	1,449,377	-	-	1,449,377	1,104,896
Student loans and scholarships	-	-	-	-	32,977
Capital campaign	-	2,690,829	-	2,690,829	3,891,333
Student activities	441,152	-	-	441,152	456,508
Summer program	304,770	-	-	304,770	293,584
Other income	137,752	-	-	137,752	114,446
Activity and application fees	72,126	-	-	72,126	91,148
Investment income	1,999,700	-	-	1,999,700	1,424,309
Net assets released from restrictions	2,179,637	(2,179,637)	-	-	-
Total support and revenues	27,912,543	511,192	-	28,423,735	28,268,255
Expenses:					
Instruction:					
Salaries	6,585,882	-	-	6,585,882	6,426,036
Employee benefits	1,304,397	-	-	1,304,397	1,304,339
Supplies	547,073	-	-	547,073	477,669
Summer program	204,986	-	-	204,986	196,961
Library	56,057	-	-	56,057	45,417
Textbook supplies	26,343	-	-	26,343	33,534
Operation of facility:					
Provisions for depreciation and amortization	1,526,912	-	-	1,526,912	1,503,469
Maintenance and repair	2,035,671	-	-	2,035,671	1,772,863
Interest expense	797,117	-	-	797,117	858,639
Utilities	597,537	-	-	597,537	587,225
Salaries	406,649	-	-	406,649	383,673
Employee benefits	79,819	-	-	79,819	73,800
Rent	10,852	-	-	10,852	9,769
General administration:					
Salaries	4,413,818	-	-	4,413,818	4,178,989
Administration expenses	2,495,099	-	-	2,495,099	2,435,951
Employee benefits	821,075	-	-	821,075	791,283
Special events	305,263	-	-	305,263	611,759
Student activities	881,002	-	-	881,002	731,196
Provision for uncollectable receivables	274,872	-	-	274,872	348,966
Total expenses	23,370,424	-	-	23,370,424	22,771,538

The accompanying notes to financial statements are an integral part of these statements.

The Benjamin Private School, Inc.
Statement of Activities
(continued)
For the Year Ended June 30, 2014
(with memorandum comparative totals for the year ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2014	Totals 2013
Excess of support and revenues over expenses	4,542,119	511,192	-	5,053,311	5,496,717
Other Changes:					
Change in value of swap agreement	307,851	-	-	307,851	992,018
Total other changes	307,851	-	-	307,851	992,018
Change in net assets	4,849,970	511,192	-	5,361,162	6,488,735
Net Assets, beginning of year	26,633,108	5,641,690	766,992	33,041,790	26,553,055
Net Assets, end of year	$ 31,483,078	$ 6,152,882	$ 766,992	$ 38,402,952	$ 33,041,790

The accompanying notes to financial statements are an integral part of these statements.

The Benjamin Private School, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
Change in net assets	$ 911,847	$ 5,361,162
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	1,578,527	1,526,912
Net realized and unrealized losses (gains) on investments	301,168	(1,550,130)
Net increase (decrease) in obligation under interest rate swap agreement	(293,739)	(307,851)
(Increase) decrease in assets:		
Annual fund pledges receivable	101,953	(102,786)
Employee receivables	(42,683)	(16,596)
Capital campaign pledges receivable	543,212	(1,027,036)
Other receivables	56,823	(77,828)
Prepaid expenses and deposits	30,175	(18,451)
Increase (decrease) in liabilities:		
Accounts payable	(146,604)	(304,441)
Accrued expenses and other liabilities	415,997	67,924
Deferred revenue	167,968	306,376
Net cash provided by operating activities	3,624,644	3,857,255
Cash Flows from Investing Activities:		
Proceeds from sale of investments	5,826,201	13,361,028
Principal payments on note receivable	96,294	71,749
Purchase of property and equipment	(10,872,970)	(3,221,807)
Purchase of investments	(5,752,941)	(8,263,585)
Net cash provided by (used in) investing activities	(10,703,416)	1,947,385
Cash Flows from Financing Activities:		
Principal payments on bonds payable	(1,105,000)	(1,055,000)
Net cash used in financing activities	(1,105,000)	(1,055,000)
Net increase (decrease) in cash and cash equivalents	(8,183,772)	4,749,640
Cash and Cash Equivalents, beginning of year	19,803,882	15,054,242
Cash and Cash Equivalents, end of year	$ 11,620,110	$ 19,803,882

The accompanying notes to financial statements are an integral part of these statements.

Note 1 - Organization and Operations

The Benjamin Private School, Inc. (the "School") was established in December 1973, pursuant to Florida Statutes, Chapter 623, the Florida Private School Corporation Law of 1959. The lower and middle school campus is located in North Palm Beach and the upper school campus is located in Palm Beach Gardens, Florida. Both campus locations serve students primarily in northern Palm Beach County. The School's principal sources of revenue are tuition and fees for program services, contributions from private donors and special event revenues.

Note 2 - Summary of Significant Accounting Policies

The significant accounting policies are presented to assist in understanding the financial statements. The financial statements and notes are representations of the management of the School. These accounting policies conform to generally accepted accounting principles as prescribed for not-for-profit organizations.

Tax status: The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law, and contributions to it are tax deductible within the limits prescribed by the Code. The School has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

Basis of presentation: The financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Financial statement presentation follows the recommendations of the Accounting Standards Board Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under ASC No. 958, the School is required to report information regarding its financial position and activities, according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets and changes thereon are classified and reported as follows:

- **Unrestricted net assets** - Net assets, including Board designated, that are not subject to donor-imposed stipulations.
- **Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that will or may be met by actions of the School and/or the passage of time.
- **Permanently restricted net assets** - Net assets subject to donor-imposed stipulations that they be maintained in perpetuity.

Estimates: The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the periods reported. These estimates include assessing the collectability of pledges receivable, the realization of investments, the value of the interest rate swap agreement, and the useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months.

Investments: Investments are comprised of equity securities, mutual funds, corporate bonds, United States government obligations or agencies, hedge funds, REIT's, derivatives, and commodities. Investments are measured at fair value in the statements of financial position based on publicly quoted prices or other means.

Restricted cash, cash equivalents and investments: Amounts reported as restricted cash, cash equivalents, and investments are restricted in use for scholarships, student loans, and facility improvements.

Concentration of credit risk: The School maintains cash and investment accounts with various financial and brokerage institutions. At June 30, 2015, bank deposits totaled $ 11,620,110, of which $ 557,072 was covered by Federal Depository Insurance and $ 11,063,038 was uninsured and uncollateralized.

The School holds investments, including money market funds, in several accounts with various financial and brokerage institutions. Investments in money market funds are reported as cash equivalents in the statements of financial position.

Management believes the School is not exposed to significant credit risk on cash and cash equivalents. The School has not experienced any losses on its cash equivalents. The School's investments do not represent significant concentrations of market risk inasmuch as the School's investment portfolio is adequately diversified among many issuers.

Bond issuance costs: Costs associated with the issuance of bonds have been capitalized and are being amortized on a straight-line basis over the term of the bonds. The provision for amortization for the years ended June 30, 2015 and 2014 was approximately $ 67,400.

Provision for depreciation: Property and equipment are carried at cost if purchased, or if donated, at fair value on the date of donation, less accumulated depreciation. The School provides for depreciation using both the straight-line and accelerated methods over the following estimated useful lives:

Buildings and building improvements	10-40 years
Furniture, fixtures and equipment	5-10 years
Land improvements	10-40 years

Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time.

Additions and major renewals to property and equipment are capitalized. Maintenance and repairs are charged to expense when incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred revenue: Tuition and nonrefundable registration fees are recognized as revenue in the applicable school year. Deferred revenue represents tuition and nonrefundable registration fees received prior to the commencement of the school year.

Donated goods and services: The School pays for most services requiring specific expertise. However, a number of volunteers have donated significant amounts of their time in various School related activities. Because of the difficulty in determining the number of hours for such services, those items are not disclosed in the accompanying financial statements. However, when the value of donated services requires specific expertise, they are reflected in the financial statements as revenue and expenses. Donated goods and services are recorded at their fair value. The School did not receive or record any donated goods or services for the years ended June 30, 2015 and 2014.

Joint costs of fundraising appeals: The School utilizes various pamphlets, brochures and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to special events.

Totals for prior year: The financial statements include certain summarized totals for the year ended June 30, 2014 without detail by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should only be read in conjunction with the School's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Interest rate swap agreement: The School has entered into an interest rate swap agreement to hedge the variability of cash flows caused by changes in interest rates on bonds. The fixed rate of interest that is used in the interest rate swap agreement is 3.93%. The differential interest required to be paid or that will be received under this agreement is accrued consistent with the terms of the agreement and is recognized as interest expense when accrued. Terms of the swap agreement require the differential interest to be paid or received monthly. Generally accepted accounting principles require derivative instruments, such as interest rate swap agreements, to be recognized at fair value as either assets or liabilities in the statements of financial position. Accordingly, the obligation of $ 1,904,415 and $ 2,198,154 are reported as liabilities in the statements of financial position as of June 30, 2015 and 2014, respectively. In addition, the increase or decrease in value is reported in the statements of activities as a component of other changes in net assets. The obligation has been measured based on mark-to-market estimates calculated by the counterparty to the swap agreement. Such calculations were based on valuation models and other available market data. The estimated obligation is subject to change based on changes in market conditions or in assumptions underlying the valuation models. Any such adjustment could be material.

Reclassifications: Certain reclassifications have been made to the 2014 financial statement for presentation purposes. Total net assets and change in net assets are unchanged due to these reclassifications.

Date of management review: Subsequent events were evaluated by management through December 11, 2015, which is the date the financial statements were available for issuance.

Note 3 – Investments and Fair Value Measurements

Investments at June 30, 2015 and 2014 consisted of the following at their fair value:

Type	2015	2014
Equity securities	$ 5,174,997	$ 4,153,114
Mutual funds and ETF's	3,597,766	5,781,311
Total equities and mutual funds	8,772,763	9,934,425
U.S. Corporate fixed income	1,734,444	954,763
U.S. Government fixed income	303,383	301,848
Total fixed income	2,037,827	1,256,611
Hedge funds	1,069,626	1,061,766
REITs	418,002	373,743
Commodities	180,048	226,149
Total other	1,667,676	1,661,658
Total investments	$ 12,478,266	$ 12,852,694

Investment income includes the following as of June 30:

	2015	2014
Interest and dividend income	$ 466,267	$ 449,570
Gains (losses):		
Unrealized	(316,574)	1,545,480
Realized	15,406	4,650
Total investment income	$ 165,099	$ 1,999,700

Investments in common stocks (equities) are carried at market value, as quoted on major stock exchanges. Investment in equity securities, commodities and real estate investment trusts are valued at quoted prices as determined by the issuers. Mutual funds and fixed income are carried at fair value, which is equal to quoted prices the last day of the fiscal year. Alternative investments consist of hedge funds. The estimated fair value of the alternative investments, at net asset value, is based on valuations provided by the external investment managers. The School believes the method for providing estimated fair values on these financial values and their estimated value is subject to uncertainty. Therefore, there may be a material difference between their estimated values and the values that would have been used had a readily determinable fair market value for such investments existed.

The School invests in hedging activities in order to mitigate the risk inherent with market fluctuations. Hedge fund managers may invest in derivative instruments.

Note 3 – Investments and Fair Value Measurements (continued)

In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures,* the School provides for fair value measurements of investments that are recognized and disclosed at fair value in the combined financial statements on a recurring basis and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs that are observable and reflect quoted market prices (unadjusted) in active markets for identical investments that the entity has the ability to access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g. quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).
- Level 3 inputs are unobservable inputs for the investments (e.g. information about assumptions, including risk, market participants would use in pricing a security).

The following tables represents the investments as held by the School at June 30, 2015 and 2014. The assets are classified by ASC No. 820 fair value hierarchy as follows:

Asset Class	Level 1	Level 2	Level 3	2015
Equity securities	$ 5,174,997	$ -	$ -	$ 5,174,997
Corporate bonds	-	1,734,444	-	1,734,444
Alternative investments	-	-	1,069,626	1,069,626
United States government obligations or agencies	-	303,383	-	303,383
Real Estate Investment Trusts (REITs)	418,002	-	-	418,002
Mutual funds, marketable and non marketable	3,597,766	-	-	3,597,766
Commodities	180,048	-	-	180,048
Total Fair Value	$ 9,370,813	$ 2,037,827	$ 1,069,626	$ 12,478,266

Note 3 – Investments and Fair Value Measurements (continued)

Asset Class	Level 1	Level 2	Level 3	2014
Equity securities	$ 4,153,114	$ -	$ -	$ 4,153,114
Corporate bonds	-	954,763	-	954,763
Alternative investments	-	-	1,061,766	1,061,766
United States government obligations or agencies	-	301,848	-	301,848
Real Estate Investment Trusts (REITs)	373,743	-	-	373,743
Mutual funds, marketable and non marketable	5,781,311	-	-	5,781,311
Commodities	226,149	-	-	226,149
Total Fair Value	$ 10,534,317	$ 1,256,611	$ 1,061,766	$ 12,852,694

For the valuation of equity securities, REITs, mutual funds and commodities at June 30, 2015 and 2014, the School used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of corporate bonds, United States government obligations or agencies at June 30, 2015 and 2014, the School used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

For the valuation of marketable and nonmarketable alternative funds at June 30, 2015 and 2014, the School used significant unobservable inputs including information from fund managers or general partners based on quoted market prices, if available, or other valuation methods (Level 3).

The following tables include a roll forward of the amounts for the year ended June 30, 2015 and 2014 for investments classified within Level 3. The classification of an investment within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

Reconciliation of Level 3 Investments at June 30:

	2015	2014
Beginning balance	$ 1,061,766	$ 6,981,105
Net purchases, sales, issuances and settlements	-	(6,059,161)
Net realized and unrealized gains (losses) on investments	7,860	139,822
Ending balance	$ 1,069,626	$ 1,061,766

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. An investment's classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Note 3 – Investments and Fair Value Measurements (continued)

The determination of what constitutes "observable" requires significant judgment by the investment managers. Investments may include limited partnerships, common and preferred equity securities, corporate debt and other privately issued securities. If observable prices are not available for investments the investment managers would generally employ valuation techniques as prescribed by ASC 820, such as the market approach or the income approach, for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions or values provided by the respective manager, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Additionally, there were no unfunded commitments for any of the investments below.

The following table provides additional disclosures of alternative investments held by the School as of June 30, 2015 and 2014:

Strategy	2015	2014
Multi-strategy credit (a.)	$ 448,863	$ 439,228
Managed futures strategy (b.)	208,303	254,188
Long-Short strategy (c.)	15,412	15,412
Global Event strategy (d.)	1,540	671
Diversified strategy (e.)	395,508	352,267
Total	$ 1,069,626	$ 1,061,766

a. Multi strategy credit: This class is a credit and event driven fund of funds which utilizes a rigorous bottom-up quantitative and qualitative manager selection process to identify what the fund believes to be the most talented managers employing these strategies. It seeks to generate consistent long-term growth with minimal volatility and low correlation to traditional asset classes.

b. Managed Futures: This class invests in commodity, financial and currency futures. The Fund's investment strategy is a top-down discretionary global macro approach to trading futures, physicals, options and forward contracts in the global fixed income, currency, stock index, energy and commodities markets. The Fund's strategy may also include other investment instruments, including transactions in securities, foreign exchange, fixed income instruments and swaps that related to such markets as well as other independent investment managers and/or funds. Investments in this class can be redeemed upon 75 days' notice.

c. Long-Short Strategy: This class includes investments in hedge funds that invest primarily in publicly traded U.S. equities as well as non-U.S. securities. Such securities may include common and preferred stocks, stock warrants and rights, bonds, debentures, convertible securities, and other debt obligations. In addition, they may invest in options to purchase and/or sell securities, options on indices and private options and swap contracts tailored to them. Investments in this class are subject to a six-month Lock-Up Period during which withdrawals are subject to a withdrawal charge of 2.5%. Ninety percent of the estimated redemption is paid within fifteen days and the balance upon the completion of the annual audit for the year relating to the redemption.

Note 3 – Investments (continued)

d. Global Event strategy: This class is a global opportunistic, event-driven value strategy. The Investment Manager employs a bottom-up analysis, seeking investment opportunities anywhere in the capital structure of a company and invests long and short in distressed debt and value equities as well as a variety of financial instruments including listed and unlisted common stocks, preferred stocks, convertible securities, public and private debt issues, rights, warrants, put and call options, swaps, forward contracts, when-issued securities and other derivatives, including futures contracts. This strategy involves both U.S. and non-U.S. issuers. Investments in this class are subject to a 90 days' notice at the end of the fourth full fiscal quarter following capital investment and at the end of every 12 month period thereafter. Ninety percent of the estimated redemption is paid within forty-five days and the balance after the completion of the annual audit for the year relating to the redemption.

e. Diversified strategy: The investment objective for this class is produce positive long-term returns through diversification of trade styles including long-term trend following, short-term systematic, value, discretionary macro and specialist FX strategies. Market exposure in this fund is broadly diversified with positions in global currency, financial and commodity markets.

The School's investments are categorized as follows:

	2015	2014
Unrestricted	$ 11,711,274	$ 12,085,702
Permanently restricted	766,992	766,992
	$ 12,478,266	$ 12,852,694

Note 4 – Receivables

Annual and capital pledge receivables: Pledges receivable are temporarily or permanently restricted net assets if they are to be received over a period of years and consist of the following annual and capital campaign pledges at June 30, 2015 and 2014:

	2015	2014
Total pledges receivable	$ 3,144,649	$ 4,039,403
Less discounts to net present value	(80,084)	(170,355)
Less allowance for uncollectible pledges	(370,682)	(530,000)
Net pledges receivable	2,693,883	3,339,048
Less receivables due in less than than one year	(955,868)	(1,358,581)
Less receivables due in one to five years	(1,738,015)	(1,980,467)
Receivables due in more than five years	$ -	$ -

Note 4 – Receivables (continued)

Pledges receivable are reflected at the present value of estimated future cash flows using intermediate risk free discount rate ranging from 2.52% to 2.76%.

Conditional promises are recognized when the conditions on which they depend are substantially met. The School had no conditional promises to give at June 30, 2015 or 2014.

The School publishes information related to the Development Giving monies received. These amounts may differ from the amounts reported in the financial statements due to adjustments required by generally accepted accounting principles mostly accrual to cash differences and, in some cases, discounts on long term pledges.

Employee: Previously, the School loaned a key employee the remaining amount of a $ 300,000 loan in connection with an employment contract. The loan is non-interest bearing and is to be paid monthly over a seven year period. The remaining balance on the loan is approximately $ 53,500 and $ 96,400 at June 30, 2015 and 2014, respectively.

In 2012, the School loaned an employee $ 60,000. The loan bears interest at 3.25% and is to be paid monthly over a five year period which began July 1, 2012. The remaining balance on the loan is approximately $ 24,000 and $ 37,000 at June 30, 2015 and 2014, respectively.

Note 5 – Property and Equipment

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

	2015	2014
Buildings and building improvements	$ 43,609,657	$ 32,648,171
Furniture, fixtures and equipment	7,264,729	6,452,890
Land improvements	5,191,209	4,818,976
	56,065,595	43,920,037
Less accumulated depreciation	19,941,087	18,429,933
	36,124,508	25,490,104
Construction in progress	452,364	2,048,822
Land	7,481,628	7,157,758
	$ 44,058,500	$ 34,696,684

Provision for depreciation for the years ended June 30, 2015 and 2014, was $ 1,511,154 and $ 1,459,539, respectively.

Note 6 – Debt

Variable Rate Demand Revenue Bonds: Palm Beach County previously issued $ 24,500,000 of Variable Rate Demand Revenue Bonds (The Benjamin Private School, Inc. Project, Series 2003) and loaned the proceeds to the School. Proceeds of the Bonds were used to refund in full the $ 9,000,000 Series 1998 Bonds, to finance the costs of new education facilities and to pay costs related to the Bond issuance. Principal payments on the Bonds are due semi-annually on July 1 and January 1 and mature in July 2025. Interest is payable monthly at rates which are adjusted weekly based on the rate determined by the remarketing agent. The interest rate in effect was approximately .05% and .07% as of June 30, 2015 and 2014, respectively, but is fixed at 3.93% per terms of an interest rate swap agreement discussed in the next paragraph. The balance outstanding on the Bonds at June 30, 2015 and 2014 is $ 15,510,000 and $ 16,615,000, respectively.

Interest rate swap agreement: The School entered into an Interest Rate Swap Agreement to reduce the impact of changes in interest rates on the variable rate Bonds. The notional principal amount of the agreement is $ 15,510,000. The agreement effectively fixes the School's interest rate exposure on the Bonds at 3.93%. The interest rate swap agreement terminates in March 2022. Interest under the swap agreement is due monthly. The School is exposed to credit loss in the event of nonperformance by the other party to the agreement. The School does not anticipate nonperformance by such counterparty.

Letter of credit agreement: The Bonds are secured by an irrevocable letter of credit agreement originally issued in the amount of $ 18,889,891 which expires on June 15, 2020.

The letter of credit imposes certain financial covenants and requirements on the School, as described below:

Covenant	Requirement	Calculated	In Compliance
Unrestricted cash and investments net of restricted advanced tuition	Minimum of $ 10,000,000	$ 10,793,242	YES
Debt Service coverage ratio	1:1	2.77:1	YES
New debt addition	Bank Approved	None	YES

Note 6 – Debt (continued)

The following is a schedule of approximate principal payment requirements for the debt of the School as of June 30, 2015:

Year Ending June 30,		Amount
2016	$	1,160,000
2017		1,220,000
2018		1,280,000
2019		1,345,000
2020		1,410,000
Thereafter		9,095,000
Total	$	15,510,000

Note 7 – Pension Plan

The School sponsored a defined contribution pension plan under Internal Revenue Code Section 403(b) that covers all employees with over one year of service for the year ended June 30, 2015. Contributions for the years ended June 30, 2015 and 2014 were funded at a rate of 5%, subject to statutory limits, of each participant's annual compensation. For the years ended June 30, 2015 and 2014, pension expense was approximately $ 574,300 and $ 543,700, respectively.

Note 8 – Restricted Assets

At June 30, 2015 and 2014, temporarily restricted net assets consisting of cash, cash equivalents, investments and capital campaign pledges receivable which are available for capital projects was $ 3,587,964 and $ 6,152,882 respectively.

In addition, the School has permanently restricted net assets at June 30, 2015 and 2014 in the amount of $ 766,992, which is for the purpose of scholarships and student loans.

Note 9 – Endowments

Board-designated funds: The Board of Trustees has designated funds for the purpose of an endowment to be held indefinitely. The income from the assets may be used at the Board's discretion to provide academic scholarships to worthy students, fund special projects or programs to enhance the academic standing of the School, or to a limited extent, meet any emergency facing the School. The funds may not be used to acquire or construct real property or buildings. Board-designated funds are reported as components of unrestricted net assets. The designation of these funds may be changed by the Board of Trustees at any time.

Donor-designated endowments: The School has received funds for the purposes of providing scholarships and service awards to students. Donor-designated endowments are reported as permanently restricted net assets.

Note 9 – Endowments (continued)

The School's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretations of Relevant Law: The Board of Trustees of the School has interpreted the State of Florida's Uniform Prudent Management of Institutional Funds Act (FUPMIFA) 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 School 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 School in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the School and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the School
(7) The investment policies of the School

Endowment net assets composition by type of fund as of June 30, 2015 and 2014 is as follows:

	Unrestricted	Permanently Restricted	2015 Total
Donor-restricted endowment funds	$ -	$ 766,992	$ 766,992
Board-designated endowment funds	3,763,327	-	3,763,327
Total funds	$ 3,763,327	$ 766,992	$ 4,530,319

	Unrestricted	Permanently Restricted	2014 Total
Donor-restricted endowment funds	$ -	$ 766,992	$ 766,992
Board-designated endowment funds	3,821,241	-	3,821,241
Total funds	$ 3,821,241	$ 766,992	$ 4,588,233

Note 9 – Endowments (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2015 and 2014 are as follows:

	Unrestricted	Permanently Restricted	2015 Total
Endowment net assets, at beginning of year	$ 3,821,241	$ 766,992	$ 4,588,233
Investment income (loss)	37,449	-	37,449
Appropriation of endowment assets for expenditure	(95,363)	-	(95,363)
Endowment net assets, at end of year	$ 3,763,327	$ 766,992	$ 4,530,319

	Unrestricted	Permanently Restricted	2014 Total
Endowment net assets, at beginning of year	$ 3,278,099	$ 766,992	$ 4,045,091
Investment income (loss)	612,120	-	612,120
Appropriation of endowment assets for expenditure	(68,978)	-	(68,978)
Endowment net assets, at end of year	$ 3,821,241	$ 766,992	$ 4,588,233

Return Objectives and Risk Parameters: The School 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 purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School 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 in a manner that is intended to produce expected returns of the consumer price index plus 500 basis points while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the School 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 School targets a diversified asset allocation that includes equity investments, fixed income investments, alternative investments and cash using prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy:

The School has a policy of appropriating for distribution each year 5 percent of the trailing three years average market value on June 30th of the preceding fiscal year in which the distribution is planned. In establishing this policy, the School considered the long-term expected return on its endowment. Accordingly, over the long term, the School expects the current spending policy to allow its endowment to grow at an annual rate equal or greater than the consumer price index. This is consistent with the School's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. No distributions have been initiated in either 2015 or 2014.

Note 10 – Related Party Transactions

Included in pledges receivable are amounts due from members of the Board of Trustees at June 30, 2015 and 2014, of $ 2,425,120 and $ 3,244,000, respectively.

In addition, the School's insurance broker serves as a member of the board.

Note 11 – Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow Information:

	2015	2014
Cash paid during the year for -		
Interest expense	$ 742,636	$ 798,436

The Benjamin Private School, Inc.

Financial Statements
For the Years Ended June 30, 2017 and 2016

The Benjamin Private School, Inc.

Financial Statements
For The Years Ended June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Benjamin Private School, Inc.
North Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of The Benjamin Private School, Inc. (the "School"), (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016 and the related statements of activities and cash flows for the years 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School 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.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 7, 2017

FINANCIAL STATEMENTS

The Benjamin Private School, Inc.
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets:		
Cash and cash equivalents	$ 13,743,102	$ 12,269,219
Investments	13,947,548	12,003,371
Receivables:		
Pledge receivables	44,148	170,539
Employee	972	23,346
Other	23,433	47,847
Prepaid expenses and deposits	304,467	401,172
Restricted assets:		
Cash and cash equivalents	2,448,927	1,137,153
Investments	629,639	628,639
Pledge receivables	3,124,518	2,174,043
Property and equipment, net	43,042,900	43,411,841
Total assets	$ 77,309,654	$ 72,267,170
Liabilities:		
Accounts payable	$ 547,851	$ 660,466
Accrued expenses and other liabilities	1,696,225	1,546,208
Deferred revenue	16,086,438	14,143,623
Debt	12,619,129	13,771,756
Obligation under interest rate swap agreement	1,168,669	1,914,881
Total liabilities	32,118,312	32,036,934
Net Assets:		
Unrestricted:		
Undesignated	35,672,975	32,516,865
Board designated	3,313,877	3,773,536
Temporarily restricted	5,574,851	3,311,196
Permanently restricted	629,639	628,639
Total net assets	45,191,342	40,230,236
Total liabilities and net assets	$ 77,309,654	$ 72,267,170

The accompanying notes to financial statements are an integral part of these statements.

The Benjamin Private School, Inc.
Statement of Activities
For the Year Ended June 30, 2017
(with memorandum comparative totals for the year ended June 30, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2017	Totals 2016
Support and Revenues:					
Tuition and fees, net of financial aid and scholarships of $ 2,922,138 and $ 2,747,037 for 2017 and 2016, respectively	$ 23,232,699	$ -	$ -	$ 23,232,699	$ 22,751,389
Special events	700,304	-	-	700,304	775,708
Contributions:					
Annual fund	1,232,721	-	-	1,232,721	1,331,024
Other	-	2,628,550	1,000	2,629,550	839,889
Student activities	521,164	-	-	521,164	499,769
Summer program	246,909	-	-	246,909	379,157
Other income	122,111	-	-	122,111	158,955
Activity and application fees	66,792	-	-	66,792	62,425
Investment income (loss)	1,542,176	-	-	1,542,176	(115,322)
Net assets released from restrictions	364,895	(364,895)	-	-	-
Total support and revenues	28,029,771	2,263,655	1,000	30,294,426	26,682,994
Expenses:					
Instruction:					
Salaries	8,087,534	-	-	8,087,534	7,755,649
Employee benefits	1,625,414	-	-	1,625,414	1,506,936
Supplies	732,193	-	-	732,193	738,359
Purchased services	723,499	-	-	723,499	633,094
Summer program	228,737	-	-	228,737	272,884
Library and textbook supplies	63,471	-	-	63,471	57,359
Operation of facility:					
Provisions for depreciation	1,939,426	-	-	1,939,426	1,890,520
Maintenance and repair	2,089,430	-	-	2,089,430	1,894,414
Interest including bond issue cost amortization of $ 67,373 for 2017 and 2016, respectively	764,291	-	-	764,291	782,756
Utilities	640,228	-	-	640,228	703,309
Salaries	490,178	-	-	490,178	479,931
Employee benefits	91,845	-	-	91,845	91,863
Rent	14,537	-	-	14,537	12,375
General administration:					
Salaries	5,061,608	-	-	5,061,608	5,113,291
Administration	1,836,995	-	-	1,836,995	1,987,538
Employee benefits	967,815	-	-	967,815	959,997
Special events	199,330	-	-	199,330	243,158
Student activities	679,666	-	-	679,666	626,772
Provision for uncollectible receivables	282,747	-	-	282,747	6,886
Total expenses	26,518,944	-	-	26,518,944	25,757,091

The accompanying notes to financial statements are an integral part of these statements.

Statement of Activities
(continued)
For the Year Ended June 30, 2017
(with memorandum comparative totals for the year ended June 30, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2017	Totals 2016
Excess of support and revenues over expenses	1,510,827	2,263,655	1,000	3,775,482	925,903
Other changes in net assets:					
Gain on disposition of property and equipment	439,412	-	-	439,412	-
Change in value of swap agreement	746,212	-	-	746,212	(10,466)
Total other changes	1,185,624	-	-	1,185,624	(10,466)
Change in net assets	2,696,451	2,263,655	1,000	4,961,106	915,437
Net Assets, beginning of year	36,290,401	3,311,196	628,639	40,230,236	39,314,799
Net Assets, end of year	$ 38,986,852	$ 5,574,851	$ 629,639	$ 45,191,342	$ 40,230,236

The accompanying notes to financial statements are an integral part of these statements.

The Benjamin Private School, Inc.
Statement of Activities
For the Year Ended June 30, 2016
(with memorandum comparative totals for the year ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2016	Totals 2015
Support and Revenues:					
Tuition and fees, net of financial aid and scholarships of $ 2,747,037 and $ 2,504,759 and for 2016 and 2015, respectively	$ 22,751,389	$ -	$ -	$ 22,751,389	$ 21,573,667
Special events	775,708	-	-	775,708	727,628
Contributions:					
Annual fund	1,331,024	-	-	1,331,024	1,069,008
Other	500	839,389	-	839,889	1,376,955
Student activities	499,769	-	-	499,769	439,107
Summer program	379,157	-	-	379,157	362,625
Other income	158,955	-	-	158,955	153,846
Activity and application fees	62,425	-	-	62,425	59,473
Investment income (loss)	(115,322)	-	-	(115,322)	165,099
Net assets released from restrictions	1,116,157	(1,116,157)	-	-	-
Total support and revenues	26,959,762	(276,768)	-	26,682,994	25,927,408
Expenses:					
Instruction:					
Salaries	7,755,649	-	-	7,755,649	7,361,626
Employee benefits	1,506,936	-	-	1,506,936	1,417,499
Supplies	738,359	-	-	738,359	578,978
Purchased services	633,094	-	-	633,094	626,776
Summer program	272,884	-	-	272,884	164,776
Library and textbook supplies	57,359	-	-	57,359	70,686
Operation of facility:					
Provisions for depreciation	1,890,520	-	-	1,890,520	1,511,154
Maintenance and repair	1,894,414	-	-	1,894,414	1,939,821
Interest including bond issue cost amortization of $ 67,373 for 2016 and 2015, respectively	782,756	-	-	782,756	809,636
Utilities	703,309	-	-	703,309	656,402
Salaries	479,931	-	-	479,931	455,010
Employee benefits	91,863	-	-	91,863	93,591
Rent	12,375	-	-	12,375	8,675
General administration:					
Salaries	5,113,291	-	-	5,113,291	4,888,578
Administration	1,987,538	-	-	1,987,538	2,028,184
Employee benefits	959,997	-	-	959,997	906,690
Special events	243,158	-	-	243,158	241,835
Student activities	626,772	-	-	626,772	645,729
Provision for uncollectable receivables	6,886	-	-	6,886	903,654
Total expenses	25,757,091	-	-	25,757,091	25,309,300

The accompanying notes to financial statements are an integral part of these statements.

The Benjamin Private School, Inc.
Statement of Activities
(continued)
For the Year Ended June 30, 2016
(with memorandum comparative totals for the year ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2016	Totals 2015
Excess of support and revenues over expenses	1,202,671	(276,768)	-	925,903	618,108
Other changes in net assets:					
Change in value of swap agreement	(10,466)	-	-	(10,466)	293,739
Total other changes	(10,466)	-	-	(10,466)	293,739
Change in net assets	1,192,205	(276,768)	-	915,437	911,847
Net Assets, beginning of year	35,098,196	3,587,964	628,639	39,314,799	38,402,952
Net Assets, end of year	$ 36,290,401	$ 3,311,196	$ 628,639	$ 40,230,236	$ 39,314,799

The accompanying notes to financial statements are an integral part of these statements.

The Benjamin Private School, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Change in net assets	$ 4,961,106	$ 915,437
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization of bond issue costs	2,006,799	1,957,893
Gain on disposition of property and equipment	(439,412)	-
Net realized and unrealized losses (gains) on investments	(1,240,021)	432,804
Net increase (decrease) in obligation under interest rate swap agreement	(746,212)	10,466
(Increase) decrease in assets:		
Annual fund pledges receivable	126,391	68,811
Employee receivables	22,374	(32,852)
Pledges receivable	(950,475)	280,490
Other receivables	2,040	1,212
Prepaid expenses and deposits	96,705	(93,656)
Increase (decrease) in liabilities:		
Accounts payable	(112,615)	109,893
Accrued expenses and other liabilities	150,017	127,859
Deferred revenue	1,942,815	908,287
Net cash provided by operating activities	5,819,512	4,686,644
Cash Flows from Investing Activities:		
Proceeds from disposition of property and equipment	963,105	-
Proceeds from sale of investments	605,545	214,802
Principal payments on note receivable	22,374	90,027
Purchase of property and equipment	(2,094,178)	(1,243,861)
Purchase of investments	(1,310,701)	(801,350)
Net cash used in investing activities	(1,813,855)	(1,740,382)
Cash Flows from Financing Activities:		
Principal payments on bonds payable	(1,220,000)	(1,160,000)
Net cash used in financing activities	(1,220,000)	(1,160,000)
Net increase (decrease) in cash and cash equivalents	2,785,657	1,786,262
Cash and Cash Equivalents, beginning of year	13,406,372	11,620,110
Cash and Cash Equivalents, end of year	$ 16,192,029	$ 13,406,372
Cash and Cash Equivalents as reported on the Statements of Financial Position		
Unrestricted	$ 13,743,102	$ 12,269,219
Restricted based on donor purposes	2,448,927	1,137,153
	$ 16,192,029	$ 13,406,372

The accompanying notes to financial statements are an integral part of these statements.

Note 1 - Organization and Operations

The Benjamin Private School, Inc. (the "School") was established in December 1973, pursuant to Florida Statutes, Chapter 623, the Florida Private School Corporation Law of 1959. The lower and middle school campus is located in North Palm Beach, Florida and the upper school campus is located in Palm Beach Gardens, Florida. Both campus locations serve students primarily in northern Palm Beach County. The School's principal sources of revenue are tuition and fees for program services, contributions from private donors, capital appreciation from investment funds and special event revenues.

Note 2 - Summary of Significant Accounting Policies

The significant accounting policies are presented to assist in understanding the financial statements. The financial statements and notes are representations of the management of the School. These accounting policies conform to generally accepted accounting principles as prescribed for not-for-profit organizations.

Tax status: The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law, and contributions to it are tax deductible within the limits prescribed by the Code. The School has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

Basis of presentation: The financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The financial statement presentation follows the recommendations of the Accounting Standards Board Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under ASC No. 958, the School is required to report information regarding its financial position and activities, according to three classes of net assets: unrestricted, temporarily and permanently restricted net assets. Accordingly, net assets and changes thereon are classified and reported as follows:

- **Unrestricted** - Net assets, including Board designated, that are not subject to donor-imposed stipulations.
- **Temporarily** - Net assets subject to donor-imposed stipulations that will or may be met by actions of the School and/or the passage of time.
- **Permanently** - Net assets subject to donor-imposed stipulations that they be maintained in perpetuity.

Estimates: The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the periods reported. These estimates include assessing the collectability of pledges receivable, the realization of investments, the value of the interest rate swap agreement, and the useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

Cash and cash equivalents: Cash equivalents are readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months.

Investments: Investments are comprised of equity securities, mutual funds, corporate bonds, government bonds, alternatives among other investments. Investments are measured at fair value in the statements of financial position based on publicly quoted prices or other means.

Note 2 - Summary of Significant Accounting Policies (continued)

Restricted cash, cash equivalents and investments: Amounts reported as restricted cash, cash equivalents, and investments are restricted in use for scholarships, financial aid and facility improvements.

Concentration of credit risk: The School maintains cash and investment accounts with various financial and brokerage institutions. At June 30, 2017, bank deposits totaled $ 16,192,029, of which $ 568,045 was covered by Federal Depository Insurance and $ 15,623,984 was uninsured and uncollateralized.

Management believes the School is not exposed to significant credit risk on cash and cash equivalents. The School has not experienced any losses on its cash equivalents.

Bond issuance costs: Costs associated with the issuance of bonds have been capitalized and are being amortized on a straight-line basis over the term of the bonds. The provision for amortization for the years ended June 30, 2017 and 2016 was $ 67,373.

Provision for depreciation: Property and equipment are carried at cost if purchased, or if donated, at fair value on the date of donation, less accumulated depreciation. The School provides for depreciation using both the straight-line and accelerated methods over the following estimated useful lives:

Buildings and building improvements	10-40 years
Furniture, fixtures and equipment	5-10 years
Land improvements	10-40 years

Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted net assets. Without donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time.

Additions and major renewals to property and equipment are capitalized. Maintenance and repairs are expensed when incurred.

Deferred revenue: Tuition and nonrefundable registration fees are recognized as revenue in the applicable school year. Deferred revenue represents tuition and nonrefundable registration fees received prior to the commencement of the school year.

Donated goods and services: The School pays for most services requiring specific expertise. However, a number of volunteers have donated significant amounts of their time in various School related activities. Because of the difficulty in determining the number of hours for such services, those items are not disclosed in the accompanying financial statements. However, when the value of donated services requires specific expertise, they are reflected in the financial statements as revenue and expenses. Donated goods and services are recorded at their fair value. The School did not receive or record any donated goods or services for the years ended June 30, 2017 and 2016.

Joint costs of fundraising appeals: The School utilizes various pamphlets, brochures and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to special events.

Note 2 - Summary of Significant Accounting Policies (continued)

Totals for prior year and prior year reclassifications: The financial statements include certain summarized totals for the year ended June 30, 2016 without detail by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should only be read in conjunction with the School's financial statements for the year ended June 30, 2016, from which the summarized information was derived. Additionally, certain amounts have been reclassified to conform to the current year financial statement presentation.

Interest rate swap agreement: The School has entered into an interest rate swap agreement to hedge the variability of cash flows caused by changes in interest rates on the bonds. The fixed rate of interest used in the interest rate swap agreement is 3.93%. The differential interest required to be paid or that will be received under this agreement is accrued consistent with the terms of the agreement and recognized as interest expense when accrued. Terms of the swap agreement require the differential interest to be paid or received monthly. Generally accepted accounting principles require derivative instruments, such as interest rate swap agreements, to be recognized at fair value as either an asset or liability in the statements of financial position. Accordingly, the obligation of $ 1,168,669 and $ 1,914,881 are reported as liabilities in the statements of financial position as of June 30, 2017 and 2016, respectively. In addition, the increase or decrease in value is reported in the statements of activities as a component of other changes in net assets. The obligation has been measured based on mark-to-market estimates calculated by the counterparty to the swap agreement. Such calculations were based on valuation models and other available market data. The estimated obligation is subject to change based on changes in market conditions or in assumptions underlying the valuation models. Any such adjustment could be material.

Date of management review: Subsequent events were evaluated by management through December 7, 2017, which is the date the financial statements were available for issuance.

Note 3 – Investments and Fair Value Measurements

Investments at June 30, 2017 and 2016 consisted of the following at their fair value:

Type	2017	2016
Equity securities	$ 6,624,838	$ 5,278,079
Mutual funds	5,307,438	4,696,589
Total equities and mutual funds	11,932,276	9,974,668
Corporate bonds	1,705,187	1,647,990
Government bonds	501,549	635,578
Total fixed income	2,206,736	2,283,568
Alternatives	438,175	373,774
Total alternatives	438,175	373,774
Total investments	$ 14,577,187	$ 12,632,010

Note 3 – Investments and Fair Value Measurements (continued)

Investment income(loss) includes the following for the year ended June 30:

	2017	2016
Interest and dividend income	$ 302,155	$ 315,601
Gains (losses):		
Unrealized	1,212,511	(132,103)
Realized	27,510	(298,820)
Total investment income (loss)	$ 1,542,176	$ (115,322)

Investments in equity securities are carried at market value, as quoted on major stock exchanges. Mutual funds and fixed income are carried at fair value, which is the quoted prices the last day of the fiscal year. The estimated fair value of the alternative investments made through limited partnerships or other investments vehicles (Level III assets) is the net asset value based on valuations provided by third party administrators of the respective investment managers. The School believes the method for providing estimated fair values for alternatives classified as Level III assets is subject to uncertainty. Therefore, there may be material differences between their estimated and realized values. Investment in other securities are valued at quoted prices as determined by the issuers.

The School may hedge certain risks to mitigate the risk inherent with market or other fluctuations. In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*, the School provides for fair value measurements of investments that are recognized and disclosed at fair value in the combined financial statements on a recurring basis and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs that are observable and reflect quoted market prices (unadjusted) in active markets for identical investments that the entity has the ability to access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g. quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).
- Level 3 inputs are unobservable inputs for the investments (e.g. information about assumptions, including risk, market participants would use in pricing a security).

Note 3 – Investments and Fair Value Measurements (continued)

The School has adopted Accounting Standards Update 2015-07, Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent). Consequently, investments reported at net asset value, are no longer included in the fair value hierarchy. As application is retrospective, prior period financial information has been restated to conform to the current year presentation.

The following tables represents the investments as held by the School at June 30, 2017 and 2016. The assets are classified by ASC No. 820 fair value hierarchy as follows:

Asset Class	Level 1	Level 2	Level 3	Investments Valued at NAV	2017
Equity securities	$ 6,624,838	$ -	$ -	$ -	$ 6,624,838
Corporate bonds	-	1,705,187	-	-	1,705,187
Alternatives	-	-	-	438,175	438,175
Government bonds	-	501,549	-	-	501,549
Mutual funds	5,307,438	-	-	-	5,307,438
Total fair value	$ 11,932,276	$ 2,206,736	$ -	$ 438,175	$ 14,577,187

Asset Class	Level 1	Level 2	Level 3	Investments Valued at NAV	2016
Equity securities	$ 5,278,079	$ -	$ -	$ -	$ 5,278,079
Corporate bonds	-	1,647,990	-	-	1,647,990
Alternatives	-	-	-	373,774	373,774
Government bonds	-	635,578	-	-	635,578
Mutual funds	4,696,589	-	-	-	4,696,589
Total fair value	$ 9,974,668	$ 2,283,568	$ -	$ 373,774	$ 12,632,010

For the valuation of equity securities, mutual funds and certain alternatives at June 30, 2017 and 2016, the School used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of corporate bonds, United States government obligations or agencies at June 30, 2017 and 2016, the School used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

For the valuation of alternatives comprised of limited partnership interest or other investment vehicles at June 30, 2017 and 2016, the School used significant unobservable inputs including information investment managers based on quoted market prices, if available, or other valuation methods (Level 3), if any.

Note 3 – Investments and Fair Value Measurements (continued)

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. An investment's classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The determination of what constitutes "observable" with regards to investments in alternatives in limited partnerships or other vehicles requires significant judgment by the investment managers. If observable prices are not available for investments the investment managers would generally employ valuation techniques as prescribed by ASC 820, such as the market approach or the income approach, for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions or values provided by the respective manager.

Alternative investments held by the School consist of an investment that seeks to achieve capital appreciation by taking long positions principally in equity securities investment managers believe to be undervalued and short positions in those that are overvalued that may result in equity market exposure. These alternative equity strategies may be focused on a specific style, sector, geography or other aspect of the equity market or broadly diversified. Both quantitative and fundamental approaches are used in the security selection process.

The School's investments are categorized as follows:

	2017	2016
Unrestricted	$ 13,947,548	$ 12,003,371
Permanently restricted	629,639	628,639
	$ 14,577,187	$ 12,632,010

Note 4 – Receivables

Annual and capital pledge receivables: Pledges receivable are temporarily or permanently restricted net assets if they are to be received over a period of years and consist of the following annual and capital campaign pledges at June 30, 2017 and 2016:

	2017	2016
Total pledges receivable	$ 3,465,466	$ 2,430,682
Less discounts to net present value	(246,800)	(36,100)
Less allowance for uncollectible pledges	(50,000)	(50,000)
Net pledges receivable	3,168,666	2,344,582
Less receivables due in less than than one year	(1,088,327)	(1,004,298)
Less receivables due in one to five years	(1,500,857)	(1,340,284)
Receivables due in more than five years	$ 579,482	$ -

Pledges receivable are reflected at the present value of estimated future cash flows using intermediate risk free discount rate ranging from 1.49% to 2.52%.

Note 4 – Receivables (continued)

Conditional promises are recognized when the conditions on which they depend are substantially met. The School had no conditional promises to give at June 30, 2017 or 2016.

The School publishes information related to the restricted funds gifted including pledges and cash. These amounts may differ from the amounts reported in the financial statements due to adjustments required by generally accepted accounting principles mostly accrual to cash differences and, in some cases, discounts on long term pledges.

Employee: Previously, the School loaned certain employees monies in connection with their employment. The loan balances as of June 30, 2016 were $ 21,700 and were paid during the year ended June 30, 2017.

Note 5 – Property and Equipment

Property and equipment consists of the following at June 30, 2017 and 2016:

	2017	2016
Buildings and building improvements	$ 45,526,424	$ 43,842,560
Furniture, fixtures and equipment	8,024,051	7,677,413
Land improvements	4,812,606	5,191,209
	58,363,081	56,711,182
Less accumulated depreciation	23,681,623	21,831,607
	34,681,458	34,879,575
Construction in progress	879,814	1,050,638
Land	7,481,628	7,481,628
	$ 43,042,900	$ 43,411,841

Provision for depreciation for the years ended June 30, 2017 and 2016, was $ 1,939,426 and $ 1,890,520, respectively.

Note 6 – Debt

Variable rate demand revenue bonds: Palm Beach County previously issued $ 24,500,000 of Variable Rate Demand Revenue Bonds (The Benjamin Private School, Inc. Project, Series 2003, "the Bonds") and loaned the proceeds to the School. Proceeds of the Bonds were used to refund in full the $ 9,000,000 Series 1998 Bonds, to finance the costs of new education facilities and to pay costs related to the Bond issuance. Principal payments on the Bonds are due semi-annually on July 1 and January 1 and the Bonds mature in July 2025. Interest is payable monthly at rates which are adjusted weekly based on the rate determined by the remarketing agent. The interest rate in effect was approximately .07% and .12% as of June 30, 2017 and 2016, respectively, but is fixed at 3.93% per terms of an interest rate swap agreement discussed in the next paragraph. The balance outstanding on the Bonds at June 30, 2017 and 2016 are as follows:

Face amount of bonds	$ 13,130,000	$ 14,350,000
Less unamortized issuance and closing costs	(510,871)	(578,244)
	$ 12,619,129	$ 13,771,756

Note 6 – Debt (continued)

In 2017 the School adopted new authoritative GAAP guidance for the presentation of debt issuance costs and the related amortization thereof. Debt issuance costs are now reported on the statements of financial position as a direct deduction from the face amount of the related debt. Previously, such costs were shown as a deferred charge or intangible asset and currently, due to this change, as deductions from debt. Accordingly, the 2016 assets and liabilities have been reflected to show this change. In addition, the new guidance requires the related amortization of debt issuance costs to be shown as part of interest expense. As a result, reported interest expense in 2016 increased (and depreciation and amortization decreased) by $ 67,373. These changes had no effect on previously reported net assets or change in net assets.

Interest rate swap agreement: The School entered into an interest rate swap agreement to reduce the impact of changes in interest rates on the variable rate Bonds. The notional principal amount of the swap agreement is $ 13,130,000 as of June 30, 2017. The agreement effectively fixes the School's interest rate exposure on the Bonds at 3.93%. The interest rate swap agreement terminates in March 2022. Interest under the swap agreement is due monthly. To the extent the School is in a net gain position, it is exposed to credit loss in the event of nonperformance by the other party to the agreement. The School does not anticipate nonperformance by the counterparty over the life of the swap term.

Letter of credit agreement: The Bonds are secured by an irrevocable letter of credit agreement which expires on June 15, 2020.

The letter of credit imposes certain financial covenants and requirements on the School, as described below:

Covenant	Requirement	Calculated	In Compliance
Unrestricted cash and investments net of restricted advanced tuition recorded as deferred revenue	Minimum of $ 10,000,000	$ 13,516,252	YES
Debt Service coverage ratio	1:1	2.98:1	YES

The following is a schedule of approximate principal payment requirements for the debt of the School as of June 30, 2017:

Year Ending June 30,	Amount
2018	$ 1,280,000
2019	1,345,000
2020	1,410,000
2021	1,480,000
2022	1,555,000
Thereafter	6,060,000
Total	$ 13,130,000

Note 7 – Pension Plan

The School sponsored a defined contribution pension plan under Internal Revenue Code Section 403(b) that covers all employees with over one year of service for the year ended June 30, 2017. Contributions for the years ended June 30, 2017 and 2016 were funded at a rate of 5%, subject to statutory limits, of each participant's annual compensation. For the years ended June 30, 2017 and 2016, pension expense was approximately \$ 638,000 and \$ 609,000, respectively.

Note 8 – Restricted Assets

At June 30, 2017 and 2016, temporarily restricted net assets consisting of cash, cash equivalents, investments and capital campaign pledges receivable which are available for capital projects or financial aid was \$ 5,574,851 and \$ 3,311,196 respectively.

In addition, the School has permanently restricted net assets at June 30, 2017 and 2016 in the amount of \$ 629,639 and \$ 628,639, respectively, which is for the purpose of scholarships and financial aid.

Note 9 – Endowments

Board-designated funds: The Board of the School has designated funds for the purpose of an endowment to be held indefinitely. The income from the assets may be used at the Board's discretion to provide academic scholarships to worthy students, fund special projects or programs to enhance the academic standing of the School, or to meet any emergency facing the School. The funds may not be used to acquire or construct real property or buildings. Board-designated funds are reported as components of unrestricted net assets. The designation of these funds may be changed by the Board at any time.

Donor-designated endowments: The School has received funds for the purposes of providing scholarships and service awards to students. Donor-designated endowments are reported as permanently restricted net assets.

The School's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretations of Relevant Law: The Board has interpreted the State of Florida's Uniform Prudent Management of Institutional Funds Act (FUPMIFA) 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 School 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 School in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Note 9 – Endowments (continued)

(1) The duration and preservation of the fund
(2) The purposes of the School and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the School
(7) The investment policies of the School

Endowment net assets composition by type of fund as of June 30, 2017 and 2016 is as follows:

	Unrestricted	Permanently Restricted	2017 Total
Donor-restricted endowment funds	$ -	$ 629,639	$ 629,639
Board-designated endowment funds	3,313,877	-	3,313,877
Total funds	$ 3,313,877	$ 629,639	$ 3,943,516

	Unrestricted	Permanently Restricted	2016 Total
Donor-restricted endowment funds	$ -	$ 628,639	$ 628,639
Board-designated endowment funds	3,773,536	-	3,773,536
Total funds	$ 3,773,536	$ 628,639	$ 4,402,175

Changes in endowment net assets for the fiscal year ended June 30, 2017 and 2016 are as follows:

	Unrestricted	Permanently Restricted	2017 Total
Endowment net assets, at beginning of year	$ 3,773,536	$ 628,639	$ 4,402,175
Contributions	-	1,000	1,000
Amount reclassified to unrestricted	(762,717)	-	(762,717)
Investment income (loss)	343,058	-	343,058
Appropriation of endowment assets for expenditure	(40,000)	-	(40,000)
Endowment net assets, at end of year	$ 3,313,877	$ 629,639	$ 3,943,516

	Unrestricted	Permanently Restricted	2016 Total
Endowment net assets, at beginning of year	$ 3,972,681	$ 628,639	$ 4,601,320
Investment income (loss)	(538)	-	(538)
Appropriation of endowment assets for expenditure	(198,607)	-	(198,607)
Endowment net assets, at end of year	$ 3,773,536	$ 628,639	$ 4,402,175

Note 9 – Endowments (continued)

Return objectives and risk parameters: The School 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 purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds the School 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, the endowment assets are invested in a manner that is intended to produce expected returns of the consumer price index plus five percent while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the School 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 School targets a diversified asset allocation that includes cash, equity, fixed income and alternative investments.

Note 10 – Related Party Transactions

Included in pledges receivable are amounts due from members of the Board at June 30, 2017 and 2016, of $ 880,120 and 1,795,120, respectively.

In addition, the School's insurance broker previously served as a member of the Board.

Note 11 – Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow Information:

	2017	2016
Cash received during the year for - Interest and dividend income	$ 302,155	$ 315,601
Cash paid during the year for - Interest expense	$ 691,022	$ 714,513

Department of Housing & Economic Sustainability

Administration

100 Australian Avenue – Suite #500

West Palm Beach, FL 33406

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Interoffice Memorandum

Date: May 8, 2018

To: Faye W. Johnson
Assistant County Administrator

From: Sherry Howard
Deputy Director, Department of Housing and Economic Sustainability

Re: Industrial Development Revenue Bond Application
The Benjamin Private School, Inc.

In accordance with the Florida Industrial Development Act, 159.25 et. seq., Florida Statutes, the Palm Beach County Department of Housing and Economic Sustainability (DHES) reviewed a 2018 Industrial Development Revenue Bond application ("2018 application") submitted by The Benjamin Private School, Inc. ("Borrower"). The 2018 application satisfactorily requests the issuance of bonds to cover costs associated with a project as defined in 159.27, Florida Statutes, and DHES supports the Borrower's application.

<u>Requested Amount</u>
The 2018 application requests the issuance of up to $13,000,000 in Industrial Development Revenue Bonds ("Series 2018 Bonds").

<u>Use of Funds</u>
Proceeds from the sale of the Series 2018 Bonds will be used to refinance the County's Series 2003 Industrial Development Revenue Bonds ("Series 2003 Bonds") issued for the benefit of the Borrower in 2003 as well as to reimburse the Borrower for eligible outlays. The Series 2018 Bonds will be payable from revenues and other funds available to the Borrower, and shall not be deemed to constitute a debt, liability, or obligation of the County or the State of Florida, or of any political subdivision thereof.

<u>Appropriateness, Economic Contribution, & Public Purpose – 159.29(1), Florida Statute</u>
Given the project's focus on refinancing previously issued bonds, a Regional Economic Models Inc. (REMI) analysis of this project was not conducted. However, per Resolution R-2003-0555, the Board of County Commissioners found that the initial project (supported through the Series 2003 Bonds) was appropriate to the needs and circumstances of, and would make a significant contribution to the economic growth of the County; would provide and preserve gainful employment, and would serve a public purpose. DHES finds that refinancing the Series 2003 Bonds with the proceeds from the Series 2018 Bonds will continue to serve those purposes.

The Benjamin Private School, Inc. ("Benjamin School") was founded in 1960. It presently enrolls 11,000 students in grades pre-K through 12 across two campuses (North Palm Beach and Palm Beach Gardens). The Benjamin School employs approximately 200 full-time equivalent employees.

ATTACHMENT 3

Financially Responsible – 159.29(2), Florida Statute
Financial documents provided by the Borrower and reviewed by DHES demonstrate fiscal ability to meet the financial obligations of the bond issuance.

Coping with the Impact of the Project – 159.29(3), Florida Statute
Similar to Appropriateness, Economic Contribution, & Public Purpose section, above, the refinancing nature of this project does not lend itself to determining the County's ability to cope with the project's impact. However, per Resolution R-2003-0555, the Board of County Commissioners found that the County would be able to cope satisfactorily with the impact of the initial project (supported through the Series 2003 Bonds) and would be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair and maintenance of the project and on account of any increases in population or other circumstances resulting therefrom.

Recommendation
Based on review and analysis of the application and applicable statutes and the County's limited obligation, DHES supports the Borrower's application.

cc: Faye W. Johnson, Assistant County Administrator
Jonathan B. Brown, Director, Department of Housing and Economic Sustainability

RESOLUTION NO. 2018-_______

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA: (I) AUTHORIZING THE ISSUANCE OF THE COUNTY'S REVENUE BONDS, (THE BENJAMIN PRIVATE SCHOOL, INC. PROJECT), SERIES 2018 (THE "BONDS") FOR THE PURPOSE OF PROVIDING FUNDS TO MAKE A LOAN TO THE BENJAMIN PRIVATE SCHOOL, INC. (THE "BORROWER") TO PROVIDE FUNDS TO REFINANCE THE COUNTY'S REVENUE BONDS, SERIES 2003, ISSUED FOR THE BENEFIT OF THE BORROWER; TO PROVIDE FUNDS TO FINANCE AND REFINANCE CERTAIN COSTS INCURRED BY THE BORROWER IN CONNECTION WITH THE PRIVATE SCHOOL FACILITIES OWNED AND OPERATED BY THE BORROWER, AND TO PROVIDE FUNDS TO PAY THE COSTS OF ISSUING THE BONDS; (II) AUTHORIZING THE EXECUTION OF A FINANCING AGREEMENT; (III) AWARDING THE SALE OF THE BONDS BY A NEGOTIATED SALE; (IV) AUTHORIZING OFFICIALS OF THE COUNTY TO TAKE CERTAIN ACTION IN CONNECTION WITH THE ISSUANCE OF THE BONDS; (V) MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF THE BONDS; AND (VI) PROVIDING AN EFFECTIVE DATE.

WHEREAS, The "Borrower" has requested Palm Beach County, Florida (the "County") to assist the Borrower by issuing the Bonds for the purpose of providing funds to make a loan to the Borrower (the "Loan") of the proceeds of the Bonds to (A) finance and refinance costs incurred or to be incurred by the Borrower in connection with the private school facilities owned and operated by the Borrower and located at 11000 Ellison Wilson Road, North Palm Beach, Florida 33408 and 4875 Grandiflora Road, Palm Beach Gardens, Florida, 33410 (collectively, the "Project"); (B) refinance the County's Variable Rate Demand Revenue Bonds, Series 2003 issued on July 11, 2003 (the "Refunded Bonds"); and (C) pay costs associated with the issuance of the Bonds;

WHEREAS, STI Institutional & Government, Inc. (an affiliate of Sun Trust Bank), together with its successors and assigns as registered owners of the Bonds, (the "Lender") is expected to purchase the Bonds; and

WHEREAS, it is necessary and desirable to authorize the execution of a Financing Agreement (the "Agreement"), among the County, the Borrower, and the Lender, and to specify the terms of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA THAT:

SECTION 1: AUTHORITY FOR THIS RESOLUTION

This resolution, hereinafter called the "Resolution," is adopted pursuant to Part II, Chapter 159, Florida Statutes (the "Act") and other applicable provisions of law.

SECTION 2: FINDINGS

Upon consideration of the documents described herein and the information presented to the County at or prior to the date hereof, it is hereby ascertained, determined and declared as follows:

A. The Project constitutes a "project" within the meaning and contemplation of the Act. The Project will serve a public purpose by advancing the economic prosperity and the general welfare of the County, the State of Florida, and the people thereof. As of the date hereof, the Borrower has represented and shown that it is financially responsible and fully capable of and willing to fulfill any obligations which it may incur in connection with the Bonds as contemplated by this Resolution. Local government will be able to cope satisfactorily with the impact of the facilities included in the Project and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair and maintenance of such facilities and on account of any increases in population or other circumstances resulting therefrom.

B. The Agreement will make provision for the operation, repair, and maintenance of the Project at the expense of the Borrower and for the payment of the principal and interest on the Bonds and all other costs incurred by the County in connection with the Bonds and the Project.

C. The County has been advised that due to the desire to coordinate the sale of the Bonds and due to the limited market for obligations such as the Bonds, it is in the best interest of the Borrower to sell the Bonds by negotiated sale, and the County, wishing to obtain the best interest rate on the Bonds for the benefit of the Borrower, has determined to sell the Bonds by negotiated sale to the Lender, permitting the County to enter such market at the most advantageous time, rather than at a specified advertised date, and accordingly it is in the best interest of the County that a negotiated sale of the Bonds be authorized.

D. The County conducted a public hearing concerning the issuance of the Bonds at the Board of County Commissioners meeting held on June 19, 2018. The notice of which hearing, inviting comments and discussion concerning the issuance of the Bonds by the County to finance all or a portion of the Project and to refinance the Refunded Bonds was published in *The Palm Beach Post,* a newspaper of general circulation in Palm Beach County, Florida, on May 11, 2018 for the purpose of providing the public with an opportunity to comment on the issuance of the Bonds, in accordance with the requirements of Section 147(f) of the Internal Revenue Code (the "Code"), as amended.

SECTION 3: AUTHORIZATION OF BONDS:

For the purpose of providing funds for the making of the Loan to the Borrower, the County hereby approves the issuance of the Bonds for the purposes of Section 147(f) of the Code and by approving the information contained in the published notice referenced in Section 2D above hereby authorizes to be issued under this Resolution the Bonds. The Bonds shall be issued as fully registered Bonds in the principal amount not to exceed $13,000,000, shall be dated as of the date of issuance, shall mature, shall bear interest at a rate not in excess of the maximum lawful rate, shall mature not later than twenty-one years after issuance and shall have such other terms and conditions, and shall be in such form of as may be approved by the Mayor, Vice-Mayor or any other member of the Board of County Commissioners of the County (the "Authorized Signatory"), such approval to be conclusively presumed by the execution thereof by the Authorized Signatory. The Bonds shall be issued on such date as shall be mutually agreed upon by the Lender, the Borrower and the Authorized Signatory. The County hereby authorizes and directs the Authorized Signatory to execute the Bonds and to deliver the same to the Lender, upon payment of the purchase price thereof, all as further provided in the Agreement.

SECTION 4: LIMITED OBLIGATION

The Bonds shall not be deemed to constitute a debt, liability, or obligation of the County or the State of Florida, or of any political subdivision thereof, or a pledge of the faith and credit of the County or of the State of Florida or of any political subdivision thereof, but shall be payable solely from the loan payments received from or on behalf of the Borrower. Any and all payments of any nature relating to the Bonds shall be payable only from amounts provided for such purpose under the Bond Documents and not from any funds of the County.

SECTION 5: LIMITED LIABILITY OF ISSUER

Anything in this Resolution, the Agreement, the Bonds, or any other document to the contrary notwithstanding, the performance by the County of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements, and promises made by it hereunder, and the liability of the County for all warranties and other covenants hereunder, shall be limited solely to the loan payments made by the Borrower and other revenues and receipts derived from the Borrower under the Agreement, and the County shall not be required to effectuate any of its duties, obligations, powers or covenants hereunder except to the extent of such loan payments and other revenues and receipts.

SECTION 6: NO PERSONAL LIABILITY

No recourse under or upon any obligation, covenant or agreement contained in this Resolution, the Agreement, the Bonds, any other document or under any judgment, or by the enforcement of any assessment or by legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Resolution, shall be had against any member, agent, employee or officer, as such, past, present or future, of the County, either directly or through the County, or otherwise, for the payment for or to the County or any receiver thereof, or for or to the holder of the Bonds or otherwise of any sum that may be due and unpaid upon the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any member or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the County or any receiver thereof, or for or to the holder of the Bonds or otherwise, of any sum that may remain due and unpaid upon the Bonds is hereby expressly waived and released as a condition of and in consideration for the execution of this Resolution and the issuance of the Bonds.

SECTION 7: BONDS NOT A DEBT OF STATE OR ISSUER

None of the State of Florida, the County or any political subdivision thereof shall in any event be liable for the payment of the principal of or interest on the Bonds. The Bonds issued hereunder shall never constitute an indebtedness of the State of Florida or of any political subdivision of the State of Florida or of the County within the meaning of any state constitutional provisions, statutory limitation, or any other applicable law and shall never constitute or give rise to the pecuniary liability of the State of Florida or any political subdivision thereof, or of the County or a charge against their general credit. The holder of the Bonds shall not have the right to compel any exercise of any taxing power of the State of Florida or of any political subdivision thereof, including the County, to pay any sums in any way related to the Bonds or their issuance.

SECTION 8: LAWS GOVERNING

This Resolution shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Florida.

SECTION 9: THE BOND DOCUMENTS

As used herein, the term "Bond Documents" means any and all documents necessary or desirable to complete the transaction described herein, including but not limited to (i) the Agreement and (ii) the Bonds, all in such form and content as may be approved by the Authorized Signatory, such approval to be conclusively presumed by the execution of such documents by the Authorized Signatory. The County hereby authorizes and directs the Authorized Signatory to execute the Bond Documents. It is not necessary for the seal of the County to be impressed upon any Bond Document. Notwithstanding any other provision hereof, no Bond Document shall be issued unless and until the same shall have been approved as to form and legal sufficiency on behalf of the County by the Office of the County Attorney.

SECTION 10: NEGOTIATED SALE OF BOND

A negotiated sale of the Bonds to the Lender is hereby authorized. Prior to the execution of the Agreement the Lender shall file with the County the disclosure and truth-in-bonding statements required by Section 218.385, Florida Statutes, and competitive bidding for the Bonds is hereby waived.

SECTION 11: NO THIRD PARTY BENEFICIARIES

Nothing in this Resolution or in any other documents, express or implied, is intended to, or shall be construed to create any third party beneficiary or to provide any rights to any person or entity not a party thereof.

SECTION 12: GENERAL AUTHORIZATION

The Authorized Signatory and the other officers and employees of the County are hereby authorized to do all acts and things required of them by this Resolution and the other Bond Documents or desirable or consistent with the requirements hereof or thereof, for the full punctual and complete performance of all terms, covenants and agreements contained in the Bonds, this Resolution, the Agreement, or any other Bond Document.

SECTION 13: EFFECTIVE DATE
This Resolution shall take effect immediately upon its passage and adoption.

SECTION 14: LIMITED APPROVAL
The approval given herein shall not be construed as (i) an endorsement of the creditworthiness of the Borrower or the financial viability of the Project, (ii) a recommendation to any prospective purchaser of the Bonds, (iii) an evaluation of the likelihood of the repayment of the debt service on the Bonds, or (iv) any necessary governmental approval relating to the Project, and the County shall not be construed by reason of its adoption of this Resolution to have made any such endorsement, finding or recommendation or to have waived any of the County's rights or estopping the County from asserting any rights or responsibilities it may have in that regard.

The foregoing Resolution was offered by Commissioner _______________, who moved its adoption. The motion was seconded by Commissioner ________________, and being put to a vote, the vote was as follows:

Commissioner Melissa McKinlay, Mayor - _____
Commissioner Mack Bernard, Vice Mayor - _____
Commissioner Hal R. Valeche - _____
Commissioner Paulette Burdick - _____
Commissioner Dave Kerner - _____
Commissioner Steven L. Abrams - _____
Commissioner Mary Lou Berger - _____

The Mayor thereupon declared the Resolution duly passed and adopted this ________ day of __________________, 20___.

PALM BEACH COUNTY, FLORIDA, BY ITS BOARD OF COUNTY COMMISSIONERS

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

By: ____________________________
David Behar
Assistant County Attorney

ATTEST: SHARON R. BOCK CLERK & COMPTROLLER

By: ____________________________
Deputy Clerk