NEW ISSUE **RATING: MOODY'S: A1**
BOOK-ENTRY ONLY **(See the section "Rating")**

*In the opinion of Bond Counsel, under existing law and subject to conditions described in the section **"TAX MATTERS"** (1) interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (2) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations, (3) interest on the Bonds will be included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed thereon, and (4) the income on the Bonds, including any profit made on the sale thereof, is exempt from all taxation by the Commonwealth of Virginia or any political subdivision thereof. See the section **"TAX MATTERS "** regarding certain tax considerations.*

$13,580,000
INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA
Educational Facilities Revenue Refunding Bonds (Episcopal High School), Series 2014

Dated: Date of Delivery **Due: January 1, in the years indicated below**

The Industrial Development Authority of the City of Alexandria (the "Authority") is issuing its Educational Facilities Revenue Refunding Bonds (Episcopal High School), Series 2014 (the "Bonds") for the purpose of refunding all or a portion of the outstanding principal of the Authority's Educational Facilities Revenue Refunding Bonds (Episcopal High School), Series 2005, including redemption premium, if any, and accrued but unpaid interest. The Bonds will be limited obligations of the Authority payable solely from receipts received by the Authority under an unsecured promissory note of the Protestant Episcopal High School in Virginia (the "School"), also known as

EPISCOPAL HIGH SCHOOL

The Bonds are issued under and are secured by an Indenture of Trust dated as of October 1, 2014 (the "Indenture"), between the Authority and U.S. Bank National Association, Richmond, Virginia, as trustee (the "Trustee"). The Bonds are issuable as registered bonds without coupons in denominations of $5,000 and any integral multiple of $5,000. The Bonds will bear interest from their dated date, payable semi-annually on January 1 and July 1 in each year, commencing January 1, 2015. Principal will be payable January 1 of each year, to maturity, as set forth below. The Bonds are subject to optional and mandatory redemption as described in this Official Statement.

The Bonds will be issued in fully registered form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only and individual purchasers will not receive physical delivery of bond certificates. Payments of principal of, and premium, and interest on, the Bonds will be made by the Trustee, to Cede & Co., as nominee for DTC, for disbursement to DTC participants, to be disbursed subsequently to the beneficial owners of the Bonds.

The Bonds are limited obligations of the Authority and payable solely from the revenues received by the Authority and assigned to the Trustee under the terms of the Indenture to secure payment of the Bonds. **NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE AUTHORITY AND THE CITY OF ALEXANDRIA, VIRGINIA, ARE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT TO THEM EXCEPT FROM THE REVENUES PLEDGED FOR SUCH PURPOSE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE AUTHORITY AND THE CITY OF ALEXANDRIA, VIRGINIA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS.**

MATURITY SCHEDULE

$11,870,000 Serial Bonds due January 1 as follows:
Base CUSIP Number: 015304

Due	Amount	Interest Rate	Yield	Price	CUSIP Suffix (015304)	Due	Amount	Interest Rate	Yield	Price	CUSIP Suffix (015304)
2016	$685,000	2.00%	0.49%	101.854%	EC8	2024	$855,000	3.00%	2.59%	103.345%	EL8
2017	700,000	2.00	0.80	102.650	ED6	2025	885,000	4.00	2.80	110.609	EM6
2018	710,000	3.00	1.00	106.346	EE4	2026	915,000	4.00	2.91*	109.583	EN4
2019	735,000	3.00	1.30	106.978	EF1	2027	950,000	3.00	3.08	99.186	EP9
2020	750,000	3.00	1.64	106.792	EG9	2028	975,000	3.00	3.20	97.853	EQ7
2021	780,000	3.00	2.00	105.831	EH7	2029	1,005,000	3.00	3.26	97.054	ER5
2022	800,000	3.00	2.22	105.183	EJ3	2030	300,000	4.00	3.30*	106.033	ET1
2023	825,000	4.00	2.40	111.886	EK0						

$1,710,000 4.00% Term Bonds maturing on January 1, 2035, Yield 3.570%*, Price 103.654% CUSIP 015304 ES3

* Yield calculated assuming redemption on the first optional redemption date.

The Bonds are offered for delivery when, as and if issued and received by the Underwriter, subject to the approval of legality by McGuireWoods LLP, Richmond, Virginia, Bond Counsel, and to certain other conditions. Certain other legal matters will be passed upon for the School by its counsel, McGuireWoods LLP, Richmond, Virginia, for the Authority by its counsel, McGuireWoods LLP, McLean, Virginia, and for the Underwriter by its counsel, Hunton & Williams LLP, Richmond, Virginia. It is expected that the Bonds will be available for delivery on or about October 7, 2014 through the facilities of The Depository Trust Company in New York, New York.

RAYMOND JAMES

The date of the Official Statement is August 19, 2014.

No dealer, salesman or any other person has been authorized by the Authority, the School or the Underwriter to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy and there may be no sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement has been obtained from the Authority, the School and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter or, as to information from other sources, the Authority. The information and the expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under it will, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the School since the date of this Official Statement or the earliest date as of which such information is given.

IN MAKING ANY INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AUTHORITY AND THE SCHOOL AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE AUTHORITY HAS NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The CUSIP (Committee on Uniform Securities Identification Procedures) numbers in this Official Statement have been assigned by an organization not affiliated with the Authority, the School or the Underwriter, and none is responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. None of the Authority, the School or the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above. CUSIP is a registered trademark of the American Bankers Association ("ABA"), used by Standard & Poor's in its operation of the CUSIP Service Bureau for the ABA.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Bonds, including transactions to (a) overallot in arranging the sales of the Bonds and (b) make purchases in sales of the Bonds, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner as the Underwriter may determine.

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OFFICIAL STATEMENT

$13,580,000
INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA
Educational Facilities Revenue Refunding Bonds (Episcopal High School), Series 2014

INTRODUCTION

This Official Statement is provided to furnish information concerning the $13,580,000 Educational Facilities Revenue Refunding Bonds (Episcopal High School), Series 2014 (the "Bonds"), being issued by the Industrial Development Authority of the City of Alexandria (the "Authority"), to assist Protestant Episcopal High School in Virginia (the "School") in refunding all or a portion of the outstanding principal amount of the Authority's Educational Facilities Revenue Refunding Bonds (Episcopal High School), Series 2005 (the "Series 2005 Bonds"). See the sections **"PLAN OF REFUNDING"** and **"ESTIMATED SOURCES AND USES OF FUNDS."** The Series 2005 Bonds were originally issued in the principal amount of $16,465,000 for the purpose of refunding the then-outstanding principal amount of the Authority's Educational Facilities Revenue Bonds (Episcopal High School), Series 1999, and financing certain capital improvements, renovations, equipment and additions to the School's educational facilities on its campus in Alexandria, Virginia.

At the School's request, the Authority has previously issued (1) its Series 2005 Bonds, (2) its Educational Facilities Revenue Bonds (Episcopal High School), Series 2010A (the "Series 2010 Bonds"), and (3) its Educational Facilities Revenue Refunding Bonds (Episcopal High School), Series 2012, to finance and refinance certain improvements at the School's educational facilities, including refunding the outstanding principal amount of certain tax-exempt bonds previously issued by the Authority for the School's benefit. As of the date the Bonds will be issued, it is expected that $580,000 principal amount of the Series 2005 Bonds, $10,165,000 principal amount of the Series 2010 Bonds and $12,630,000 principal amount of the Series 2012 Bonds will be outstanding in addition to the principal amount of the Bonds.

The proceeds of the Bonds will be applied pursuant to a Financing Agreement, dated as of October 1, 2014 (the "Financing Agreement"), between the Authority and the School. To evidence its obligations under the Financing Agreement, the School will deliver its unsecured promissory note, dated the date of its delivery, in the principal amount of $13,580,000 (the "School's Note") to the Authority.

The Bonds are being issued pursuant to an Indenture of Trust, dated as of October 1, 2014 (the "Indenture"), between the Authority and U.S. Bank National Association, Richmond, Virginia, as trustee (the "Trustee"). The Bonds will be secured by an assignment to the Trustee of the School's Note and certain rights of the Authority under the Financing Agreement. Brief descriptions of certain provisions of the Indenture, the Financing Agreement, and the School's Note are set forth in the sections **"SUMMARY OF INDENTURE," "SUMMARY OF FINANCING AGREEMENT"** and **"SUMMARY OF SCHOOL'S NOTE."**

THE AUTHORITY

The Authority was created by an ordinance adopted by the City Council of the City of Alexandria, Virginia (the "City Council"), to promote and further the purposes of the Act. The Authority is a political subdivision of the Commonwealth of Virginia governed by seven directors appointed by the City Council. The Authority is empowered to issue its revenue bonds to finance, among other things, facilities for private, accredited and nonprofit institutions of secondary education in the Commonwealth of Virginia whose primary purpose is to provide secondary education. The Authority has no taxing power.

THE BONDS

General

The Bonds will bear interest at the rate or rates and will mature on the dates and in the amounts shown on the cover of this Official Statement.

The Bonds will be registered as to principal and interest in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), or otherwise as hereinafter described. Purchases of beneficial ownership interests in the Bonds will be made only in book-entry form and purchasers will not receive certificates representing their interests in the Bonds so purchased. If the book-entry system is discontinued, bond certificates will be delivered as described in the Indenture, and Beneficial Owners (as defined below) will become the registered owners.

The Bonds will be issued as registered bonds in denominations of $5,000 and multiples thereof. As long as the Bonds are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, on each interest payment date. If the book-entry system is discontinued, interest on the Bonds will be payable by check or draft mailed to the registered owner, or in certain cases, by wire transfer. Principal will be payable at the corporate trust office of the Trustee in Richmond, Virginia.

Limited Obligations

The principal of and premium, if any, and interest on the Bonds are limited obligations of the Authority and payable solely from the revenues pledged and assigned to the Trustee under the terms of the Indenture to secure payment of the Bonds. Neither the Commonwealth of Virginia nor any of its political subdivisions, including the Authority and the City of Alexandria, Virginia, are obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident to them except from the revenues pledged for such purpose. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any of its political subdivisions, including the Authority and the City of Alexandria, Virginia, is pledged to the payment of the principal of or premium, if any, or interest on the Bonds. The issuance of the Bonds does not directly, indirectly or contingently obligate the Commonwealth of Virginia or any of its political subdivisions, including the Authority and the City of Alexandria, Virginia, to levy any taxes or to make any appropriation for the payment of the Bonds.

Optional Redemption

The Bonds maturing on or after January 1, 2026, will be subject to optional redemption by the Authority at the direction of the School prior to maturity on or after January 1, 2025, in whole or in part at any time, at a price equal to 100% of the principal amount thereof, plus the interest accrued on the principal amount to be redeemed to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Bonds maturing on January 1, 2035 are required to be redeemed in part before maturity on January 1 in the years and in amounts set forth below at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date as follows:

Year	Amount
2031	$315,000
2032	330,000
2033	340,000
2034	355,000
2035 (final maturity)	370,000

The Indenture provides for a credit against sinking fund redemption requirements for Bonds that prior to any sinking fund redemption date have been purchased and canceled or surrendered for cancellation and which have not previously been applied as a credit against any sinking fund redemption requirement.

Notice of Redemption

Whenever the Bonds are redeemed, whether by mandatory sinking fund redemption or optional redemption, the Trustee shall cause notice of the call for redemption identifying the Bonds to be redeemed to be sent by first class mail not less than 30 nor more than 60 days prior to the redemption date to DTC or its nominee as the registered holder of the Bonds or another qualified securities depository or its nominee unless no qualified securities depository is the registered owner of the Bonds. If no qualified securities depository or its nominee is the registered owner of the Bonds, notice of redemption shall be mailed to the registered owner of each Bond to be redeemed at the owner's address as it appears on the registration books of the Trustee. During the period that DTC or the DTC nominee is the registered holder of the Bonds, the Trustee will not be responsible for mailing notices of redemption to the Beneficial Owners of the Bonds. See **"Book-Entry Only"** below. Such notice may be conditioned upon the occurrence of future events, including the availability of funds to effect the redemption on the redemption date. Failure to give notice of redemption by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which no such failure has occurred.

Selection of Bonds for Redemption

Subject to any applicable procedures of DTC, if less than all of the Bonds are called for redemption, the Bonds to be redeemed will be selected by the Trustee in such manner as the School in its discretion may direct, each $5,000 principal amount being counted as one Bond for this purpose.

Effect of Redemption

After the date on which the Bonds have been called for redemption and sufficient funds for their payment on the redemption date are held by the Trustee, interest on the Bonds will cease to accrue and the registered owners of the Bonds will be entitled to look only to the Trustee or, if such funds have been transferred to the School, to the School for payment.

Transfer and Exchange of Bonds

While in book-entry form, transfers of beneficial ownership of Bonds will be effected on the records of DTC and its Participants pursuant to the rules and procedures established by DTC and its Participants. If the Bonds cease to be in book-entry form, they may be transferred or exchanged only on the registration books of the Trustee at the corporate trust office of the Trustee. Bonds may be exchanged for an equal aggregate principal amount of other Bonds of the same series, maturity and authorized denominations and bearing interest at the same rate. No charge shall be made to the owner of any Bond for the privilege of any exchange or registration of transfer thereof except for any tax or other required governmental charge.

Replacement Bonds delivered upon any transfer or exchange will be valid obligations of the Authority evidencing the same debt as the Bonds surrendered and will be secured by the Indenture and entitled to its benefits to the same extent as the Bonds surrendered. Registrations of transfers or exchanges will be made by the Trustee within such time periods as are customary in the municipal securities industry.

Book-Entry Only

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and premium, if any, and interest on the Bonds to DTC, its nominee, Direct and Indirect Participants (as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, Direct and Indirect Participants and Beneficial Owners is based solely on information furnished by DTC. **Neither the Authority, the**

Trustee, the School nor the Underwriter assumes any responsibility for the accuracy or adequacy of the information included in such description.

DTC, New York, NY will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Financing Documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

In the event of insolvency of DTC, if DTC has insufficient securities in its custody (e.g., due to theft or loss) to satisfy the claims of its Direct Participants with respect to deposited securities and is unable by application of (i) cash deposits and securities pledged to DTC to protect DTC against losses and liabilities, (ii) the proceeds of insurance maintained by DTC and/or its Direct Participants or Indirect Participants, or (iii) other resources, to obtain securities necessary to eliminate the insufficiency, no assurances can be given that Direct Participants will be able to obtain all of their deposited securities.

None of the Authority, the Trustee, the School nor the Underwriter has responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (A) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (B) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Bonds; (C) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Indenture to be given to Bondholders; or (D) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners and Cede & Co. will be treated as the only Bondholder of Bonds for all purposes under the Bond Indenture.

The Authority may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders.

SECURITY FOR BONDS

Financing Agreement and School's Note

The School and the Authority will enter into a Financing Agreement on or before the date of delivery of the Bonds. Under the Financing Agreement, the School agrees to make payments under the School's Note. These payments are assigned by the Authority to the Trustee as security for the Bonds. The obligation of the School to make payments under the School's Note is absolute and unconditional and payable from any legally available funds of the School. The payments due under the School's Note are structured to be sufficient to cover payments of principal of and premium, if any, and interest on the Bonds as they become due.

With respect to the Authority, the Bonds will be limited obligations payable solely from the payments received by the Authority under the School's Note.

THE BONDS WILL NOT BE SECURED BY A MORTGAGE ON OR A SECURITY INTEREST IN ANY PROPERTY OF THE AUTHORITY OR THE SCHOOL. THERE IS NO SECURITY FOR THE BONDS OTHER THAN THE SCHOOL'S NOTE WHICH IS UNSECURED.

Limited Obligations

The Authority has no taxing power. The Bonds and the premium, if any, and the interest on them will not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or of any of its political subdivisions. Neither the Commonwealth of Virginia nor any of its political subdivisions, including the Authority and the City of Alexandria, Virginia, will be obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident to them except from the revenues pledged for such purpose. Neither the faith and the credit nor the taxing power of the Commonwealth of Virginia or any of its political subdivisions, including the Authority and the City of Alexandria, Virginia, is pledged to the payment of the principal of or premium, if any, or interest on the Bonds or other costs incident to them.

The Bonds are not, directly or indirectly, obligations of The Protestant Episcopal Church in the United States of America, or any division or diocese thereof.

No Reserve Fund; No Restriction on Indebtedness; Negative Pledge

The Bonds are not secured by any debt service reserve fund, nor is the School required at any time to establish a debt service reserve fund for the Bonds. Furthermore, none of the bond documents contain any restrictions on the School's ability to incur other indebtedness. The School has covenanted not to create, incur, assume or suffer any mortgage, pledge or any other encumbrance on any of the School's revenues or any of the School's other assets except in certain limited circumstances. See the section **"SUMMARY OF FINANCING AGREEMENT – Negative Pledge."**

PLAN OF REFUNDING

The proceeds from the sale of the Bonds will be used to refund all or a portion of the outstanding principal amount of the Series 2005 Bonds (such refunded maturities are referred to as the "Refunded Bonds") and to pay for costs of issuing the Bonds and refunding the Refunded Bonds. As of the date of this Official Statement, the School expects to refund all of the Series 2005 Bonds, except for the $580,000 principal amount of the Series 2005 Bonds maturing on January 1, 2015. Upon delivery of the Bonds, a portion of the net proceeds of the Bonds will be deposited in the bond fund established pursuant to the bond documents for the Series 2005 Bonds. Amounts in such bond fund will be held in cash and investments that will be sufficient to provide for payment of all interest on the

Refunded Bonds when due, and to redeem on January 1, 2015, the outstanding principal amount of the Refunded Bonds, at a redemption price equal to 100% of the principal amount redeemed plus interest accruing to the redemption date.

Upon deposit of such amounts in the bond fund, the Refunded Bonds will be defeased and the School will no longer be obligated to make payments on the Refunded Bonds, except from such funds. Neither the principal of or interest on the amount held in such bond fund will be available to pay the principal of or interest on the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following represents the estimated sources and uses of funds relating to the Bonds and the refunding of the Refunded Bonds.

Estimated Sources of Funds(1)

Principal amount of the bonds	$13,580,000
Funds held by 2005 trustee	153,740
Plus Net Original Issue Premium	596,023
Total Sources	$14,329,763

Estimated Uses of Funds(1)

Escrow Fund Deposit	$14,082,481
Issuance Costs(2)	247,282
Total Uses	$14,329,763

(1) Numbers are rounded to the nearest dollar.
(2) Includes, but not limited to, Underwriter's discount, legal fees, and other professional expenses associated with the issuance of the Bonds. See the section **"UNDERWRITING."**

DEBT SERVICE SCHEDULE

The following table sets forth for each 12-month period ending on June 30, the amounts payable by the School for the payment of principal of and interest on the Bonds, the Series 2005 Bonds expected to remain outstanding, the Series 2010 Bonds and the Series 2012 Bonds. Such payments will be made semi-annually to the Trustee, which will make payments of principal for such 12-month period annually on January 1 and payments of interest semiannually on July 1 and January 1.

Period Ending	Bonds			Series 2005 Bonds	Series 2010 Bonds	Series 2012 Bonds	Total Debt
June 30	Principal	Interest	Debt Service	Debt Service	Debt Service	Debt Service	Service
2015		$102,643	$102,643	$1,067,322	$499,763	$787,650	$2,457,378
2016	$685,000	439,900	1,124,900	0	499,763	786,588	2,411,250
2017	700,000	426,200	1,126,200	0	499,763	785,913	2,411,875
2018	710,000	412,200	1,122,200	0	499,763	788,038	2,410,000
2019	735,000	390,900	1,125,900	0	499,763	786,538	2,412,200
2020	750,000	368,850	1,118,850	0	499,763	788,338	2,406,950
2021	780,000	346,350	1,126,350	0	499,763	786,088	2,412,200
2022	800,000	322,950	1,122,950	0	499,763	783,088	2,405,800
2023	825,000	298,950	1,123,950	0	499,763	791,838	2,415,550
2024	855,000	265,950	1,120,950	0	499,763	789,988	2,410,700
2025	885,000	240,300	1,125,300	0	499,763	783,788	2,408,850
2026	915,000	204,900	1,119,900	0	499,763	787,188	2,406,850
2027	950,000	168,300	1,118,300	0	499,763	784,138	2,402,200
2028	975,000	139,800	1,114,800	0	499,763	784,675	2,399,238
2029	1,005,000	110,550	1,115,550	0	499,763	783,575	2,398,888
2030	300,000	80,400	380,400	0	499,763	1,931,950	2,812,113
2031	315,000	68,400	383,400	0	499,763	1,930,450	2,813,613
2032	330,000	55,800	385,800	0	499,763	1,927,450	2,813,013
2033	340,000	42,600	382,600	0	499,763	1,928,025	2,810,388
2034	355,000	29,000	384,000	0	1,424,763	0	1,808,763
2035	370,000	14,800	384,800	0	1,425,825	0	1,810,625
2036	0	0	0	0	1,909,750	0	1,909,750
2037	0	0	0	0	1,908,500	0	1,908,500
2038	0	0	0	0	1,910,000	0	1,910,000
2039	0	0	0	0	1,907,500	0	1,907,500
2040	0	0	0	0	1,911,000	0	1,911,000
Total	$13,580,000	$4,529,743	$18,109,743	1,067,322	$21,892,825	$19,515,300	$60,585,190

Note: Numbers may not sum due to rounding.

BONDHOLDERS' RISKS

The ability of the Authority to make timely payments of principal and interest on the Bonds depends solely on the ability of the School to make timely payments of principal and interest on the School's Note. The School has agreed under the Financing Agreement to make all payments required under the School's Note as they become due. The School expects that revenues derived from its ongoing operation, when taken together with other funds available for such purposes, will be adequate to make debt service payments. A number of factors, however, including those set forth below, may adversely affect the School's ability to make timely debt service payments. For more information on the School, see Appendices A and B hereto.

Revenue from Student Fees; Competition

In the School's fiscal year 2013, approximately 40.8% of the School's unrestricted revenues, gains and other support were derived from net tuition, room and board payments. Although the School continues to receive more applications for admission than it can honor, there can be no assurance that enrollment figures will continue at levels sufficient to provide funds to pay operating expenses and payments of principal and interest on the Bonds or that attempts to raise tuition to offset any drop in enrollment would be successful.

As described more fully in the section "**Competing Schools"** in Appendix A, Woodberry Forest, Lawrenceville, St. Andrew's, Deerfield, The Taft School and Hotchkiss have been the primary schools with which the School has competed for students, with Woodberry Forest being the major competitor for young men. The introduction of new programs or the construction of additional facilities by its competitors could adversely affect the School's ability to continue to attract and enroll students.

Investment Income

In the School's fiscal year 2013, approximately 18.9% of the School's unrestricted revenues, gains and other support in such fiscal year were derived from income earned from the School's long-term investment assets and investment of its operating funds. As of March 31, 2014 the fair market value of the School's consolidated endowment was estimated to be approximately $135,093,000. See the sections "**Investment Income**" and **"Investments"** in Appendix A. As described in Footnote 5 to the School's financial statements attached in Appendix B, the majority of the School's investments are in Level 3 investments which are valued on a recurring basis using significant unobservable inputs. Level 3 investments are less liquid than Level 1 and Level 2 investments and cannot be valued on a daily basis. While the School believes that its investments are being managed prudently and has adopted policies designed to ensure the prudent management of its investments in the future, the School has experienced investment losses in previous fiscal years and there can be no assurance that unforeseen developments in the securities markets will not have an adverse effect on the market value of these investments and the income generated therefrom.

Fund Raising

In the School's fiscal year 2013, approximately 15.4% of the School's unrestricted revenues, gains and other support were derived from fundraising activities. As described in the section **"Gifts to the School"** in Appendix A, the School is currently involved in several fundraising efforts. In the past the School has demonstrated an ability to raise the funds necessary to finance its operations, to build the size of its endowment and to provide the funds to construct, renovate and improve its physical plant from a variety of benefactors. There can be no assurance, however, that these efforts will in fact continue to be successful. Such efforts may be affected adversely by a number of factors, including changes in general economic conditions and changes in federal and state tax laws affecting the deductibility of charitable contributions. The School's ability to pay principal and interest on the School's Note may be affected by the success of its ongoing fundraising efforts. To the extent the School's fundraising efforts are not as successful as anticipated, the School must raise revenues to pay principal of and interest on the School's Note from other sources, including its operating revenues, investment income or proceeds from the disposition of assets. Actions by the School to generate such other revenues by, for example, increasing tuition or enrollment may adversely affect its ability to attract and maintain students at current levels.

Unsecured Obligations

Neither the Financing Agreement nor any other documents executed in connection with the issuance of the Bonds creates any mortgage, lien or other security interest on any real or personal property owned by the School. In the Financing Agreement, however, the School covenants not to create, incur, assume or suffer any mortgage, pledge or any other encumbrance on any of the School's revenues or any of the School's other assets except in certain limited circumstances. Although the School has covenanted not to create nor to permit any such encumbrances except as described in the section "**SUMMARY OF FINANCING AGREEMENT - Negative Pledge**" herein, any such mortgage, pledge or other encumbrance created by the School in violation of such covenant may nevertheless be enforceable even if it adversely affects the ability of the School to provide for payment of the Bonds. The existence of any such liens could also have an adverse effect on the treatment of holders of the Bonds in any bankruptcy proceeding. In addition, certain liens, such as liens for enforcement of tax and environmental laws may attach even in the absence of bankruptcy. Furthermore, there is no specifically identified debt service reserve fund supporting payment of the Bonds and the purchasers of the Bonds should look to the total assets of the School for payment.

Additional Debt

Neither the Indenture nor the Financing Agreement restricts the School from issuing any additional indebtedness, although the School is restricted from mortgaging or pledging its assets to secure such indebtedness unless it secures the Bonds and the outstanding Series 2005, Series 2010 and Series 2012 Bonds by a mortgage or pledge on parity with such indebtedness. See the section **"SUMMARY OF THE FINANCING AGREEMENT - Negative Pledge."** The School has previously incurred unsecured indebtedness in connection with the Series 2005 Bonds, the Series 2010 Bonds and the Series 2012 Bonds. The incurrence of additional indebtedness may adversely affect the School's ability to make debt service payments on the School's Note. Holders of the Bonds may be required to share with holders of existing indebtedness and any future additional indebtedness any moneys realized from the execution of remedies or bankruptcy proceedings and in the proceeds of certain insurance and condemnation awards.

Tax Exempt Status

The School has received letters from the Internal Revenue Service (the "IRS") confirming its status as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). To maintain such status, the School is required to conduct its operations in a manner consistent with representations previously made to the IRS and with current and future IRS regulations and rulings governing tax-exempt organizations. In recent years the IRS and members of Congress have expressed concern about the need for more restrictive rules governing the tax-exempt status of 501(c)(3) organizations generally, but no specific legislation is now pending which would have a substantial adverse effect on the School's tax-exempt status. The Congress and the IRS have also focused more closely on the scope of activities constituting unrelated business income; however, the effect on the School should not be material because the School believes its activities giving rise to such income are not substantial. Compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the School to charge and collect revenues, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the School's Note. Although the School has covenanted to maintain its status as a tax-exempt organization, the loss of its tax-exempt status, should that occur, would likely have a significant adverse effect on the School and its operations and could result in the includability of interest on the Bonds in gross income of the holders thereof for federal income tax purposes retroactively to their date of issue. See the section **"TAX MATTERS."**

Early Redemption of Bonds

The Bonds are subject to early redemption as described in the section **"THE BONDS."** Accordingly, purchasers of the Bonds may not receive a return on their investment at the interest rate stated for the Bonds for the full maturity of the Bonds and, following any such redemption, may be unable to reinvest redemption proceeds at comparable interest rates to that borne by the Bonds.

Bankruptcy and Enforceability of Remedies

The Bonds are payable from the payments to be made under the School's Note and the Financing Agreement. Pursuant to the Indenture, the Authority will assign to the Trustee all of its right, title and interest in and to the School's Note and the Financing Agreement, except its rights to payment of its fees and expenses, indemnification and notices. The practical realization of value from this property will depend upon the exercise of various remedies specified by the Financing Agreement and the Indenture. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Under existing law (including particularly federal bankruptcy law), the remedies specified by the Financing Agreement and the Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Financing Agreement or the Indenture.

If the School (for purposes of this paragraph, a "Debtor") were to file a petition for relief under federal bankruptcy law, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Debtor and its property. If a bankruptcy court so ordered, the Debtor's property, including its revenues, could be used for the benefit of the Debtor, despite the rights granted the Trustee under the financing documents in respect of the Bonds. In a bankruptcy proceeding, the Debtor could file a plan for the adjustment of its debts which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. In addition, federal bankruptcy law permits the adoption of a reorganization plan even though the plan has not been accepted by the owners of a majority in aggregate principal amount of the Bonds, if such owners are provided with the benefit of their original lien or the "indubitable equivalent" thereof. If a bankruptcy court concludes that the owners of the Bonds have "adequate protection", it may subordinate the claim of the Trustee to (a) claims by persons supplying goods and services to the Debtor after bankruptcy, (b) the administrative expenses of the bankruptcy proceeding, and (c) a lien granted a lender providing funds to the Debtor during bankruptcy proceedings. In the event of a bankruptcy proceeding in respect of the Debtor, the amount realized by the owners of the Bonds might depend on a federal bankruptcy court's interpretation of the phrases "indubitable equivalent" and "adequate protection" under the then existing circumstances. A bankruptcy court also has the power to invalidate certain provision of the Financing Agreement that make bankruptcy and related proceedings by the Debtor an event of default thereunder. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the decisions affecting equitable remedies and by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditor's rights generally.

Other Factors

Various other factors also could affect the future financial strength of the School, such as increased interest rates and changes in tax laws affecting the School's ability to borrow additional amounts if needed on favorable terms. In addition, a significant portion of the School's budget relates to fixed expenses, which cannot be reduced or eliminated easily.

SUMMARY OF INDENTURE

The following is a brief summary of certain provisions of the Indenture and is qualified by reference to such document.

Assignment and Pledge

As security for the payment of the principal of and premium, if any, and interest on the Bonds, the Indenture assigns and pledges to the Trustee the School's Note, all rights of the Authority under the Financing Agreement and the School's Note (except for certain rights to payment of fees and expenses, indemnification and notice (the "Unassigned Rights")) and the funds held by the Trustee pursuant to the Indenture, except money in the Rebate Fund.

Provisions for Bonds

The Indenture makes provisions for the issuance of the Bonds and all other terms pertaining to the Bonds as described in the section **"THE BONDS."**

Bond Fund

The Trustee will deposit in the Bond Fund (a) the amount received by the Authority as accrued interest, if any, on the Bonds from their dated date to the date of their delivery, and (b) all payments on, or with respect to, the School's Note. Money in the Bond Fund will be used solely for the payment when due of the principal of and premium, if any, and interest on the Bonds.

Rebate Fund

The Trustee will hold a separate account to be known as the "Rebate Fund - Episcopal High School" (the "Rebate Fund") to facilitate the School's compliance with the arbitrage rebate requirements of the Code as they apply to the Bonds. Money and securities held by the Trustee in the Rebate Fund shall not be deemed funds of the Authority and are not pledged or otherwise subject to any security interest in favor of the holders of the Bonds to secure the Bonds.

Cost of Issuance Fund

The Cost of Issuance Fund shall be held by the Trustee and used to pay costs of issuance, including, without limitation, costs and expenses of review by consultants, the Trustee's initial fees and expenses, initial fees of any rating agency, fees and expenses of attorneys, printing costs and expenses, and fees and expenses of the Authority. Any money remaining in the Cost of Issuance Fund after all costs of issuance have been paid or remaining after one hundred and twenty (120) days after the issuance of the Bonds will be deposited in the Interest Account of the Bond Fund.

Investment of Moneys in Funds

Subject to the limitations described below, money held by the Trustee under the Indenture may be invested and reinvested by the Trustee, at the direction of the School, in the following investments which at the time are legal investments for public funds under law:

(1) Direct obligations of, or obligations the payment of the principal of and premium, if any, or interest on which is unconditionally guaranteed by, the United States of America;

(2) Certificates representing ownership of United States Treasury bond principal at maturity or interest payments for accrued periods;

(3) Bonds, notes and other evidences of indebtedness to which the full faith and credit of the Commonwealth of Virginia is pledged for the payment of principal and interest or which are unconditionally guaranteed as to the payment of principal and interest by the Commonwealth;

(4) Bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth which are rated in one of the two highest debt rating categories by Moody's Investors Service, Inc., or its successor ("Moody's") or by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., or its successor ("S&P"), without regard to any refinement or gradation of such rating category by numerical modifier or otherwise;

(5) Savings accounts, time deposits and certificates of deposit in any bank, including the Trustee and its affiliates, or any savings and loan association within the Commonwealth, provided that the funds are secured in the manner required by the Virginia Security for Public Deposits Act or any successor legislation and the deposit is made for not more than five years;

(6) Obligations of the Export-Import Bank, Rural Economic and Community Development, the General Services Administration, the United States Maritime Administration, the Small Business Administration, the Government National Mortgage Association, the Resolution Trust Fund Corporation, the Department of Housing and Urban Development, and the Federal Housing Administration, provided such obligations represent the full faith and credit of the United States;

(7) Bonds, notes or other evidences of indebtedness of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation which are rated in the highest debt rating categories by both Moody's and S&P, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise;

(8) Bonds, notes and other evidences of indebtedness of any county, city, town or district situated in any one of the states of the United States which is a general obligation of the issuing entity, provided the issuing entity has not been in default on any general obligation within the 20 years preceding the date of investment in the obligation; and

(9) Commercial paper issued by corporations, including banks and bank holding companies, organized under the laws of the United States or any state which is rated by Moody's within its rating of prime 1 and by S&P within its rating of A-1, and which matures not more than 270 days after the date of its purchase; and

(10) Uncollateralized investment agreements (with collateralization triggers upon downgrade) provided or guaranteed by (a) domestic banks rated at least Aa2/AA, (b) United States branches of foreign banks rated at least Aa2/AAA or Aaa/AA, (c) insurance companies or corporations, whose obligations are guaranteed by an insurance policy issued by an insurance company or by an insurance holding company, rated at least Aaa/AAA, or (d) subsidiaries of broker/dealers rated at least Aa3/AA-.

Money held by the Trustee in the Bond Fund may be invested by the Trustee, at the direction of the School, only in investments described in paragraphs (1), (2), (3), (4) and (5) above, which at the time are legal investments for public sinking funds under Virginia law.

Certain investments described above may be held directly or in the form of securities of any open-end investment fund registered under the Securities Act of Virginia or the Investment Company Act of 1940, as amended, provided that the portfolio of such investment company or investment fund is limited to such evidences of indebtedness.

Certain investments described above may be purchased by the Trustee pursuant to a repurchase agreement with any bank, savings institution, trust company or securities firm, having a combined capital, surplus and undivided profits of not less than $50,000,000 and being noted A-1 or better by S&P and P-1 or better by Moody's, provided that the obligation of the bank to repurchase satisfies the requirements specified in the Indenture.

Defaults and Remedies on Default

Each of the following constitutes an "Event of Default" under the Indenture:

(1) Default in the payment when due of any interest on any Bond;

(2) Default in the payment when due of the principal of or premium, if any, on any Bond;

(3) An "Event of Default" under the Financing Agreement; or

(4) Subject to certain rights to notice and opportunity to cure, default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under the Indenture or in the Bonds.

Upon the occurrence and continuation of any Event of Default, the Trustee may, and if requested by the owners of 25% in aggregate principal amount of Bonds then outstanding will, by notice to the Authority, declare the entire unpaid principal of and premium, if any, and interest on the Bonds to be immediately due and payable and proceed to protect and enforce its rights by any proceeding at law, in equity, by statute or under the Indenture.

Modifications and Amendments

Without the consent of or notice to any of the Bondholders, the Authority and the Trustee may enter into such indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(1) To cure any ambiguity or formal defect or omission in the Indenture;

(2) To grant to or confer upon the Trustee for the benefit of the bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the bondholders or the Trustee or either of them;

(3) To subject to the Indenture revenues, properties or collateral;

(4) To modify, amend or supplement the Indenture in such manner as required to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect; or

(5) To make any other change that, in the opinion of the Trustee, will not prejudice in any material respect the rights of the holders of Bonds then outstanding.

In addition, the owners of a majority in aggregate principal amount of the Bonds then outstanding may consent to and approve the execution by the Authority and the Trustee of such other supplemental indentures as may be deemed necessary or desirable; provided, however, that in no event will the Indenture be amended without the consent of the owners of all of the Bonds then outstanding which are affected by the amendment to permit (a) an extension of the maturity of the principal of or interest on any Bond, or (b) a reduction in the principal amount of any Bond or the rate of interest on it, or (c) an extension of time or a reduction in amount of any payment required by any mandatory redemption that may be applicable to any Bonds, or (d) a privilege or priority of any Bond or Bonds over any other Bond, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture.

Consents of Bondholders and Underwriters

Any consent, request, direction, approval, objection or other instrument required by the Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by the Bondholders in person or by agent appointed in writing. Proof of the execution of any consent, request, direction, approval, objection or other instrument or of the writing appointing any agent will be sufficient for any of the purposes of the Indenture, and will be conclusive in favor of the Trustee with regard to any action taken under the request or other instrument, if the fact and date of the execution by any person of any writing is proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing the writing acknowledged before him or her its execution, or by affidavit of any witness to such execution.

Any consent, request, direction, approval, objection or other instrument required by the Indenture to be signed and executed by the Bondholders may be provided by any broker, dealer or municipal securities dealer acting as an underwriter for the Bonds during any period that such broker, dealer or municipal securities dealer holds such Bonds. Proof of the execution of any consent, request, direction, approval, objection or other instrument will be sufficient for any of the purposes of the Indenture, and will be conclusive in favor of the Trustee with regard to any action taken under the request or other instrument, if the fact and date of the execution by any person of any writing is proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing the writing acknowledged before him or her its execution, or by affidavit of any witness to such execution.

Discharge of Indenture

When (1) the Bonds have become due and payable or have been duly called for redemption or irrevocable instructions to call the Bonds or pay them at maturity have been given by the Authority to the Trustee, and (2) the Trustee holds for such payment cash, noncallable Government Obligations or Government Certificates the principal of and the interest on which at maturity will be sufficient (a) if Bonds have been called for redemption, to redeem in accordance with the relevant section of the Indenture all such Bonds on the date set for such redemption, (b) to pay at maturity all Bonds not called for redemption, (c) to pay interest accruing on all Bonds before their redemption or payment at maturity, and (d) to pay to the Trustee its reasonable fees and expenses and any other fees and expenses for which the School is responsible under the Indenture and the Financing Agreement, then the Trustee will at the expense of the School cancel and discharge the Indenture and execute and deliver to the School and the Authority such instruments in writing as may be required to cancel the lien of it, and assign and deliver to the School any property at the time subject to the Indenture which may then be in its possession, except funds or securities in which such funds are invested which are held by the Trustee for the payment of principal of Bonds.

SUMMARY OF FINANCING AGREEMENT

The following is a brief summary of certain provisions of the Financing Agreement and is qualified by reference to such document.

Agreement to Issue Bonds

The Authority agrees to issue the Bonds and to deposit the proceeds with the Trustee for use as set forth in the Indenture.

Amounts Payable

The School agrees to (1) make all payments required under the School's Note when due and (2) pay the Trustee's fees and the reasonable expenses of the Trustee and the Authority incurred in connection with the Bonds. The School's obligation under the School's Note is absolute and unconditional and payable from any legally available funds of the School.

The rights of the Authority under the Financing Agreement and the School's Note (except its rights to payment of fees and expenses, indemnification and notice (the "Unassigned Rights")) will be pledged and assigned to the Trustee by the Authority and the School's obligation to make payments under the Financing Agreement and the School's Note and to perform and observe its other covenants, conditions and agreements under the Financing Agreement and the School's Note will be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim the School might otherwise have against the Authority or the Trustee, and, until such time as the Bonds have been fully paid or provision for their payment is made in accordance with the provisions of the Indenture, the School will not suspend or discontinue the performance of its obligations under the Financing Agreement or the School's Note for any cause, including failure by the Authority or the Trustee to perform any covenant, condition, agreement, duty, liability or obligation under the Indenture or the Financing Agreement.

Payment of School's Note

The Authority, concurrently with the execution of the Financing Agreement, will issue the Bonds and lend the proceeds thereof to the School by causing the Trustee to apply the proceeds as set forth in the Indenture. The School agrees to borrow the proceeds of the Bonds and to repay the loan from the Authority under the terms of the Financing Agreement.

The School agrees that the Financing Agreement and the School's Note and the payments to be made thereunder and thereon (excluding the Unassigned Rights) will be assigned and pledged to the Trustee to secure the payment of the Bonds, and all of the rights, interests, powers, privileges and benefits accruing to or vested in the Authority thereunder may be protected and enforced in conformity with the Indenture.

Under the terms of the Financing Agreement, the School covenants and agrees to pay the Trustee such amounts at such times as shall provide for payment of interest, premium, if any, and principal, whether upon a regularly scheduled interest payment date, maturity, mandatory redemption or acceleration, on the Bonds outstanding under the Indenture. All payments due on the School's Note, except for certain enumerated payments described in the Financing Agreement, shall be paid directly to the Trustee and applied as provided in the Indenture.

The obligations of the School to pay the principal, premium, if any, and interest on the School's Note pledged under the Indenture, to pay the other sums provided for in the Financing Agreement and to perform and observe its other agreements under the Financing Agreement shall be absolute and unconditional, and the School shall not be entitled to any abatement or diminution thereof nor to any termination of the Financing Agreement for any reason whatsoever.

Restricted Pledges

The School will apply to payments on the School's Note within thirteen months of receipt all payments on pledges and other contributions to the School that are restricted by their donors or by operation of law to pay any portion of the payment of the Bonds; provided, however, that any such payments in excess of payments due on the School's Note within thirteen months after receipt will be held by the Trustee in the Bond Fund and invested at a yield not to exceed the yield on the Bonds.

Negative Pledge

The School has agreed not to create, incur, assume, or suffer any mortgage, pledge or other encumbrance upon any of the School's revenues or any of the School's other assets, except that the School may (a) mortgage or encumber any of such property so long as it grants a parity lien, mortgage or encumbrance to the Trustee and delivers to the Trustee and the Authority an opinion of counsel that such actions do not adversely affect the tax-exempt status of interest on the Bonds, (b) suffer a lien for taxes, assessments or other governmental charges, mechanic's and materialmen's liens, any other liens arising in the ordinary course of business and other minor irregularities which in the opinion of the School's Board of Trustees do not materially impair the value or use of such property, (c) create or cause to be created purchase money or lease purchase liens or security interests on any assets acquired by the School after the issuance of the Bonds (other than assets acquired by the School with the proceeds of the Bonds), and (d) mortgage, pledge, encumber, sell, convey or dispose of any such property, including its real property, provided the School presents the Trustee with (1) a certificate of its president certifying such property is not then used by the School as part of its educational facilities, and that such action will not materially adversely impair egress or ingress to and from School's facilities and (2) evidence satisfactory to the Trustee that such action will not have a materially adverse effect on any rating then assigned to the Bonds or the School.

Additional Covenants

The School is required to maintain its corporate existence, to maintain its status as a tax-exempt organization under Section 501(c)(3) of the Code, continuously to operate its facilities as an institution of secondary education whose primary purpose is to provide secondary education and not to provide religious training or theological education, and to take all action necessary to maintain its accreditation by a recognized state or regional accrediting body, and will not, without the prior consent of the Trustee, dissolve or otherwise dispose of all or substantially all of its assets.

The School has covenanted to maintain proper books of record and account in which full and correct entries will be made, in accordance with generally accepted accounting principles or other industry practices, of all its business and affairs. The School has also agreed to have an annual audit made by an independent certified public accountant of recognized standing and, within 120 days after the end of each fiscal year, to furnish the Trustee and the Authority (a) the financial statements of the School for such fiscal year, all in reasonable detail and certified by such accountant, and (b) a certificate signed by its Treasurer or other chief financial officer stating that that School is not in default under the School's Note or under the Financing Agreement or, if it is in default, specifying the nature and period of default and what action the School is taking or proposes to take with respect to such default.

The School has agreed to indemnify the Authority and the Trustee from all liabilities caused by failure of the School to comply with any terms of the Financing Agreement. The School has also agreed to cause to be maintained insurance against such risks as are customarily insured against by similarly situated educational institutions in Virginia and to maintain its property in good condition and repair, normal wear and tear excepted. The School is required to take all action necessary to ensure that interest on the Bonds is not included in gross income for federal income tax purposes.

Default and Remedies

Each of the following constitutes an "Event of Default" under the Financing Agreement:

(a) Failure of the School to make any payments on the School's Note when due;

(b) Subject to certain provisions, including a 30 day cure period, failure of the School to observe and perform any of its other covenants, conditions or agreements under the Financing Agreement;

(c) Certain events of bankruptcy, insolvency or reorganization of the School.

Upon the occurrence and continuation of an Event of Default, the Trustee may declare the entire unpaid principal balance on the School's Note to be immediately due and payable.

Amendments

The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, consent to any amendment, change or modification of the Financing Agreement or the School's Note as may be required (1) by the provisions of the Financing Agreement, the School's Note or the Indenture, (2) for the purpose of curing any ambiguity or formal defect or omission in them, (3) to make changes to comply with the rebate requirements of the Code, or (4) in connection with any other changes in the Financing Agreement or the School's Note which, in the judgment of the Trustee, will not prejudice in any material respect the Bondholders. In all other circumstances the Financing Agreement may be amended only with the written consent of the owners of a majority in aggregate principal amount of Bonds then outstanding, but in no event will the Authority or the Trustee consent to any amendment, change or modification of the Financing Agreement or the School's Note which would diminish the obligation of the School to pay amounts sufficient to enable the Trustee to pay the principal of and interest on the Bonds.

SUMMARY OF SCHOOL'S NOTE

The following is a brief summary of certain provisions of the School's Note and is qualified by reference to such document.

The School promises to pay the $13,580,000 principal sum of the School's Note with interest on the unpaid principal. The School's Note provides for payments of principal in amounts sufficient to pay principal of the Bonds as they become due. The School's Note also provides for semi-annual payments of interest in amounts sufficient to pay interest on the Bonds when due. The School has the option to prepay the School's Note by complying with the requirements for optional redemption of the Bonds or by paying to the Trustee cash or noncallable direct obligations of the United States of America the principal of and interest on which will be sufficient to redeem the Bonds, all as more fully set forth in the Financing Agreement.

The School's Note is an unsecured general obligation of the School.

The Authority will assign the School's Note to the Trustee as security for the payment of the Bonds.

UNDERWRITING

Raymond James & Associates, Inc. (the "Underwriter"), has entered into a Bond Purchase Agreement to purchase the Bonds, subject to certain conditions, at a price equal to the principal amount of the Bonds plus a net original issue premium of $596,022.80 and less an Underwriter's discount of $91,663.40 (approximately .675% of the principal amount of the Bonds). The obligation of the Underwriter to pay for the Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the delivery of specified opinions of counsel and of a certificate of the School that there has been no material adverse change in its condition (financial or otherwise) from that set forth in this Official Statement.

The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

RATING

As shown on the cover page of this Official Statement, the Bonds have been rated A1 by Moody's Investors Service, Inc. ("Moody's"). The rating only expresses the view of Moody's. The explanation of the significance of such rating may be obtained from Moody's. This rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that such rating will not be withdrawn or revised downward by Moody's. Such action, if taken, would have an adverse effect on the market price of the Bonds.

BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSITS

The Virginia Industrial Development and Revenue Bond Act provides that bonds issued pursuant to it are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees, guardians and for all public funds of the Commonwealth of Virginia or its political corporations or subdivisions. No representation is made as to the eligibility of the Bonds for investment or any other purpose under any law of any other state. That Act also provides that bonds issued pursuant to it are eligible to secure the deposit of any public funds of the Commonwealth of Virginia or any of its political corporations or subdivisions.

TAX MATTERS

Opinion of Bond Counsel-Federal Income Tax Status of Interest

The opinion of McGuireWoods LLP, Richmond, Virginia, Bond Counsel, will state that, under current law, interest on the Bonds, including any accrued "original issue discount" properly allocable to the holders of the Bonds, is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes) under Section 56 of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is included in computing adjusted current earnings. See the Form of Bond Counsel Opinion in Appendix C.

Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the Authority or the School or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "*IRS*"). The Authority and the School have covenanted, however, to comply with the requirements of the Code.

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinion regarding the Bonds, Bond Counsel is relying upon certifications of representatives of the Authority, the School and other parties as to facts material to the opinion, which Bond Counsel has not independently verified. In addition, Bond Counsel is assuming continuing compliance with the Covenants (as hereinafter defined) by the Authority and the School. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation.

These requirements include, by way of example and not limitation, the requirement that the School to maintain its status as an organization described in Section 501(c)(3) of the Code, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the Treasury of the United States (the "*Treasury*"). The Indenture, the Financing Agreement and the Tax Compliance Agreement contain covenants (the "*Covenants*") under which the Authority and the School have agreed to comply with such requirements. Failure by the Authority or the School to comply with their respective Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes. Compliance by the Authority with its respective Covenants does not require the Authority to make any financial contribution for which it does not receive funds from the Authority and the School.

Certain requirements and procedures contained, incorporated or referred to in the Indenture, the Financing Agreement and the Tax Compliance Agreement, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth therein. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Original Issue Discount

The excess, if any, of the amount payable at maturity of any maturity of the Bonds over the initial public offering price to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such maturity is sold constitutes original issue discount, which will be excludable from gross income to the same extent as interest on the Bonds for federal income tax purposes. The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest, and that a holder's adjustable basis for purposes of determining a holder's gain or loss on disposition of the Bonds with original issue discount (the "OID Bonds") will be increased by such amount. In addition, original issue discount that accrues in each year to an owner of an OID Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed below. Consequently, owners of any OID Bond should be aware that the accrual of original issue discount in each year may result in additional distribution requirements or other collateral federal income tax consequences although the owner of such OID Bond has not received cash attributable to such original issue discount in such year.

Owners of OID Bonds should consult their personal tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to such OID Bonds, other tax consequences of owning OID Bonds and other state and local tax consequences of holding such OID Bonds.

Original Issue Premium

The excess, if any, of the tax basis of any maturity of the Bonds to a purchaser (other than a purchaser who holds such Bonds as inventory, stock in trade or for the sale to customers in the ordinary course of business) over the amount payable at maturity is "bond premium." Bond premium is amortized over the term of the Bonds for federal income tax purposes (or in the case of a Bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such obligation). Owners of such Bonds are required to decrease their adjusted basis in such Bonds by the amount of amortizable bond premium attributable to each taxable year such Bonds are held. The amortizable bond premium on such Bonds attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to qualified stated interest received on such Bonds.

Owners of the Bonds with bond premium should consult their personal tax advisors with respect to all matters relating to such premium.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments made after March 31, 2007 to any owner of a Bond who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any owner of a Bond who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of interest on the Bonds from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Effects of Future Enforcement, Regulatory and Legislative Actions

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Bonds, the IRS will, under its current procedures, treat the Authority as the taxpayer. As such, the beneficial owners of the Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes.

The U.S. Department of the Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code and court proceedings may be filed the outcome of which could modify the federal or state tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Bonds, regulatory interpretation of the Code or actions by a court involving either the Bonds or other tax-exempt obligations will not have an adverse effect on the Bonds' federal or state tax status, marketability or market price of the Bonds or on the economic value of the tax-exempt status of the interest on the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Opinion of Bond Counsel - Virginia Income Tax Consequences

The opinion of Bond Counsel will also state that, under current law, the income on the Bonds, including any profit made on the sale thereof, is exempt from all taxation by the Commonwealth or any political subdivision thereof. Bond Counsel will express no opinion regarding (i) other Virginia tax consequences arising with respect to the Bonds or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than Virginia. Prospective purchasers of the Bonds should consult their own tax advisors regarding the tax status of interest and other income on the Bonds in a particular state or local jurisdiction other than Virginia.

FINANCIAL STATEMENTS

The financial statements of the School included in Appendix B have been audited by McGladrey LLP, independent auditor, to the extent and for the periods indicated in their report also included in Appendix B. McGladrey LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. McGladrey LLP also has not performed any procedures relating to this Official Statement.

LEGALITY

Certain legal matters relating to the authorization, issuance and sale of the Bonds are subject to the approving opinion of McGuireWoods LLP, Richmond, Virginia, Bond Counsel. This opinion will be available at the time of delivery of the Bonds. Bond Counsel's opinion will be limited to matters relating to the authorization and validity of the Bonds and to the exemption of interest on the Bonds from taxation under current federal and Virginia income tax laws. The opinion makes no statement as to the ability of the Authority or the School to provide for payment of the Bonds or as to the accuracy or completeness of this Official Statement.

Certain legal matters will be passed on for the Authority by McGuireWoods LLP, McLean, Virginia, for the School by McGuireWoods LLP, Richmond, Virginia, and for the Underwriter by Hunton & Williams LLP, Richmond, Virginia.

LITIGATION

There is no litigation of any nature to which the Authority is a party pending or, to the knowledge of the Authority, threatened against it to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings taken with respect to their issuance or sale, or in any way contesting or affecting the validity of or application of the money or the security provided for the Bonds.

In the opinion of the School's administration, there are no legal actions pending or threatened against the School which, even if adversely determined against the School, would have a material adverse effect on the School's financial position or future operations.

CERTAIN RELATIONSHIPS

McGuireWoods LLP, Bond Counsel, is also serving as counsel to the Authority and the School in connection with the offering of the Bonds. With the consent of the School and the Authority, McGuireWoods LLP, has been engaged as Bond Counsel to provide an objective opinion for the benefit of the Bondholders regarding the validity and tax-exempt status of the Bonds, under the suggested guidelines of the National Association of Bond Lawyers set forth in "The Function and Professional Responsibilities of Bond Counsel." McGuireWoods LLP has also served as counsel to the Underwriter and the Trustee in transactions unrelated to the offering of the Bonds. Hunton & Williams LLP, counsel to the Underwriter, has served as counsel to the Trustee in transactions unrelated to the offering of the Bonds.

Mr. H. Winston Holt IV, member of the School's Board of Trustees, is a Limited Partner of Maverick Capital. Maverick Capital serves as the investment manager to Maverick Stable Fund, Ltd., which is one of the funds in which the School holds investments. See the section "**Investments**" in Appendix A.

CONTINUING DISCLOSURE

General

The School has undertaken, pursuant to a Continuing Disclosure Agreement dated as of October 1, 2014 (the "Continuing Disclosure Agreement"), to comply with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC"), by covenanting, as long as the Bonds are outstanding, to (1) provide certain Annual Financial Information, as defined below, and (2) make public the occurrence of certain events required by the Rule. See **"Summary of Continuing Disclosure Agreement"** below. Such undertaking (the "Undertaking") requires the School to provide only limited information at specified times and may not provide sufficient data to value the Bonds at any particular time. In connection with the Series 2005 Bonds, the Series 2010 Bonds, and the Series 2012 Bonds, the School undertook to provide Annual Financial Information within 270 days of each of its fiscal years. Certain Annual Financial Information with regard to the Rule for the fiscal years ended 2010 and 2013 was not filed in a timely manner or was not correctly indexed. As of the date hereof, the School believes it has provided the required financial information for such fiscal years to the required depository and has instituted procedures to ensure that the required information is filed in a timely manner in future years.

Pursuant to the Indenture and the Continuing Disclosure Agreement, the right of the Trustee and/or the holders of the Bonds to enforce the Undertaking is limited to the right to obtain specific performance of the School's obligations under the Undertaking. Any failure of the School to comply with its obligations will not give rise to an Event of Default under either the Indenture or the Financing Agreement.

Summary of Continuing Disclosure Agreement

Pursuant to the Continuing Disclosure Agreement, the School will (1) provide or cause to be provided certain Annual Financial Information (defined below), and (2) make public or cause to be made public the occurrence of certain material events described below.

"Annual Financial Information" consists of: (1) financial statements which are prepared annually in accordance with generally accepted accounting principles as in effect from time to time consistently applied, and audited by an independent certified public accountant or firm of such accountants in accordance with generally accepted accounting standards as in effect from time to time, and (2) the financial information and operating data generally of the type contained under the sections **"Enrollment Data," "Comprehensive Fee," "Financial Aid," "Statement of Unrestricted Net Asset Activity," "Net Assets Released from Restrictions," "Investment Income," "Gifts to the School"** and **"Net Assets"** as they all appear in Appendix A to this Official Statement, which information may be contained in the audited financial statements.

Pursuant to the Undertaking, the School will make public or cause to be made public, in a timely manner, not in excess of 10 business days, notice of the following events with respect to the Bonds (each, an "Event Notice"): (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds or other material events affecting the tax-exempt status of the Bonds; (f) modifications to rights of Holders, if material; (g) bond calls, if material, and tender offers; (h) defeasances; (i) release, substitution, or sale of property securing repayment of the Bonds, if material; (j) rating changes;

(k) bankruptcy, insolvency, receivership or similar event of the School;* (l) the consummation of a merger, consolidation, or acquisition involving the School or the sale of all or substantially all of the assets of the School, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement to any such actions, other than pursuant to its terms, if material; (m) appointment of a successor or additional trustee or the change of name of a trustee, if material; and (n) the failure of the School on or before the date required by this Disclosure Agreement to provide Annual Financial Information to the persons and in the manner required by this Disclosure Agreement; provided that nothing in this paragraph shall require the School to maintain any debt service reserve, credit enhancement or credit or liquidity providers with respect to the Bonds or to pledge any property as security for repayment of the Bonds.

For purposes of the Undertaking, information will be deemed to be "made public" if transmitted to the Municipal Securities Rulemaking Board ("MSRB"), for publication on the Electronic Municipal Market Access System ("EMMA"). The MSRB can be contacted as follows:

Municipal Securities
Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Phone: (703) 797-6600
Fax: (703) 792-6704
www.msrb.org

Investors and other interested parties may contact the MSRB for additional information concerning their services. The School makes no representation as to the scope of the services provided to the secondary market by the MSRB or as to the costs for the provision of such services by the MSRB.

Notwithstanding anything contained in this Official Statement or in any of the financing documents to the contrary, including the provisions prohibiting certain amendments to the Indenture and the Financing Agreement without the consent of Bondholders, the Undertaking may be amended by the School provided that the School provides to the Underwriter an opinion of counsel to the effect that the execution and delivery of such amendment is permitted or required by the Rule. The School's duties under the Undertaking shall cease at any time the School's obligation to make payments with respect to the Bonds has been discharged in full whether due to maturity, redemption or defeasance or otherwise.

MISCELLANEOUS

The references in this Official Statement to the Indenture, the Financing Agreement, the School's Note, the Continuing Disclosure Agreement and other materials and documents are only brief outlines of certain of their provisions and do not purport to summarize or describe all their provisions. For further information, reference is made to such instruments, materials and documents for their complete provisions. Copies are available for inspection at the offices of the School.

Except with respect to the sections **"THE AUTHORITY," "TAX MATTERS," "BONDS ELIGIBLE FOR INVESTMENT AND SECURITY FOR PUBLIC DEPOSIT," "UNDERWRITING,"** and **"LEGALITY,"** and the first paragraph in the section **"LITIGATION"** and the sections summarizing the financial documents, all information in this Official Statement and in the Appendices has been furnished by the School. Such information has been reviewed and approved by representatives of the School for use in this Official Statement. The Authority and the Underwriter assume no responsibility for the accuracy or completeness of such information.

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* The event is considered to occur (but is not limited to the following events) when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the School, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court of governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School.

The execution of this Official Statement has been duly authorized by the Authority. The Authority has deemed this Official Statement "final" within the meaning of the Rule.

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA

By: /s/ Mark C. Williams
Chairman

Approved:

PROTESTANT EPISCOPAL HIGH SCHOOL IN VIRGINIA

By: /s/ F. Robertson Hershey
President

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APPENDIX A

PROTESTANT EPISCOPAL HIGH SCHOOL IN VIRGINIA

APPENDIX A

PROTESTANT EPISCOPAL HIGH SCHOOL IN VIRGINIA

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PROTESTANT EPISCOPAL HIGH SCHOOL IN VIRGINIA

School Background

Protestant Episcopal High School in Virginia ("Episcopal" or the "School"), founded in 1839, is a college preparatory boarding school (grades 9-12), located on a 135-acre campus in the City of Alexandria, Virginia, approximately seven miles from Washington, D.C. Originally founded as an all-boys school, the School became co-educational in 1991. The School's academic facilities include six buildings with 48 classrooms, a fully computerized Library Media Center, computer laboratories, an art facility (including fine arts studios, dance studios, and an auditorium and theater which opened in 2003), a science center (including eight expansive laboratories, a lecture room and a science library which opened in 2005), and a school store. The School completed construction of Townsend Hall in 2013 which houses 17 classrooms and a new kitchen facility. Residential facilities are composed of seven dormitories with approximately 441 beds, a dining room, several lounges, an infirmary and the Patrick Henry Callaway Chapel. Athletic facilities include a 2800-seat outdoor stadium, field house, gymnasium with a weight/fitness room and wrestling area, twelve tennis courts, outdoor pool, nine squash courts, seven playing fields, and an outdoor track. A 60,000 square foot athletic facility was completed in 2010, which added two full-size basketball courts, a fitness center, locker facilities, team meeting rooms, a Hall of Fame and offices for the athletic department. The School's implementation of additional projects is contingent upon, among other items, the future needs of the School, successful fundraising, continued student recruitment and retention, available resources and approval by the Board of Trustees.

During its 173-year history, the School has grown and developed under eleven headmasters. The first headmaster, William N. Pendleton, opened the doors of the School in the fall of 1839. The current headmaster, F. Robertson Hershey, was appointed in July 1998.

Since its opening in 1839 the School's curriculum has expanded, its student body has diversified and its buildings and other facilities have been modernized, but the School's mission has not changed. Founded on a tradition of honor and the pursuit of self-discovery, the School engages students in a challenging college preparatory education. The School's mission is to foster empathy and responsibility for self and others through a commitment to spiritual inquiry and growth in a fully residential community. Students are encouraged to think creatively, work collaboratively, develop individual passions, and celebrate the talents of others. Sharing diverse life experiences, ideas and values, students learn humility, resilience, and mutual respect. Through access to the educational and cultural resources of the nation's capital, students are inspired to understand and embrace a changing world. Together, faculty and students take initiative as informed citizens and environmental stewards. The School strives to prepare young people to become discerning individuals with the intellectual and moral courage to lead principled lives of leadership and service to others.

For the fall 2013 semester, the student body at the School numbered 452 (227 boys and 225 girls), representing 29 states and 17 foreign countries. The School has an active financial aid program primarily based on need and expects to provide in the current year some type of financial assistance to 35% of the student body, totaling approximately $5,090,000. See **"Financial Aid"** herein.

Recently Completed Capital Projects and Campaign

In November 2009 the School initiated an $85 million fundraising campaign entitled the EHS Promise Campaign (the "Promise Campaign"). The primary goals of the Promise Campaign were to raise funds to provide additional scholarship support for middle-income families, to increase the availability of campus housing for Episcopal's faculty and to pay for certain capital projects. The School raised $87,422,592 in cash and pledges, surpassing its goal for the Promise Campaign. The campaign was completed in June 2013. The following table represents cash and pledges raised as part of the Promise Campaign:

		Raised		
	Goal	**Cash**	**Pledges**	**Total**
Capital Projects	$59,500,000	$51,502,802	$5,822,500	$57,325,302
Endowment	15,500,000	17,760,473	1,929,225	19,689,698
Roll Call	10,000,000	10,407,592	-	10,407,592
Total	$85,000,000	$79,670,867	$7,751,725	$87,422,592

The School has used proceeds of the Promise Campaign to construct, renovate and expand its athletic complex, including significant improvements to Centennial Gymnasium and Flippin Field House; to renovate the David H. March Library; to expand Penick Hall, the School's admissions and development building; to renovate and expand Townsend Hall, the School's main academic building, consisting of 17 classrooms spread out over two floors as well as a new kitchen and service area; and to convert the School's old bookstore building into four new faculty apartments.

Upcoming Capital Campaign

The School is in the preliminary stages of planning its next capital campaign. The focus of the next campaign will likely be towards raising endowment funds. However the School has identified the following capital needs on its campus that may be funded through the next campaign:

Project	**Projected Cost**
Student Center	$7M to $10M
Health Center Renovation	$2.5M
Chapel Enhancements	$1.5M
Hoxton House Preservation	$2.0M
Track Replacement	$1.0M
Climbing Facility	$1M to $2M

Officers and Board of Trustees

The School was separated from the Virginia Theological Seminary and became incorporated as the Protestant Episcopal High School in Virginia on July 12, 1923. In the 91 years since its incorporation as a separate entity, the School has continued to operate under the leadership of its Board of Trustees (the "Board").

The School has four officers who are members of the Board. The Chairman and Vice Chairman of the Board are elected from among the current Trustees. The Headmaster of the School, F. Robertson Hershey serves as President and William H. de Butts III has been appointed the Secretary/Treasurer, which position traditionally is appointed from among the school administrators.

At the present time, the Board consists of twenty-nine (29) Trustees: twenty-four (24) elected and five (5) ex-officio. In accordance with the current bylaws, each of the elected Trustees may serve at least one term of three years and is eligible, after the first term, for re-election to a second term of three years. Thereafter, the Trustee must wait for one year before becoming eligible for re-election to another term. The ex-officio Trustees include the Chairman of the Board and certain diocesan bishops of the Episcopal Church. The Secretary/Treasurer of the corporation currently serves as Secretary of the Board. The Board currently has six standing committees, an Executive Committee, a Nominations and Governance Committee, a Building and Grounds Committee, a Finance Committee, an Advancement Committee and an Investment Committee. Ad-hoc committees are appointed from time to time. The Executive Committee consists of the Board's Chairman, the chairs of the other five standing committees, the chairs of any ad-hoc committees and two at-large appointments. The Executive Committee exercises all the powers of the Board during intervals between Board meetings.

In addition to the Headmaster of the School/President and the Secretary/Treasurer who are described below in "Administration," the names of the current Trustees, their residences, and their occupations are as follows:

Trustee/Function	Term Expires June 30	Occupation	City & State
Lee S. Ainslie III	2017	Managing Partner, Maverick Capital	New York, NY
Alicia R. Alford	2017	Civic Leader	Jacksonville, NC
Mr. Attison L. Barnes III	2016	Partner, Wiley Rein, LLP	Alexandria, VA
Mr. Richard M. Berkeley	2016	Venture Partner, Camden Partners Holding, LLC	Baltimore, MD
Mr. Alexander H. Bocock	2015	VP of Investor Relations, Red Leaf Resources	Salt Lake City, UT

Trustee/Function	Term Expires June 30	Occupation	City & State
Mr. Abney S. Boxley III	2015	President and CEO, Boxley Materials Company	Roanoke, VA
Robert W. "Toby" Chambers III	2017	Managing Director, Roark Capital Group	Atlanta, GA
Mr. William R. "Bud" Cox III	2015	Head of the Upper School, Poly Prep Country Day School	Brooklyn, NY
John C. Glover	2017	President, Harris Wholesale, Inc.	Raleigh, NC
Mrs. N. Peryn H. Graham	2015	Business Analyst, Velocity Solutions, Inc.	Wilmington, NC
The Rt. Rev. Herman Hollerith IV	*	Bishop, Episcopal Diocese of Southern Virginia	Williamsburg, VA
Mr. H. Winston Holt IV	2015	Limited Partner, Maverick Capital	Darien, CT
Mr. Michael M. Holt	2016	COO, The Buckner Companies	Burlington, NC
Dr. Christopher B. Howard	2015	President, Hampden-Sydney College	Hampden-Sydney, VA
Ms. Lisa G. Huffines	2017	Civic Leader	New York, NY
The Rt. Rev. Shannon Sherwood Johnston	*	Bishop, Episcopal Diocese of Virginia	Richmond, VA
Mr. Alexander S. Jones	2015	Director, John F. Kennedy School for Government at Harvard University	Cambridge, MA
Mr. S. John Kim	2016	Partner, Financial Services Practice, Heidrick & Struggles Intl., Inc.	Englewood, NJ
Ms. Sarah Akridge Knutson**	2016	Vice President Development, Akridge	Alexandria, VA
Mr. Bailey W. Patrick, Chairman**	*	Managing Partner, Merrifield Patrick Vermillion	Charlotte, NC
Mr. William R. Peelle, Jr. **	2015	Principal, Bradley, Foster and Sargent, Inc.	West Hartford, CT

Administration

F. Robertson Hershey, Headmaster (66) - Mr. Hershey was appointed to the position of Headmaster of Episcopal High School in July 1998. A graduate of The Collegiate School in Richmond, Virginia, Mr. Hershey attended Williams College in Williamstown, Massachusetts, where he was an economics major. Mr. Hershey received his masters degree in education from the University of Virginia in 1975.

He began his independent school teaching career in 1970 as a teacher of history and economics and varsity basketball coach at Woodberry Forest School in Orange, Virginia. During his tenure there (1970-78), he served successively as Director of Student Life, Director of Admissions, Assistant Headmaster, and Associate Headmaster. In 1978 Mr. Hershey was appointed Headmaster of Durham Academy, Durham, North Carolina. He resigned his position at Durham Academy in June 1988 to accept the appointment of Headmaster/President of The Collegiate School, where he served until 1998.

Mr. Hershey has served in the following capacities: North Carolina Association of Independent Schools, President (1986-1988), Board (1984-88); Virginia Association of Independent Schools (VAIS), Board, 1995-2010, Executive Committee, 2006-2009, President (2006-2008); Independent Education, Board (2000-2004); The Association of Boarding Schools (TABS), Board Chair, 2008-2012, Board (2002-2012); Center for the Study of Boys' and Girls' Lives, Board, 2002-2010, President (2006-2008); Carney, Sandoe and Associates, Educational Advisory Committee (1999-present).

Mary S. Fielder, Assistant Head for Academics (48) - Ms. Fielder is a graduate of Princeton University with a bachelor of arts degree in history, and from Catholic University with a master of arts degree in religion and culture. In her early career, Ms. Fielder taught for eight years at two boarding schools, Fountain Valley School (CO) and the Madeira School (VA). She then went on to Lovett School (GA), where she served as Chair of the History Department and subsequently as Academic Dean. Ms. Fielder then returned to the Washington area where she served as Director of Studies at Georgetown Day School (D.C.) for five years. Ms. Fielder joined the faculty at Episcopal in 2010 as the Assistant Head for Academics.

Timothy C. Jaeger, Assistant Head for Student Life (50) – Mr. Jaeger graduated cum laude from Middlebury College and received a master's degree from the University of Massachusetts in sports administration. Prior to joining the School, he taught English and coached varsity baseball and junior varsity basketball at Williston Northampton School in Easthampton, Massachusetts. He joined the faculty of the School in 1996, where he taught English, coached the varsity basketball team, and served as Athletic Director for six years. In 2005, he was appointed Assistant Head for Student Life.

Christina M. Holt, Director of Institutional Advancement (47) - After serving six years as Episcopal's Director of Communications and three years as a Major Gifts Officer, Ms. Holt was appointed Director of Institutional Advancement in 2013. She is responsible for all development, communications, and alumni and parent programs. Prior to joining the School, she worked in the public information arena as a consultant to government agencies and on Capitol Hill. An advocate of community engagement, she has served in numerous governance capacities, including three terms as president of the board of trustees of an independent day school. She came to the Washington, D.C., area in 1990 after serving in Ecuador as a U.S. Peace Corps volunteer. She has recently completed her certificate in business administration from Georgetown University.

Scott R. Conklin, Director of Admissions (41) – Mr. Conklin graduated from Princeton University in 1995 with a bachelor's degree in psychology, and he earned his master's degree in school psychology from Towson University in 2003. Prior to coming to the School, he spent 11 years at St. Paul's School in Baltimore. He was named Director of Admissions in 2012.

William H. de Butts, III, Chief Financial Officer (56) – Mr. de Butts graduated from the School in 1976. He earned a bachelor of arts degree in history from Princeton University in 1980. He received his masters in business administration from the Darden Graduate School of Business Administration at the University of Virginia in 1992. He has held senior management positions for several corporations, both domestically and abroad, in the for profit sector. Mr. de Butts served on the Board of Trustees of the School from the Fall of 2000 until his appointment as Chief Financial Officer of the School in 2005.

Faculty and Staff

The School's full-time faculty, staff and administrative personnel total approximately 145 persons, of whom 65 are teaching faculty. Approximately 85% of the full-time teaching faculty holds advanced degrees, including four doctorates and 51 master's degrees. The student-faculty ratio is approximately 8:1. There are no labor unions on campus and the School believes it enjoys a favorable labor environment. The School has not experienced any unusual turnover in its faculty. The School believes its compensation package for faculty and staff is competitive with other boarding schools.

Enrollment Data

The School projects a total enrollment of 459 for the Fall of 2014 but assumed an enrollment of 430 in preparing the budget for the fiscal year 2014-15. The following table presents the enrollments by class for the 2009-10 through 2013-14 academic years:

Grades	2009-10	2010-11	2011-12	2012-13	2013-14
9	104	103	96	100	78
10	120	116	123	125	124
11	114	121	114	124	131
12	103	109	111	99	119
Total	441	449	444	448	452

In academic year 2012-13 the School shifted to a gender ratio of 50% boys and 50% girls. In the past approximately 55% of the enrolled students were boys and 45% were girls. The above figures include non-resident children of faculty, approximately 8-12 students each year.

The following table presents data on student applications, acceptances and matriculations for 2009-10 through 2014-15 academic years:

Academic Year	Applications	Acceptances	%	Matriculation	%
2009-10	582	248	42.6	149	60.0
2010-11	537	237	44.1	138	58.2
2011-12	581	249	42.9	139	55.8
2012-13	585	246	42.0	147	59.7
2013-14	520	228	43.8	124	54.3
2014-15	580	246	42.4	139	56.5

The following table presents a breakdown of the School's new students by class for the 2009-10 through 2013-14 academic years:

Grades	2009-10	2010-11	2011-12	2012-13	2013-14
9	104	103	96	100	78
10	33	23	32	34	32
11	11	11	10	10	13
12	1	1	1	3	1
Total	149	138	139	147	124

Graduates

The School has graduated the following number of students in the last five academic years:

Academic Year	Graduates
2009-10	103
2010-11	106
2011-12	105
2012-13	96
2013-14	117

Student Retention

The School has not experienced any unusual level of student attrition in any particular grade. The School, like other private boarding secondary schools, does experience a degree of attrition due to changes in the students' economic status or other events outside the control of the School. In academic year 2011-2012, total attrition was approximately 3.2% (11 students), in 2012-2013 approximately 2.9% (10 students), in 2013-2014 approximately 1% (3 students), and in 2014-15 less than 1% (1 student). The national average attrition rate among boarding schools is approximately 12%. The School has been successful in recruiting students to replace those who leave the School and has not experienced a shortfall in its total enrollment.

Student Home Residence

For the academic years 2011-12 through 2013-14, the state composition of the students' home residences was as follows:

2011-12	Number of Students	2012-13	Number of Students	2013-14	Number of Students
Virginia	133	Virginia	131	Virginia	136
North Carolina	65	North Carolina	55	North Carolina	47
New York	44	New York	46	New York	40
Maryland	26	Maryland	25	Maryland	26
South Carolina	20	New Jersey	22	New Jersey	22
New Jersey	20	South Carolina	19	South Carolina	19
Other States	97	Other States	108	Other States	110
International	39	International	42	International	52
Total	444	Total	448	Total	452

The School currently expects that the students projected to enroll in the Fall of 2014 will derive from similar states as shown in the above table. The School has made an increased effort in the past few years to boost recruiting efforts outside the Commonwealth of Virginia in order to increase the total applicant pool and to decrease the School's reliance on new students from within the Commonwealth of Virginia.

Competing Schools

Woodberry Forest, Lawrenceville, St. Andrew's, Deerfield, The Taft School and Hotchkiss have been the primary schools with whom the School has competed for students. The type of secondary school, its 2013-2014 boarding enrollment and the amount of tuition for these schools are shown below:

School	Enrollment Type	2013-14 Tuition & Fees	2013-14 Boarding Enrollment
Episcopal High School	Co-Educational	$47,850	452
Deerfield	Co-Educational	50,100	560
The Taft School	Co-Educational	50,300	470
Hotchkiss	Co-Educational	48,765	558
Lawrenceville	Co-Educational	53,320	555
St. Andrews	Co-Educational	51,500	298
Woodberry Forest	All Boys	48,500	408

Comprehensive Fee

The School's comprehensive fee, including student tuition, room and board, for the ten-year period beginning with the academic year 2006-07 and ending with the academic year 2014-15 is shown below:

Academic Year	Comprehensive Fee
2006-07	$35,650
2007-08	38,200
2008-09	40,875
2009-10	42,000
2010-11	43,575
2011-12	45,300
2012-13	46,600
2013-14	47,850
2014-15	49,700

Financial Aid

The School subscribes to the goals, basic principles and philosophy of the School and Student Service (SSS) for Financial Aid, a service conducted by the Educational Testing Service (ETS) of Princeton, New Jersey and patterned after the College Scholarship Service. Financial Aid Grants are determined primarily by the financial need of the applying family. Upon receipt of a Report of Financial Need (RFN) from the Princeton Service and a copy of the parents' IRS Form 1040, financial aid is then awarded based on the difference between the parents' financial ability to contribute and the total anticipated educational expenses at the School.

The Board's policy is to fund financial aid at least equal to 25% of the School's gross tuition revenue. The School funds its financial aid from a combination of its long-term investments, operations and fundraising. For the academic year 2009-2010, total financial aid, excluding tuition remission, was $4,135,871, for 2010-2011, $4,543,539, for 2011-2012, $4,393,987, for 2012-13, $4,561,572 and 2013-14, $5,092,932.[*] Approximately 3% of the annual financial aid is designated for merit awards. For the academic year 2014-2015, the Board has approved need-based financial aid of approximately $5,381,000, benefitting approximately 33% of enrolled students, and has budgeted $5,571,300 for financial aid in 2014-2015.

Dormitories

The School currently has seven dormitories, which can house up to a total of 441 students. For at least the last 25 years the dormitories have been at full capacity. Although the School's student body exceeds 441 students, those additional students are children of faculty members and live with their parents.

College Enrollment

Episcopal graduates attend major colleges and universities across the nation after receiving extensive counseling from the College Placement Office. The mean SAT scores for the School and for the nation are presented below:

SAT Scores

	EHS				National
Year	**Writing**	**Verbal**	**Math**	**Total**	**Average**
2009	639	623	632	1,895	1,509
2010	664	635	636	1,935	1,509
2011	642	634	634	1,910	1,500
2012	633	626	622	1,881	1,498
2013	617	612	629	1,858	1,498
2014	612	606	620	1,838	1,498

In the Spring of 2013, 192 students enrolled in 25 Advanced Placement courses and took 513 Advanced Placement exams. There were 424 exams (83%) with scores of three (3) or better. Depending on enrollment policies of the college or university, students may receive college academic credit for Advanced Placement scores of 3 or better.

Graduates from the graduating classes of 2010-2013 (410 students) attended 125 different colleges and universities across the nation. Although graduates of the School apply to many different institutions of higher education, the following institutions have enrolled the largest number of Episcopal graduates since 2010:

[*] In the financial statements for fiscal years 2010 and earlier, the School classified tuition remission for the children of certain faculty as an operating expense. In the financial statements for fiscal year 2011 and thereafter, the School included tuition remission in the financial aid grants deducted from tuition and fees revenue. See "Statement of Unrestricted Net Asset Activity" below.

College/University	Number
University of Virginia	41
University of North Carolina	27
Washington & Lee University	20
University of the South	17
University of South Carolina	12
Wake Forest University	10
College of William & Mary	10
University of Georgia	9
Trinity College	8

Financial Statements

The School's financial statements are prepared in accordance with generally accepted accounting principles. The financial statements for the School for the fiscal year ended June 30, 2013 (including the notes thereto), and the independent auditors' report thereon of McGladrey LLP, independent certified public accountants, are presented in Appendix B of this Official Statement.

The School's financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification. As required by the Non-Profit Entities Topic of the Codification, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted net assets, and permanently restricted net assets.

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

Unrestricted net assets - Net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets - Net assets that result from contributions whose use is limited by donor-imposed stipulations that are fulfilled and removed by actions of the School pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets - Net assets that result from contributions subject to donor-imposed stipulations that they be maintained permanently by the School. Generally, the donors of these assets permit the School to use all of the income earned on related investments for general or specific purposes.

Tuition revenue is recognized ratably over the academic period. Revenue from summer programs is recognized in full in the fiscal year in which the program ends.

Perpetual trusts held by third parties are recorded as permanently restricted support as to principal in the year the assets are placed in trust. These trusts are valued based on the School's interest in the trust, as well as the fair market value of the trust as of the School's fiscal year end. The change in balance from year to year for both perpetual trusts and other split interest agreements is recorded as "change in value of split interest agreements."

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. All donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

The preparation of financial statements requires management 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 the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Investments in equity securities with readily determinable fair values and all investments in debt securities are reflected at fair market value. To adjust the carrying value of these securities, the change in fair market value is recorded as a component of investment income in the statement of activities.

The School invests in limited partnerships, limited liability companies, and alternative funds that invest in various derivative instruments (e.g. options, warrants, futures, swap contracts, etc.). Management uses its best judgment to estimate the fair value of the underlying assets for those investments. Derivative instruments are typically held to advance fund investment strategies to hedge investment risk to economically meet the objectives of the fund.

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Statement of Unrestricted Net Asset Activity

Set forth below is a summary of the School's Statements of Unrestricted Net Asset Activity for the fiscal years ended June 30, 2009 through 2013 that have been derived from the School's audited financial statements for such years. The audited financial statements of the School for the fiscal year ended June 30, 2013 (including the notes thereto), and the report of McGladrey LLP thereon, are presented in Appendix B to this Official Statement.

	Fiscal Years Ended June 30,				
	2009	**2010**	**2011**	**2012**	**2013**
Revenue and support:					
Tuition and fees	$17,732,240	$18,449,443	$19,170,724	$19,915,013	$20,713,700
Less: Financial aid grants	(3,863,704)	(4,135,871)	(4,804,989)	(4,699,762)	(4,876,122)
Net tuition and fees	$13,868,536	$14,313,572	$14,365,735	$15,215,251	$15,837,578
Investment income (loss), net of expenses	(5,383,242)	4,875,207	7,175,145	3,462,744	7,351,567
Contributions and gifts	3,628,177	2,835,268	4,452,553	3,040,604	5,997,967
Change in value of split-interest Agreements	-	-	(16,917)	-	122,782
Summer program revenues	338,945	319,187	470,561	548,883	378,284
Other revenue	437,342	443,658	329,430	329,874	107,168
Total revenues and support before transfers and releases from restrictions	$12,889,758	$22,786,892	$26,776,507	$22,597,356	$29,795,346
Transfers between net asset classes	(141,149)	-	-	-	-
Net assets released from restrictions	17,822,777	14,823,959	15,845,830	7,489,160	8,958,597
Total revenues and support	$30,571,386	$37,610,851	$42,622,337	$30,086,516	$38,753,943
Expenses:					
Program services:					
Educational services:					
Instruction	$ 7,110,007	$ 7,185,747	$ 7,392,821	$7,573,645	$7,836,657
Other educational services	4,078,225	3,936,160	4,002,527	4,105,791	4,366,967
Summer programs	355,811	388,792	430,447	451,680	466,777
Plant service	9,538,119	9,388,481	10,773,153	11,248,936	10,918,902
Total program services	$21,082,162	$20,899,180	$22,598,948	$23,380,052	$23,589,303
Support services:					
Administration and general	3,636,191	3,460,303	3,432,235	3,519,083	3,878,959
Fundraising	1,138,276	1,410,873	1,490,624	1,567,027	1,546,165
Total expenses	$25,856,629	$25,770,356	$27,521,807	$28,466,162	$29,014,427
Change in net assets	$ 4,714,757	$11,840,495	$15,100,530	$1,620,354	$9,739,516
Net assets at beginning of year	$73,944,962	$78,659,719	$90,500,214	$105,600,744	$107,221,098
Net assets at end of year	$78,659,719	$90,500,214	$105,600,744	$107,221,098	$116,960,614

School's Discussion of Financial Results and Operation

Fiscal Year Ended June 30, 2009. In fiscal year 2009, the School's net tuition and fees increased approximately 5.7% over fiscal year 2008. Gross tuition increased approximately 6.7% and student attrition remained low. Overall expenses were stable with an increase of approximately 1.7% over the previous year. The School recorded increased Net Assets Released from Restrictions of approximately $17,800,000 related to capital gift collections from funds previously recorded as Temporarily Restricted Net Assets and from the endowment draw. The School suffered a loss to investments of approximately $5,400,000 due to the decreased value of the endowment as of June 30, 2009.

Fiscal Year Ended June 30, 2010. In fiscal year 2010, net tuition and fees remained stable, with an increase of approximately 3.2% over fiscal year 2009. Investment income bounced back strongly after the downturn in 2008 and 2009. Overall expenses were essentially flat over the previous year. The School recorded increased Net Assets Released from Restrictions of approximately $14,800,000 related to capital gift collections from funds previously recorded as Temporarily Restricted Net Assets and from the endowment draw.

Fiscal Year Ended June 30, 2011. In fiscal year 2011, net tuition and fees remained essentially flat over fiscal year 2010. The main reason for this was that the School allocated more funds than usual to financial aid to address a senior class that had a disproportionate percentage of students receiving financial aid. The School's endowment continued its rebound and was close to returning to pre-recession levels. Overall expenses increased by approximately 6.7% over the previous year, due in large part to increased depreciation expense on the roughly $40M in new projects placed in service during the year. The School recorded increased Net Assets Released from Restrictions of approximately $15,800,000 related to capital gift collections from funds previously recorded as Temporarily Restricted Net Assets and from the endowment draw. The School's unrestricted net assets surpassed the $100M mark for the first time. The School received increased contributions due to a mini-campaign to name the renovated academic building "Townsend Hall," in honor of the School's long time Chairman of the Board who stepped down in 2011.

Fiscal Year Ended June 30, 2012. In fiscal year 2012, net tuition and fees increased 5.9% over fiscal year 2011, due to tuition increases and a reduction of financial aid back to more normal levels. The School's endowment ended the year at its highest level ever, but investment income was approximately 51.7% lower than the previous years due to market conditions. Overall expenses increased by approximately 3.4% over the previous year. Unrestricted giving remained strong at just over $3M. Net assets released from restriction decreased as the School entered the end of its capital campaign and pledge collections began to slow down. Total unrestricted net assets increased slightly from the prior year.

Fiscal Year Ended June 30, 2013. In fiscal year 2013, net tuition and fees increased 4.1% over fiscal year 2012, due to tuition increases and a slight increase in the number of students. The School's endowment continued to perform well (+14.3% return) and ended the fiscal year at another record high level. Overall expenses increased by 1.9% over the previous year as the School continued to tightly monitor expense increases in the challenging economic environment. Unrestricted giving almost doubled from the prior year to just under $6M. Ending unrestricted net assets increased by 9.1% to just under $117M, a new high for the School.

Net Assets Released From Restrictions

The chart below shows the School's Net Assets Released from Restrictions for the fiscal years ended June 30, 2009 through 2013.

	Fiscal Years Ended June 30,				
	2009	**2010**	**2011**	**2012**	**2013**
Contributions receivable	$13,182,777	$9,735,959	$10,600,830	$4,154,500	$3,869,660
Purpose restricted gift	-	-	250,000	-	-
Unitrusts and annuities	-	-	-	-	1,081,719
Accumulated gains on endowment	4,640,000	5,088,000	4,995,000	3,334,660	4,007,218
Total transfers from temporarily restricted net assets	$17,822,777	$14,823,959	$15,845,830	$7,489,160	$8,958,597

Investment Income

For the fiscal years ended June 30, 2009 through 2013, the School has reported the following amounts of investment income:

	Fiscal Years Ended June 30,				
	2009	**2010**	**2011**	**2012**	**2013**
Unrestricted	($5,383,242)	$4,875,207	$7,175,145	$3,462,744	$7,351,567
Temporarily restricted	(7,378,193)	8,823,330	12,388,778	1,031,513	11,387,083
Permanently restricted	-	28,412	-	-	-
Total Investment Income	($12,761,435)	$13,726,949	$19,563,923	$4,494,257	$18,738,650

The sources of the investment income for the fiscal years ended June 30, 2009 through 2013 are as follows:

	Fiscal Years Ended June 30,				
Sources	**2009**	**2010**	**2011**	**2012**	**2013**
Interest and dividends	$4,152,668	$3,789,063	$4,563,535	$3,485,849	$4,597,787
Realized and unrealized gains (losses)	(16,914,103)	10,329,435	15,573,873	1,368,085	14,667,958
Investment Fees	-	(391,549)	(573,485)	(359,677)	(527,095)
Total	($12,761,435)	$13,726,949	$19,563,923	$4,494,257	$18,738,650

Gifts to the School

For the fiscal years ended June 30, 2009 through 2013, the School reported the following amounts as private gifts, grants and bequests:

	Fiscal Years Ended June 30,				
	2009	2010	2011	2012	2013
Unrestricted net assets	$3,628,177	$2,835,268	$4,452,553	$3,040,604	$5,997,967
Temporarily restricted net assets	2,921,046	3,424,946	6,777,739	1,501,815	2,560,922
Permanently restricted net assets	1,550,557	740,039	380,378	5,264,481	890,142
Total	$8,099,800	$7,000,253	$11,610,670	$9,806,900	$9,449,031

At June 30, 2009, 2010, 2011, 2012 and 2013 the School recorded gross Unconditional Promises to Give of $27,236,897, $20,258,344, $14,953,658, $12,516,797 and $9,810,145, respectively. As shown below, gross pledges have been discounted to the present value for gifts to be received more than one year in the future, and have been reduced by an amount equal to the School's expectation of the collection probability and the inherent credit risk of collecting any funds in the future. Total pledges have decreased in recent fiscal years due to the School receiving timely payments of its outstanding pledges from donors, resulting in decreases in its temporarily restricted assets.

	Fiscal Years Ended June 30,				
	2009	2010	2011	2012	2013
Gross pledges expected to be collected in:					
Less than one year	$11,180,717	$11,424,339	$5,039,551	$4,586,705	$4,108,403
One year to five years	14,501,982	7,003,005	8,555,507	6,273,992	3,975,807
More than five years	1,554,198	1,831,000	1,358,600	1,656,100	1,725,935
Total gross pledges	27,236,897	$20,258,344	$14,953,658	$12,516,797	$9,810,145
Less: Discount for present value	(899,879)	(572,101)	(592,454)	(1,916,446)	(1,836,114)
Less: Allowance for uncollectibles	(2,385,717)	(2,151,965)	(1,836,766)	(514,606)	(313,217)
Net contributions receivable	$23,951,301	$17,534,278	$12,524,438	$10,085,745	$7,660,814
Amount recorded in:					
Temporarily restricted net assets	$21,967,840	$15,656,827	$10,808,736	$7,729,594	$6,420,856
Permanently restricted net assets	$1,983,461	$1,877,451	$1,715,702	$2,356,151	$1,239,958

Shown below is the composition of cash gifts to the Annual Fund for fiscal years 2009 through 2013:

Fiscal Year	Alumni Giving	Other Donors	Total Annual Fund
2009	$1,542,978	$939,607	$2,482,585
2010	1,579,053	847,344	2,426,397
2011	1,545,182	998,806	2,543,988
2012	1,382,058	1,087,769	2,469,827
2013	1,419,304	1,185,352	2,604,656

Annual giving for the eleven-month period ended May 31, 2014 (cash and pledges) was approximately 10% higher than annual giving for the same time period ended May 31, 2013.

During this period of time, the level of alumni participation remained generally consistent, ranging from 43%-46% (as shown below).

Fiscal Year	Alumni Giving	Number of Alumni Gifts	Alumni Participation	Average Alumni Gift to Annual Fund
2009	$1,542,978	1794	41%	$860
2010	1,579,053	1860	43	849
2011	1,545,182	1793	43	862
2012	1,382,058	1845	46	749
2013	1,419,304	1840	45	771

Perpetual Trust

The School is a 5% beneficiary in perpetuity of the dividend and interest income earned by the Lettie Pate Evans Foundation. Although the market value of the assets in the Lettie Pate Evans Foundation fluctuates depending on the price of stock securities held by the Foundation and the market value of the School's 5% beneficial interest fluctuates accordingly (as reflected in the School's audited financial statements), such fluctuations historically have had minimal impact on the income distributed to the School. The School has recorded the following distributions from the Lettie Pate Evans Foundation as unrestricted income in the following fiscal years:

Fiscal Year	Amount Distributed	% Increase
2009	$2,580,754	-
2010	2,703,215	4.7%
2011	2,878,016	6.5%
2012	3,052,307	6.1%
2013	3,297,630	8.0%
2014	3,582,352	8.6%

Such funds are unrestricted and are used for various purposes at the School's discretion. In addition, the School has received other capital gifts from the Lettie Pate Evans and the Lettie Pate Whitehead Foundations.

Budget Information

The School views its budgeting process as a means to project the next year's fiscal operations with input from all levels of the School's administration. The budgeting process provides an opportunity to communicate the School's objectives to all employees and administration, establish responsibility for the budget at each level, and ensure that the budgeted activities are consistent with the School's short and long term objectives. The budgeting process begins in December of each fiscal year, and is finally approved by the Board of Trustees in April. Operational performance in comparison to the Budget is reviewed monthly by the administration and specific actions are taken to address variances from budgeted objectives, if necessary.

Below are the budgets adopted by the Board for fiscal years ending June 30, 2014 and 2015. The budgets below are based upon cash accrual and do not necessarily reflect generally accepted accounting principles. Administration believes actual results for fiscal year 2014 are at least consistent with the budget outlined below.

Budgets

	Fiscal Years Ending June 30,	
	2014	**2015**
Revenues:		
Gross Tuition	20,575,500	$21,520,100
Endowment Transfers	5,149,000	5,500,000
Special transfer for debt service	-	-
L. P. Evans	3,505,000	3,834,200
Annual Giving	2,759,000	2,869,464
Other Fees & Summer Programs	978,000	991,000
Total Revenues	$32,966,600	$34,714,764
Expenses:		
Salaries	10,876,800	$ 11,271,940
Benefits & Taxes	3,206,970	3,398,990
Financial Aid	5,063,600	5,571,300
General Institutional	2,797,020	3,019,330
Contract Services	2,676,110	2,848,000
Debt Service	2,494,400	2,490,000
PPRRSM & Capital Expend.	2,000,000	2,000,000
Instructional	1,838,410	2,054,600
Utilities	1,109,800	1,136,000
Plant	851,300	863,200
Total Expenses	$32,914,410	$34,653,360
Surplus	**$52,190**	**$61,404**

Investments

The School has an established investment policy which is managed by the Investment Committee of the School's Board of Trustees. The School adopted a comprehensive Statement of Investment Objectives and Policies in August 2000 which has subsequently been amended to reflect certain changes the latest of which was adopted on April 23, 2010. The Trustees have complete discretion to choose investment managers for the School's endowment funds. The School uses several independent managers who are given full investment discretion, consistent with the School's objectives and guidelines.

The primary investment objective is to provide stable and long term financial support for the School's operations at a level consistent with maintaining or increasing the real inflation adjusted purchasing power over time for the Consolidated Endowment Fund (the "Fund"). The School follows a total return concept in determining the contributions to be made by the Fund to the operation of the School. The School is authorized to use as operating income when needed, an amount from the total return of the Fund, up to a maximum of 5.0% of the three year rolling average market value of the Fund. The School has begun to reduce its draw rate by 10 basis points per year to reach its goal draw rate of 4.5% by fiscal year 2018.

The Investment Committee of the Board of Trustees reviews investment performance on a quarterly basis and performance of all managers is compared to major market indices including the S&P 500, Dow Jones Industrial Average, the Consumer Price Index, the Global Hedge Fund Research Index and the MSCI World index.

In order to achieve its objective, the Fund is managed against asset allocation ranges. The current investment policy reflects the following asset allocation ranges:

Marketable Equities	5-20%
Absolute Return	20-50%
Diversified Investments	20-50%
Cash	0-5%

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Fair market value of the School's investments as of June 30, 2010, 2011, 2012 and 2013 are summarized in the following table. The current value of corporate stocks and mutual funds is quoted at market price in an active exchange. The values for partnerships, limited liability companies, and alternative funds that are listed below are based on discussions with management.

	As of June 30,			
	2010 Fair Value	**2011 Fair Value**	**2012 Fair Value**	**2013 Fair Value**
Cash and cash reserve fund	$1,279,819	$1,609,961	$828,365	$1,374,832
Bridger Capital	-	-	-	-
King Street Capital, Ltd.	234,094	218,997	119,040	$129,395
Lone Cascade, L.P.	10,841,582	14,285,777	15,248,884	21,057,974
Lone Cedar Limited	5,310,060	6,633,894	7,251,621	7,154,183
Lone Pinion, Ltd.	703,168	860,375	985,987	949,667
Lone Tamarak	-	-	-	-
Makena Capital Associates, L.P.	14,737,969	17,173,931	17,362,350	27,236,313
Maverick Stable Fund, Ltd.	39,439,484	43,808,833	43,238,249	40,009,933
SAB Overseas Fund, Ltd.	435,267	239,340	79,331	44,830
Steadfast International, Ltd.	201,328	178,170	146,120	146,992
Swiftcurrent Offshore, Ltd. Class A	342,279	82,332	69,131	$70,428
TIFF Multi-Asset Fund	22,456,244	23,491,177	23,612,786	$24,342,759
Partnerships, Limited Liability Companies and Other Alternative Funds	$94,701,475	$106,972,826	$108,113,499	$121,142,474
Total Consolidated Endowment	$95,981,294	$108,582,787	$108,941,864	$122,517,306
Cash Surrender Value of Life Insurance	1,858,611	1,976,778	2,084,864	871,299
Corporate Stocks	282,562	376,650	413,818	-
Mutual Funds	858,794	1,023,945	539,887	673,632
Bonds	725,147	-	-	-
Cash and money market funds	38,735	31,785	21,875	10,525
Total Investments	$99,745,143	$111,982,945	$112,002,308	$124,072,762

The School estimates that the fair value of its consolidated endowment as of March 31, 2014 was $135,093,000, compared to $122,517,306 as of June 30, 2013.

The following table presents the School's rate of return on its endowment as of June 30, 2009, 2010, 2011, 2012 and 2013 and for the nine-month period ended March 31, 2014.

Rate of Return on Endowment

Fiscal Years Ended June 30,					Nine-month Period
2009	**2010**	**2011**	**2012**	**2013**	**Ending March 31, 2014**
(14.30%)	11.5%	16.8%	1.1%	14.3%	8.4%

Plant Assets

The following tabulation presents carrying values of the School's land, buildings, furniture and equipment, before and after depreciation, for the past five fiscal years:

	Fiscal Years Ended June 30,				
	2009	**2010**	**2011**	**2012**	**2013**
Land and buildings	$89,411,212	$ 90,814,810	$ 131,692,380	$133,656,369	$134,914,483
Construction in progress	4,624,030	26,160,934	735,963	3,582,305	15,875,183
Collections, acquired since July 1, 1977	829,116	829,116	829,116	908,293	1,020,512
Equipment	9,653,788	10,053,394	10,422,973	10,636,683	11,167,083
Total Fixed Assets	$104,518,146	$127,858,254	$ 143,680,432	$148,783,650	$162,977,261
Less: Accumulated depreciation	(30,532,965)	(33,972,300)	(38,109,589)	(42,340,581)	(46,451,006)
Net Fixed Assets	$73,985,181	$ 93,885,954	$105,570,843	$106,443,069	$116,526,255

These properties are recorded at cost at the time of acquisition or completion or fair market value at the date of the gift, if contributed. In accordance with generally accepted accounting principles for secondary schools, the School depreciates its physical plant assets.

The carrying value of the plant does not include cost of real estate acquired prior to July 1, 1923. Thus, approximately 102 acres of the total campus acreage has no cost reflected in plant values. Real estate acquired after that date has been capitalized and included in the Plant Fund assets at original cost. The balance of the campus acreage (approximately 33 acres) is undeveloped, and was received as a gift in 1927, valued then at $30,000. The City of Alexandria, Virginia has assessed the value of the School's land, including the 30 acres of undeveloped land, and buildings at approximately $190,000,000. The School does not currently pay any real estate taxes to the City of Alexandria on its campus land and buildings.

Insurance

The School carries a comprehensive general liability policy that has a coverage limit of $1,000,000 per occurrence and an aggregate limit of $3,000,000. The School also carries umbrella liability protection with a total aggregate coverage limit of $30,000,000. Automobile coverage has a $1,000,000 coverage limit. In addition to these, the School carries a workman's compensation package, a foreign liability policy, and a travel accident policy. Coverage on the School's buildings and contents are for the replacement value of approximately $174,156,475. Blanket Business Interruption and a Boiler and Machinery policy are also carried. The School also maintains school district legal liability (directors' and officers' liability) protection with a $1,000,000 limit per loss and a $30,000,0000 umbrella limit coverage over the school district legal liability policy and Directors' and Officers' liability protection, with a $5,000,000 limit per loss and a $5,000,000 aggregate limit.

Net Assets

The composition of the School's Net Assets for the fiscal years ended June 30, 2010 through 2013 is as follows:

	Fiscal Years Ended June 30,				
	2009	**2010**	**2011**	**2012**	**2013**
Unrestricted Net Assets					
Undesignated	$16,733,891	$3,084,998	$5,274,411	$7,232,551	$2,332,250
Board designated	22,880,172	26,758,555	30,620,097	28,658,289	32,847,531
Invested in plant	39,045,656	60,656,661	69,706,236	71,330,258	81,780,833
Total Unrestricted Net Assets	$78,659,719	$90,500,214	$105,600,744	$107,221,098	$116,960,614
Temporarily Restricted Net Assets					
Accumulated gains on endowment	$28,991,656	$32,726,986	$40,120,764	$37,817,617	$45,197,482
Contributions Receivable, Net	21,967,840	15,656,827	10,808,736	7,729,594	6,420,856
Other	250,000	250,000	-	-	-
Unitrusts and annuities	4,041,745	5,228,447	6,189,808	6,646,762	6,244,207
Total Temporarily Restricted Net Assets	$55,251,241	$53,862,260	$57,119,308	$52,193,973	$57,862,545
Permanently Restricted Net Assets					
Consolidated endowments	$35,649,704	$36,495,753	$37,841,926	$42,465,958	$44,472,293
Perpetual trusts held by third parties	79,613,559	83,268,894	109,212,265	125,956,690	129,208,426
Contributions receivable, net	1,983,461	1,877,451	1,715,702	2,356,151	1,239,958
Unitrusts and annuities	2,298,702	2,482,613	2,804,165	3,227,298	3,458,148
Total Permanently Restricted Net Assets	$119,545,426	$124,124,711	$151,574,058	$174,006,097	$178,378,825
Total Net Assets	$253,456,386	$268,487,185	$314,294,110	$333,421,168	$353,201,984

Outstanding Indebtedness

The School had the following outstanding principal amount of debt as of March 31, 2014:

2005 Note[(1)]	2010 Note	2012 Note	Total
$14,355,000	$10,165,000	$12,630,000	$37,150,000

(1) After the issuance of the Bonds and the refunding of a portion of the Series 2005 Bonds, $580,000 is expected to remain outstanding on the 2005 Note until January 1, 2015.

The School also has a line of credit in place with SunTrust Bank with a maximum available amount of $5,000,000. As of the date hereof, the School has no drawn funds on such line of credit.

Retirement Plan

The School is a participating employer under a retirement plan with Teachers Insurance Annuity Association-College Retirement Equity Fund (TIAA-CREF) which covers its employees. The School's contribution to the plan amounted to $741,514 in fiscal year ended June 30, 2010, $812,634 in fiscal year 2011, $832,057 in fiscal year 2012 and $858,577 in fiscal year 2013, based annually on 7.5 to 10.0% of applicable salaries. The employees' voluntary contributions through salary deduction, generally at 5%, are included in salaries for financial statement purposes.

Litigation

In the opinion of the School's administration, there are no legal actions pending or threatened against the School, which, if adversely determined against the School, would have a material adverse effect on the School's operations or financial position.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF
PROTESTANT EPISCOPAL HIGH SCHOOL IN VIRGINIA

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The Protestant Episcopal High School In Virginia

Financial Report
June 30, 2013

Contents

McGladrey

Independent Auditor's Report

To the Board of Trustees
The Protestant Episcopal High School in Virginia
Alexandria, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of The Protestant Episcopal High School in Virginia (the School), which comprise the balance sheet as of June 30, 2013, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 2013 financial statements referred to above present fairly, in all material respects, the financial position of The Protestant Episcopal High School in Virginia as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the School's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McGladrey LLP

Gaithersburg, Maryland
October 30, 2013

The Protestant Episcopal High School In Virginia

Balance Sheet
June 30, 2013
(With Comparative Totals For 2012)

Assets	**2013**	2012
Cash And Cash Equivalents		
Unrestricted	**$ 9,594,878**	$ 10,568,027
Restricted	**832,587**	715,479
Accounts Receivable, net	**346,871**	372,994
Promises To Give, net (Note 3)	**7,660,814**	10,085,745
Prepaid Expenses And Other Assets	**1,335,245**	1,478,808
Bond Issuance Costs, net	**419,088**	496,472
Property And Equipment, net (Note 2)	**116,526,255**	106,443,069
Investments (Note 4)	**122,953,744**	111,401,212
Investments Restricted For Debt Service	**-**	13,211,585
Split-Interest Agreements (Note 4)	**9,702,356**	9,536,910
Perpetual Trusts Held By Third Parties (Note 4)	**129,208,426**	125,956,690
	$ 398,580,264	$ 390,441,391

Liabilities And Net Assets		
Liabilities		
Accounts payable and accrued expenses	**$ 4,870,023**	$ 2,750,039
Student deposits and deferred revenue	**2,308,400**	2,423,008
Capital lease obligations (Note 6)	**28,955**	55,180
Bonds payable (Note 7)	**38,088,914**	51,550,606
Annuity obligations	**81,988**	66,990
	45,378,280	57,020,223
Commitments And Contingencies (Notes 12 and 13)		
Net Assets		
Unrestricted		
Undesignated	**2,332,250**	7,232,551
Board designated (Note 10)	**32,847,531**	28,658,289
Invested in plant	**81,780,833**	71,330,258
	116,960,614	107,221,098
Temporarily restricted (Note 9)	**57,862,545**	52,193,973
Permanently restricted (Note 10)	**178,378,825**	174,006,097
	353,201,984	333,421,168
	$ 398,580,264	$ 390,441,391

See Notes To Financial Statements.

The Protestant Episcopal High School In Virginia

Statement Of Activities
Year Ended June 30, 2013
(With Comparative Totals For 2012)

	2013				
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	2012 Total
Revenue and support:					
Tuition and fees, net of financial aid and tuition remission of $4,876,122	**$ 15,837,578**	**$ -**	**$ -**	**$ 15,837,578**	$ 15,215,251
Investment income, net (Note 4)	**7,351,567**	**11,387,083**	**-**	**18,738,650**	4,494,257
Gifts and contributions	**5,997,967**	**2,560,922**	**890,142**	**9,449,031**	9,806,900
Change in value of split-interest agreements, perpetual trusts, and annuities	**122,782**	**679,164**	**3,482,586**	**4,284,532**	17,198,055
Summer programs revenue	**378,284**	**-**	**-**	**378,284**	548,883
Other revenue	**107,168**	**-**	**-**	**107,168**	329,874
Net assets released from restrictions	**8,958,597**	**(8,958,597)**	**-**	**-**	-
Total revenue and support	**38,753,943**	**5,668,572**	**4,372,728**	**48,795,243**	47,593,220
Expenses:					
Program services:					
Educational services:					
Instruction	**7,836,657**	**-**	**-**	**7,836,657**	7,573,645
Other educational services	**4,366,967**	**-**	**-**	**4,366,967**	4,105,791
Summer programs	**466,777**	**-**	**-**	**466,777**	451,680
Plant service	**10,918,902**	**-**	**-**	**10,918,902**	11,248,936
Total program services	**23,589,303**	**-**	**-**	**23,589,303**	23,380,052
Supporting services:					
Administration and general	**3,878,959**	**-**	**-**	**3,878,959**	3,519,083
Fundraising	**1,546,165**	**-**	**-**	**1,546,165**	1,567,027
Total expenses	**29,014,427**	**-**	**-**	**29,014,427**	28,466,162
Change in net assets	**9,739,516**	**5,668,572**	**4,372,728**	**19,780,816**	19,127,058
Net assets:					
Beginning	**107,221,098**	**52,193,973**	**174,006,097**	**333,421,168**	314,294,110
Ending	**$ 116,960,614**	**$ 57,862,545**	**$ 178,378,825**	**$ 353,201,984**	$ 333,421,168

See Notes To Financial Statements.

The Protestant Episcopal High School In Virginia

Statement Of Cash Flows
Year Ended June 30, 2013
(With Comparative Totals For 2012)

	2013	2012
Cash Flows From Operating Activities		
Change in net assets	$ 19,780,816	$ 19,127,058
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,270,427	4,413,496
Contributions restricted to investment in perpetuity	(2,006,335)	(4,624,032)
Realized and unrealized gains on investments, net	(14,667,958)	(1,008,408)
(Decrease) increase in allowance for doubtful promises to give	(80,332)	79,680
Decrease in discount on promises to give	(201,389)	(77,848)
Change in value of split-interest agreements, perpetual trusts, and annuities	(4,284,532)	(17,262,889)
Loss on disposal of property and equipment	279,353	97,767
Write-off bond issuance costs	70,258	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	26,123	(48,839)
Promises to give	2,706,652	2,436,861
Prepaid expenses and other assets	143,563	(970,342)
Split-interest agreements	163,860	(426,457)
Increase (decrease) in:		
Accounts payable and accrued expenses	(885,346)	(63,616)
Students deposits and deferred revenue	(114,608)	(275,267)
Net cash provided by operating activities	5,200,552	1,397,164
Cash Flows From Investing Activities		
Proceeds from sales of investments	26,627,194	619,339
Purchases of investments	(10,300,183)	(13,623,539)
Purchases of property and equipment	(11,622,202)	(5,361,788)
(Increase) decrease in restricted cash	(117,108)	183,892
Distribution from split-interest agreement	718,488	-
Net cash provided by (used in) investing activities	5,306,189	(18,182,096)
Cash Flows From Financing Activities		
Proceeds from issuance of bonds	-	13,345,006
Principal payments on bonds payable	(13,460,000)	(760,000)
Principal payments on capital lease obligations	(26,225)	(23,751)
Bond issuance costs	-	(148,046)
Contributions restricted to investment in perpetuity	2,006,335	4,624,032
Net cash (used in) provided by financing activities	(11,479,890)	17,037,241
Net (decrease) increase in cash and cash equivalents	(973,149)	252,309
Cash And Cash Equivalents		
Beginning	10,568,027	10,315,718
Ending	$ 9,594,878	$ 10,568,027
Supplemental Disclosure Of Cash Flow Information		
Cash paid for interest, net of capitalized interest of $466,255	$ 1,506,245	$ 1,615,808
Supplemental Schedule Of Noncash Investing And Financing Activities		
Property and equipment included in accounts payable and accrued expenses	$ 3,005,330	$ -

See Notes To Financial Statements.

Note 1. Nature Of Activities And Significant Accounting Policies

Nature of activities: The Protestant Episcopal High School in Virginia (the School) was founded in 1839. Its principal function is to provide secondary education to students. The School is a coeducational boarding school located in Alexandria, Virginia.

A summary of the School's significant accounting policies follows:

Basis of accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (the Codification). As required by the Non-Profit Entities Topic of the Codification, 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.

Cash and cash equivalents: For the purpose of reporting cash flows, the School considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents. The School also considers all money market funds held in escrow as restricted assets relating to the School's bonds payable to be cash equivalents.

Financial risk: The School maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The School has not experienced any losses in such accounts. The School believes it is not exposed to any significant financial risk on cash.

The School invests in a professionally managed portfolio that primarily contains limited partnerships, limited liability companies, and alternative funds that invest in various derivative instruments (e.g., options, warrants, futures, swap contracts, etc.). Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term would materially affect investment balances and the amounts reported in the financial statements. Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments, and the volatility and liquidity in the markets in which the financial instruments are traded. The School attempts to control its exposure to market risk through various analytical monitoring techniques.

Receivables: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Based on management's evaluation of the collectability of accounts receivable, management has established an allowance for doubtful accounts of $33,605 at June 30, 2013. Recoveries of accounts receivable previously written off are recorded when received.

Promises to give: Contributions, including unconditional promises to give, are recognized at fair value as support in the period received. Conditional promises to give are not recognized until they become unconditional; that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible promises to give is provided based upon management's judgment of potential defaults.

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Bond issuance costs: The School paid certain customary fees as required to secure the bonds payable used to finance construction projects at the School. These fees have been capitalized and are being amortized using the effective interest method. Amortization expense was $14,587 for the year ended June 30, 2013.

Property and equipment: Property and equipment are carried at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets. The School capitalizes all property and equipment with a cost of $2,000 or more. The carrying value of property and equipment does not include real estate acquired prior to July 1, 1923. Real estate acquired after that date has been capitalized and included as property and equipment at original cost.

Collections: The School's collections are made up of art objects and other artifacts of historical and educational significance. Each item is documented for educational significance, and activities verifying their existence and assessing their condition are performed periodically. Collection items are generally capitalized at the appraisal value on the date of donation.

Impairment of long-lived assets: The School accounts for the valuation of long-lived assets by reviewing such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Investments: Investments in mutual funds and money market funds are reflected at fair market value based on quoted market prices. To adjust the carrying values of these investments, the change in fair market value is recorded as a component of investment income in the statement of activities. Investments in whole life insurance policies are reflected at cash surrender value.

Derivative financial instruments and hedging activities: The School invests in limited partnerships, limited liability companies, and alternative funds that invest in various derivative instruments (e.g., options, warrants, futures, swap contracts, etc.). Management uses its best judgment to estimate the fair value of the underlying assets of those investments. Derivative instruments are typically held to advance fund investment strategies to hedge investment risk to economically meet the objectives of the fund.

Investments in investment partnerships: Investments in investment partnerships are valued at fair value based on the applicable percentage ownership of the underlying partnerships' net assets as of the measurement date, as provided by the fund manager of the underlying investment partnerships. The underlying investment partnerships value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investment partnerships, which may include private placements and other securities for which prices are not readily available, are determined by the underlying fund manager and may not reflect amounts that could be realized upon immediate sale nor amounts that may be ultimately realized. The fair value of the School's investments in other investment partnerships generally represents the amount the School would expect to receive if it were to liquidate its investment in the investment partnerships, excluding any redemption charges that may apply.

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Split-interest agreements: Split-interest agreements consist mainly of charitable remainder unitrust agreements where the School is not the trustee. These agreements call for the School to receive a certain percentage of the trust when the trustee agreement has terminated. The School records the estimated present value of the beneficial interest using risk-adjusted discount rates. The estimated present value of the beneficial interest of split-interest agreements is recorded in the year the existence and information to compute the beneficial interest first become known. Permanently restricted or temporarily restricted support is recognized based on the restrictions of the split-interest agreements.

Perpetual trusts: Perpetual trusts held by third parties are recorded as permanently restricted support as to principal in the year the assets are placed in trust. These trusts are valued based on the School's interest in the trust, as well as the fair market value of the trust as of the School's fiscal year end. The change in balance from year to year for both perpetual trusts and split-interest agreements is recorded as "change in value of split-interest agreements, perpetual trusts, and annuities."

Fair value of financial instruments: The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents – For cash and cash equivalents, the carrying amount is a reasonable estimate of fair value.

Accounts receivable – The carrying amount of these accounts approximates fair value because of the short maturity of these instruments.

Promises to give – Fair value is estimated based on the donor's verifiable pledge. For those due in greater than one year, fair value is estimated by discounting estimated future cash flows at rates commensurate with the risks involved. Fair value is adjusted in consideration of the allowance for possible uncollectible promises to give.

Accounts payable and accrued expenses – The carrying amount of these amounts approximates fair value because of the short maturity of these obligations.

Bonds payable – The fair value of the bond payable approximates the amount payable at the reporting date.

Net assets: Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The invested in plant unrestricted net assets represent the School's investment in its physical plant, less debt issued to fund these improvements.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that are fulfilled and removed by actions of the School pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets result from contributions subject to donor-imposed stipulations that they be maintained permanently by the School. Generally, the donors of these assets permit the School to use all of the income earned on related investments for general or specific purposes.

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Revenue recognition: Tuition revenue is recognized ratably over the academic year. Student deposits and deferred revenue represents amounts collected in advance for tuition and summer programs. Financial aid is the difference between the stated tuition provided by the School and the amount which is billed to students. Tuition remissions are reported as a reduction in tuition revenue.

Contributions: Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. All donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Income taxes: The School is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. However, the School is subject to income taxes on unrelated business income, as defined by the Internal Revenue Service. Activities unrelated to the exempt purpose are tennis and swim club memberships, which generated no tax and, accordingly, no provision for income taxes is required in the accompanying financial statements.

According to the accounting standard for uncertainty in income taxes for the period from the School's inception to June 30, 2013, no unrecognized tax provision or benefit existed.

Deferred income taxes are provided using the liability method, whereby, deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates on the date of enactment.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above would be reflected as a liability for unrecognized tax benefits in the accompanying balance sheet, along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Management believes there are no positions that would result in additional tax liability.

Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of activities.

The School files income tax returns in the U.S. federal jurisdiction. As of June 30, 2013, and for the year then ended, there were no material unrecognized/derecognized tax benefits or tax penalties or interest. Generally, the School is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2010.

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements requires management 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Prior year information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Reclassifications: Certain items in the June 30, 2012, financial statements have been reclassified to conform to the June 30, 2013, financial statement presentation. The reclassifications had no effect on the previously reported change in net assets.

Subsequent events: The School evaluated subsequent events through October 30, 2013, which is the date the financial statements were issued.

Note 2. Property And Equipment

Property and equipment at June 30, 2013, consist of the following:

	Useful Lives	Cost	Accumulated Depreciation	Net
Land and buildings	50 – 60 years (buildings)	$134,914,483	$ 37,143,296	$ 97,771,187
Construction-in-progress	N/A	15,875,183	-	15,875,183
Equipment	3 – 25 years	11,167,083	9,307,710	1,859,373
Collections, acquired since July 1, 1997	N/A	1,020,512	-	1,020,512
		$162,977,261	$ 46,451,006	$116,526,255

Depreciation expense was $4,264,993 for the year ended June 30, 2013.

Note 3. Promises To Give

Promises to give, net of allowance for uncollectible pledges and discount at June 30, 2013, consist of the following:

	Temporarily Restricted	Permanently Restricted	Total
Gross pledges expected to be collected in:			
Less than one year	$ 3,575,494	$ 532,909	$ 4,108,403
Two years to five years	3,100,307	875,500	3,975,807
More than five years	429,335	1,296,600	1,725,935
Total gross pledges	7,105,136	2,705,009	9,810,145
Less allowance for uncollectibles	(455,009)	(1,381,105)	(1,836,114)
Discount for present value	(229,271)	(83,946)	(313,217)
Net promises to give	$ 6,420,856	$ 1,239,958	$ 7,660,814

Promises to give from members of the Board of Trustees totaling $847,377 were included in the above amounts at June 30, 2013.

Note 4. Investments

The Consolidated Endowment Fund (the Fund) is a pooled investment fund. Participation is expressed in terms of units of participation. New or additional endowments receive credit for units based upon the Fund's fair value at the time of entry. The following categorizes the Fund at June 30, 2013:

Cash held in brokerage and money market funds	$ 255,814
Partnerships:	
Maverick Stable Fund, Ltd.	40,009,933
Makena Capital Associates, L.P.	27,236,313
TIFF Multi-Asset Fund	24,342,759
Lone Cascade, L.P.	21,057,974
Lone Cedar Ltd.	7,154,183
Lone Pinion, Ltd.	949,667
Steadfast International, Ltd.	146,992
King Street Capital, Ltd.	129,395
Swiftcurrent Offshore Ltd.	70,428
SAB Overseas Fund, Ltd.	44,830
Total investments – Consolidated Endowment Fund	121,398,288
Cash surrender value of life insurance	871,299
Mutual funds	673,632
Cash held in brokerage and money market funds	10,525
Total investments – other	1,555,456
Total investments – all funds	$ 122,953,744

The ending balance in the Fund does not equal the ending endowment balance (see Note 10), due to the School holding $1,119,018 of cash and cash equivalents as endowment assets at June 30, 2013.

Note 4. Investments (Continued)

The following categorizes all investments at June 30, 2013:

Partnerships	$ 121,142,474
Cash surrender value of life insurance	871,299
Mutual funds	673,632
Cash held in brokerage and money market funds	266,339
	$ 122,953,744

The School is a partial beneficiary of trusts held for perpetuity by trustees other than the School. At June 30, 2013, these interests in perpetual trusts are presented at the School's proportionate share of fair value as follows:

Lettie Pate Evans Foundation	$ 127,811,533
Karl B. Hancock Testamentary Trust	1,104,479
E.L. Carrington Testamentary Trust	157,595
Arthur Percy Jones Irrevocable Trust	134,819
	$ 129,208,426

The increase in fair value of perpetual trusts amounted to $3,251,734 for the fiscal year and is included in the change in value of split-interest agreements, perpetual trusts, and annuities in the statement of activities.

The School has irrevocable beneficial interests in certain split-interest agreements, primarily charitable remainder trusts. At June 30, 2013, these beneficial interests totaled $9,702,356. During the year ended June 30, 2013, the increase in fair value of the beneficial interests that existed at June 30, 2012, amounted to $1,032,796, and is included in the change in value of split-interest agreements, perpetual trusts, and annuities in the accompanying statement of activities. The School received a distribution from a split-interest agreement in the amount $718,488, as described in Note 5.

Investment income consists of the following at June 30, 2013:

Net realized and unrealized gains	$ 14,667,958
Interest, dividends, and trust distributions	4,597,787
Investment fees	(527,095)
	$ 18,738,650

Note 5. Fair Value Measurements

The Fair Value Measurement Topic of the Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under this topic as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities and listed derivatives. As required by the Codification, the School does not adjust the quoted price for these investments, even in situations where the School holds a large position and a sale could reasonably impact the quoted price.

Level 2 – Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are generally included in this category include equity and debt positions in private companies and general and limited interests in private investment funds, real estate funds, debt funds, and distressed debt. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

Note 5. Fair Value Measurements (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The School's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy at June 30, 2013:

Description	Level 1	Level 2	Level 3	Total
Partnerships:				
Absolute return hedge funds	$ -	$ -	$ 48,505,428	$ 48,505,428
Multi-strategy hedge funds	-	24,342,759	27,236,313	51,579,072
Equity long/short hedge funds	-	-	21,057,974	21,057,974
	-	24,342,759	96,799,715	121,142,474
Beneficial interests in perpetual trusts	-	-	129,208,426	129,208,426
Split-interest agreement and trust assets	-	-	9,702,356	9,702,356
Restricted cash equivalents – money market funds	832,587	-	-	832,587
Mutual funds*	673,632	-	-	673,632
Cash held in brokerage and money market funds	266,339	-	-	266,339
	$ 1,772,558	$ 24,342,759	$ 235,710,497	$ 261,825,814

Total assets at fair value	$ 261,825,814
Less:	
Beneficial interests in perpetual trusts	(129,208,426)
Split-interest agreement and trust assets	(9,702,356)
Restricted cash equivalents – money market funds	(832,587)
Plus:	
Cash surrender value of life insurance	871,299
Total investments	$ 122,953,744

*Based on its analysis of the nature and risks of these investments, the School has determined that presenting them as a single class is appropriate.

Note 5. Fair Value Measurements (Continued)

Mutual funds and money market funds are classified as Level 1 instruments, as they are actively traded on public exchanges and valued based on quoted market prices.

All of the partnerships have net asset values per share, or the equivalent. The portion classified as Level 2 instruments is able to be redeemed by the School at June 30, 2013, or in the near term. The portion classified as Level 3 instruments is able to be redeemed by the School in the future but not in the near term.

The beneficial interests in perpetual trusts, as well as the split-interest agreement and trust assets, are classified as Level 3 instruments, as there is no market for the School's interest in the trusts. Further, the School's asset is the right to receive cash flows from the trusts, not the assets of the trusts themselves. Although the trust assets may be investments for which quoted prices in an active market are available, the School does not control those investments.

For assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3), the topic requires reconciliation of the beginning and ending balances, separately for each major category of assets and liabilities, except for derivative assets and liabilities, which may be presented net. The table below represents the reconciliation of the School's assets measured at fair value on a recurring basis using significant unobservable inputs:

	Partnerships			Beneficial	Split-Interest	
	Absolute Return Hedge Funds	Multi-Strategy Hedge Funds	Equity Long/Short Hedge Funds	Interests In Perpetual Trusts	Agreement And Trust Assets	Total
Beginning balance of assets, July 1, 2012	$ 51,889,479	$ 17,362,350	$ 15,248,884	$ 125,956,690	$ 9,536,910	$ 219,994,313
Purchases	-	8,098,000	1,440,000	-	-	9,538,000
Sales	(9,809,527)	-	-	-	-	(9,809,527)
Trust distribution	-	-	-	-	(718,488)	(718,488)
Net realized and unrealized gains	6,425,476	1,775,963	4,369,090	3,251,736	883,934	16,706,199
Ending balance of assets, June 30, 2013	$ 48,505,428	$ 27,236,313	$ 21,057,974	$ 129,208,426	$ 9,702,356	$ 235,710,497
The amount of total gains or losses for the period included in investment income attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ 6,004,322	$ 1,775,963	$ 4,369,090			

The following table provides additional information about the investments by major category:

Investments	Fair Value At June 30, 2013	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-strategy hedge funds (a)	$ 51,579,072	$ -	See below	1 day – 1 year
Absolute return hedge funds (b)	48,505,428	-	See below	30 – 95 days
Equity long/short hedge funds (c)	21,057,974	-	See below	30 days
Total	$ 121,142,474			

Note 5. Fair Value Measurements (Continued)

(a) This category includes investments in hedge funds that provide exposure to broadly diversified institutional portfolios intended to represent the entirety of an endowment's assets. Management of the hedge fund has the ability to shift investments as they see fit. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Investments representing approximately 47% of these investments are available for redemption daily with one day written notice. The remaining investments in this category, approximately 53%, are available for redemption on January 1, 2015, with written notice given by March 31, 2014.

(b) This category includes investments in hedge funds that invest in various long/short and other hedged strategies in order to generate a total return that is less correlated with the directional moves of stock, bond, or other markets. Management of the hedge fund has the ability to shift investments as they see fit. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Investments representing approximately 82% of these investments are available for redemption within two years and with 95 days written notice. Investments representing approximately 17% of these investments are available for redemption within one year and with 30 days written notice. The remaining investments in this category, approximately 1%, are available based on the liquidity of the fund, and the redemption period is unknown.

(c) This category includes investments in hedge funds that invest in long-only exposures in global common stocks. Management of the hedge fund has the ability to shift investments as they see fit. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Investments representing approximately 63% of these investments are available for redemption on December 31, 2013, with 30 days written notice. Investments representing approximately 21% of these investments are available for redemption on December 31, 2014, with 30 days written notice. The remaining investments in this category, approximately 16%, are available for redemption on December 31, 2015, with 30 days written notice.

For fair value measurements categorized within Level 3 of the fair value hierarchy, a reporting entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. The following table provides the required information for the School:

Type		Fair Value At June 30, 2013	Valuation Technique	Unobservable Inputs	Range
Split-interest agreement and trust assets	$	9,702,356	Present Value	Discount Rate	5%

Note 6. Capital Lease Obligations

The School is obligated under one secured equipment loan, which matures in September 2013. The loan requires annual payments of $31,969. Future minimum lease payments are as follows:

Year Ending June 30,		
2014	$	31,969
		31,969
Less the portion representing interest		(3,014)
	$	28,955

At June 30, 2013, the capitalized asset under this lease totaled $193,010, with related accumulated depreciation of $188,185. These amounts are included as part of equipment in Note 2.

Note 7. Bonds Payable

The School has signed several unsecured notes payable to the Industrial Development Authority of the City of Alexandria, Virginia. Each note prohibits the School, with certain exceptions, from incurring future encumbrances on assets for the lives of the notes. The proceeds of the notes are primarily being used to fund construction projects.

As of June 30, 2013, these notes have the following terms:

2006 Note: $15,455,000 unsecured; interest rates of 3.25% to 5.00% payable semi-annually through January 2035; principal payments commenced in 2007; callable after January 1, 2016. The School has placed $330,681 into escrow, which is restricted to pay interest due in July 2013 of the same amount and is included in restricted cash and cash equivalents in the accompanying balance sheet.

2010 Note: $10,165,000 unsecured; interest rates of 4.75% to 5.00% payable semi-annually through January 2040; principal payments commence in 2034; callable after January 1, 2020. The School has placed $249,881 into escrow, which is restricted to pay interest due in July 2013 of the same amount and is included in restricted cash and cash equivalents in the accompanying balance sheet.

2012 Note: $13,075,000 unsecured; interest rates of 2.00% to 5.00% payable semi-annually through January 2033; principal payments commenced in 2013; callable after January 1, 2023. The School has placed $252,025 into escrow, which is restricted to pay interest due in July 2013 of the same amount and is included in restricted cash and cash equivalents in the accompanying balance sheet.

The future principal maturities of the bonds payable are as follows:

Years Ending June 30,	2006 Note	2010 Note	2012 Note	Total
2014	$ 560,000	$ -	$ 285,000	$ 845,000
2015	580,000	-	295,000	875,000
2016	610,000	-	305,000	915,000
2017	635,000	-	315,000	950,000
2018	655,000	-	325,000	980,000
Thereafter	11,875,000	10,165,000	11,390,000	33,430,000
	$ 14,915,000	$ 10,165,000	$ 12,915,000	$ 37,995,000

At June 30, 2013, the School had unamortized discounts of $166,939, related to the 2005 and 2010 Note, and an unamortized premium of $260,853, related to the 2012 Note, which are included as a component of bonds payable in the accompanying balance sheet. Interest expense for the year ended June 30, 2013, was $1,506,245, which is net of capitalized interest of $466,255.

Note 8. Line Of Credit

The School has obtained an unsecured $5,000,000 line of credit from SunTrust Bank. Interest is computed at 1.5% over the 30-day London InterBank Offered Rate (LIBOR) and is payable monthly on the amount outstanding. The line of credit expires on April 29, 2014, and is renewed annually. The line of credit was not utilized during the year ended June 30, 2013.

Note 9. Temporarily Restricted Net Assets

The following is an analysis of the temporarily restricted net assets as of June 30, 2013:

	Balance June 30, 2012	**Additions**	**Releases**	**Balance June 30, 2013**
Accumulated gains on endowment	$ 37,817,617	**$ 11,387,083**	**$ (4,007,218)**	**$ 45,197,482**
Promises to give, net	7,729,594	**2,560,922**	**(3,869,660)**	**6,420,856**
Unitrusts and annuities	6,646,762	**679,164**	**(1,081,719)**	**6,244,207**
	$ 52,193,973	**$ 14,627,169**	**$ (8,958,597)**	**$ 57,862,545**

Note 10. Board Designated Endowment And Permanently Restricted Net Assets

The Codification defines an endowment as an established fund of cash, securities, or other assets to provide income for the maintenance of a not-for-profit organization. Management has interpreted UPMIFA as requiring the preservation of the fair value of original donor-restricted contributions as of the date of the gift, 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 donor-restricted cash contributions is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. Outstanding promises to give are not included as components of the endowment. In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted cash contributions:

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

Investment policy: The overall financial objective is to provide financial support for the School's operations at a level consistent with maintaining or increasing the purchasing power over time.

The Fund will be managed by external investment managers. In the interest of diversification, the assets of the Fund will be placed with managers who have distinct investment philosophies. The investment managers will have complete discretion to manage the assets in each particular portfolio in order to best achieve the investment objectives and requirements, within the guidelines as set forth in the School's investment policy.

The Fund shall be diversified both by asset class (e.g., public equities, alternative investments, diversified investments, and cash) and within each asset class (e.g., within equities by economic sector, industry, quality, size, etc.). The purpose of diversification is to provide reasonable assurance that the performance of no single security, class of securities, or fund manager will have a disproportionate impact on the total Fund.

Note 10. Board Designated Endowment And Permanently Restricted Net Assets (Continued)

To achieve its investment objective, the Fund shall be divided into three major components: a “Marketable Equity Portfolio,” an “Absolute Return Portfolio,” and a “Diversified Investment Portfolio.” The purpose of dividing the funds in this manner is to ensure that the overall asset allocation between these three major asset classes is regularly reviewed by the Investment Committee and is not allowed to exceed the asset allocation ranges set forth in the School’s investment policy.

The purpose of the Marketable Equity Portfolio is to provide a total return that will be sufficient to support spending requirements, while at the same time preserving the purchasing power of the Fund’s assets. The Marketable Equity Portfolio will consist of long-only investments in listed common stocks.

The purpose of the Absolute Return Portfolio is to take advantage of opportunities to provide a total return that is sufficient to support spending requirements, while at the same time preserving and increasing the purchasing power of the Fund’s assets. The Absolute Return Portfolio will consist of investments in various diversifying strategies that, while involving marketable securities, seek to be less coordinated with the directional moves of the stock and bond markets. Examples of such alternative strategies include various types of arbitrage, long/short investing, and investing in distressed debt securities that have equity-like risk/return characteristics.

The purpose of the Diversified Investment Portfolio is to take advantage of opportunities to provide a total return that is sufficient to support spending requirements, while at the same time preserving and increasing the purchasing power of the Fund’s assets. The Diversified Investments Portfolio will consist of investments in funds within which there is a broad allocation of assets.

Spending policy: The School’s policy is to appropriate 5% of the rolling three-year average of the June 30 endowment value to support operations.

The School’s endowment funds consist of the following at June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 45,197,482	$ 44,472,293	$ 89,669,775
Board-designated endowment funds	32,847,531	-	-	32,847,531
	$ 32,847,531	$ 45,197,482	$ 44,472,293	$ 122,517,306

For the year ended June 30, 2013, the School had the following endowment-related activities:

	Board Designated Endowment	Temporarily Restricted	Permanently Restricted	Total
Net assets, July 1, 2012	$ 28,658,289	$ 37,817,617	$ 42,465,958	$ 108,941,864
Net investment gains	5,041,024	11,387,083	-	16,428,107
Contributions	-	-	850,244	850,244
Transfers from other categories of permanently restricted net assets	-	-	1,156,091	1,156,091
Amounts appropriated for expenditure	(851,782)	(4,007,218)	-	(4,859,000)
Net assets, June 30, 2013	$ 32,847,531	$ 45,197,482	$ 44,472,293	$ 122,517,306

The transfers into the endowment represent cash collections on permanently restricted promises to give during the year ended June 30, 2013.

Note 10. Board Designated Endowment And Permanently Restricted Net Assets (Continued)

The following is an analysis of the permanently restricted net assets as of June 30, 2013:

	Balance June 30, 2012	**Additions**	**Transfers Within Permanently Restricted Net Assets**	**Balance June 30, 2013**
Perpetual trusts held by third parties	$ 125,956,690	**$ 3,251,736**	**$ -**	**$ 129,208,426**
Consolidated endowments	42,465,958	**850,244**	**1,156,091**	**44,472,293**
Unitrusts and annuities	3,227,298	**230,850**	**-**	**3,458,148**
Promises to give, net	2,356,151	**39,898**	**(1,156,091)**	**1,239,958**
	$ 174,006,097	**$ 4,372,728**	**$ -**	**$ 178,378,825**

Note 11. Retirement Plan

The School is a participating employer under a defined contribution retirement plan, which covers employees generally after two years of service. The School's contribution to the plan amounted to $858,577, based on 7.5% – 10.0% of applicable salaries.

Note 12. Contingencies

The School is, by nature of its operations, the subject of a variety of legal claims from time to time. In the opinion of management, costs, if any, for all known legal claims are believed to be covered by insurance and the amount of any additional liability will not have a material impact on the financial statements.

Note 13. Commitments

As of June 30, 2013, the School has in place signed employment agreements with its faculty, which are effective through the next fiscal year. As of June 30, 2013, the School has in place a signed employment agreement with its headmaster, which is effective through June 30, 2014.

In the normal course of business, the School contracts for construction or rehabilitation of its facilities. As of June 30, 2013, the School had committed approximately $3,805,200 for future construction services.

Note 14. Functional Expenses

Expenses by function after allocation of plant service for the year ended June 30, 2013, are as follows:

Program services	$ 21,198,115
Supporting services	
Administration and general	5,267,391
Fundraising	2,548,921
	$ 29,014,427

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

October __, 2014

Industrial Development Authority
of the City of Alexandria
Alexandria, Virginia

$13,580,000
Industrial Development Authority of the City of Alexandria
Educational Facilities Revenue Refunding Bonds
(Episcopal High School),
Series 2014

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by the Industrial Development Authority of the City of Alexandria (the "Authority") of the Authority's $13,580,000 Educational Facilities Revenue Refunding Bonds (Episcopal High School), Series 2014 (the "Bonds"). The Bonds have been issued pursuant to the terms of an Indenture of Trust dated as of October 1, 2014 (the "Indenture"), between the Authority and U.S. Bank National Association, as bond trustee (the "Trustee"). Unless otherwise defined, each capitalized term used in this opinion shall have the meaning given it in Article I of the Indenture.

The proceeds of the Bonds have been loaned by the Authority to Protestant Episcopal High School in Virginia (the "School") pursuant to the Financing Agreement dated as of October 1, 2014 (the "Agreement"), between the Authority and the School.

The Bonds will be dated their date of delivery. The Bonds are payable solely from the revenues, receipts and payments pledged pursuant to the Indenture. We refer you to the Bonds, the Indenture and the Agreement for a description of the purposes for which the Bonds are issued and the security for them.

We have examined the Constitution of Virginia and the laws of both the United States and the Commonwealth of Virginia (the "Commonwealth"), including, without limitation, the Internal Revenue Code of 1986, as amended (the "Code"), and the Act, and such certified proceedings and other documents of the Authority as we deem necessary to render this opinion, including a resolution adopted by the Authority on July 9, 2014 authorizing the issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon (a) representations of and compliance with covenants by the School and the Authority contained in the Indenture, the Agreement and the Tax Compliance Agreement, (b) certificates of public officials furnished to us, and (c) certificates of representatives of the School, the Trustee, the Authority, and other parties, including, without limitation, representations, covenants and certifications as to the use of the proceeds of the Bonds and the property refinanced thereby, compliance with the arbitrage yield restriction and rebate requirements, the average reasonably expected economic life of the property being refinanced with the Bonds and other factual matters which are relevant to the opinions expressed in paragraph 7, in each case without undertaking any independent verification. We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all of their parties other than the Authority, and we have further assumed the due organization, existence and powers of such other parties other than the Authority.

Reference is made to our opinion, of even date hereof, with respect to the organization of the School, the status of the School as an organization described in Section 501(c)(3) of the Code, the power of the School to enter into and perform its obligations under the Subject Documents, as defined in such opinion, and other related documents to which the School is a party, and the authorization, execution, delivery and enforceability of the Subject Documents and the other documents by and against the School.

Based on the foregoing, we are of the opinion that, under current law:

1. The Authority is a validly existing political subdivision of the Commonwealth of Virginia duly created by the Act and is vested with the rights and powers conferred by the Act.

2. The Authority has all requisite authority and power under the Act to issue the Bonds and to enter into and perform its obligations under the Indenture and the Agreement and to apply the proceeds from the issuance of the Bonds as contemplated by the Indenture and the Agreement.

3. The Bonds have been duly authorized and issued in accordance with the Act and the Indenture and, subject to paragraph 6 below, constitute valid, binding and enforceable limited obligations of the Authority, payable as to principal, premium, if any, and interest solely from the revenues, receipts and payments pledged to such purpose under the Indenture. The Bonds do not create or constitute a pledge of the faith and credit or taxing power of the Commonwealth of Virginia or any of its political subdivisions. Neither the Commonwealth of Virginia nor any of its political subdivisions, including the Authority and City of Alexandria, Virginia, is obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident to them except from the revenues, receipts and payments pledged for such purpose.

4. The Indenture and the Agreement have been duly authorized, executed and delivered by the Authority and, subject to paragraph 6 below, constitute valid and binding agreements of the Authority, enforceable against the Authority in accordance with their terms.

5. The Authority's right, title and interest in the Agreement (except for certain rights of the Authority to indemnification and payment of fees and expenses under the Agreement) and in the Note have been assigned to the Trustee and, subject to paragraph 6 below, such assignment constitutes a valid and binding assignment by the Authority, enforceable against the Authority in accordance with its terms.

6. The enforceability of the obligations of the parties under the Bonds, the Indenture and the Agreement, and the Authority's assignment of the Agreement and Note to the Trustee, is subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights. The enforceability of such obligations is also subject to usual equitable principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

7. Interest on the Bonds, including any accrued "original issue discount" properly allocable to the holders of the Bonds, is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for purposes of the alternative minimum tax imposed on corporations (as defined for federal income tax purposes) under Section 56 of the Code, interest on the Bonds is included in computing adjusted current earnings. The "original issue discount" on any Bond is the excess of its stated redemption price at maturity over the initial offering price to the public at which price a substantial amount of the Bonds of the same maturity was sold. The "public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

In providing the opinions set forth in the paragraph above, we are assuming continuing compliance with the Covenants (as hereinafter defined) by the Authority and the School. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, the requirement that the School maintain its status as an organization described in Section 501(c)(3) of the Code, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The Indenture, the Agreement and the Tax Compliance Agreement contain covenants (the "Covenants") under which the Authority and the School have agreed to comply with such requirements. Failure by the Authority or the School to comply with their respective Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes. Compliance by the Authority with its respective Covenants does not require the Authority to make any financial contribution for which it does not receive funds from the School.

This opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents our judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. This opinion does not contain or provide any opinion or assurance regarding the future activities of the Authority or the School or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service. The Authority and the School have covenanted, however, to comply with the requirements of the Code.

Certain requirements and procedures contained, incorporated or referred to in the Indenture, the Agreement and the Tax Compliance Agreement, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

8. In accordance with Section 15.2-4912 of the Act, the income from the Bonds, including any profit made on their sale, is exempt from taxation by the Commonwealth of Virginia and any of its political subdivisions.

Our services as Bond Counsel to the Authority have been limited to rendering the foregoing opinions based on our review of such legal proceedings and other documents as we deem necessary to approve the validity of the Bonds and tax-exempt status of the interest on them and the enforceability of the Indenture and the Agreement. The foregoing opinions are in no respect an opinion as to the business or financial resources of the Authority or the School or the ability of the Authority or the School to provide for the payment of the Bonds or the accuracy or completeness of any information, including the Authority's Preliminary Official Statement dated August 8, 2014, and Official Statement dated August 19, 2014, that anyone may have relied upon in making the decision to purchase the Bonds.

Very truly yours,