MONTESSORI OF MAUI, INC.
(A Hawaii Nonprofit Corporation)

AUDITED FINANCIAL STATEMENTS
(With Independent Auditors' Report)

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Carbonaro CPAs & Management Group

Certified Public Accountants
Member: AICPA
HSCPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Montessori of Maui, Inc.
Makawao, Hawaii 96768

We have audited the accompanying financial statements of Montessori of Maui, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses 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 financial statements referred to above present fairly, in all material respects, the financial position of Montessori of Maui, Inc. as of June 30, 2019 and the changes in its net assets, functional expense 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 Montessori of Maui, Inc.'s 2018 financial statements, and our report dated August 30, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carbonaro CPAs & Management Group

Wailuku, Hawaii
September 3, 2019

MONTESSORI OF MAUI, INC.
Statements of Financial Position
As of June 30, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents (Note 4)	$ 2,149,036	$ 2,331,518
Investments (Note 10)	1,329,651	1,021,867
Accounts Receivable net of Allowance of Doubtful Accounts of $6,456 and $12,125 as of June 30, 2019 and 2018, respectively	2,018	4,609
Prepaid Expenses and Other Current Assets	28,459	18,708
Total Current Assets	3,509,164	3,376,702
LAND, BUILDINGS AND EQUIPMENT(Note 2)		
Land	636,867	636,867
Buildings	12,244,950	12,187,991
Furniture and Equipment	210,957	222,160
Construction in Progress	321,758	4,297
Less Accumulated Depreciation	(4,209,193)	(3,847,895)
Net Land, Buildings and Equipment	9,205,339	9,203,420
TOTAL ASSETS	$ 12,714,503	$ 12,580,122

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Prepaid Fees and Tuition from Students (Note 11)	$ 678,694	$ 689,296
Accounts Payable	35,728	6,201
Refundable Advance (Note 2)	23,643	27,326
Accrued Payroll and Payroll Taxes	128,235	98,309
Current Portion of Note Payable (Note 7)	241,798	232,889
Credit Card Payable	13,796	28,071
Total Current Liabilities	1,121,894	1,082,092
LONG TERM LIABILITIES		
Note Payable (Note 7)	3,872,050	4,114,455
Total Long Term Liabilities	3,872,050	4,114,455
TOTAL LIABILITIES	4,993,944	5,196,547
NET ASSETS (Note 3)		
Net Assets Without Donor Restrictions	7,279,354	6,861,866
Net Assets With Donor Restrictions	441,205	521,709
Total Net Assets	7,720,559	7,383,575
TOTAL LIABILITIES AND NET ASSETS	$ 12,714,503	$ 12,580,122

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

MONTESSORI OF MAUI, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019
(With comparative totals for the year ended June 30, 2018)

.	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
OPERATING REVENUE AND SUPPORT				
Tuition and Fees	$ 3,809,724	$ -	$ 3,809,724	$ 3,612,548
Contributions and Fundraising	178,309	23,065	201,374	124,942
Annual Giving Revenue	74,909	38,978	113,887	91,369
Other Income	82,274	-	82,274	120,231
In-kind Revenue (Note 2)	71,283	5,365	76,648	42,732
Extended Care	73,672	-	73,672	88,128
Grant and Trust Income	2,500	51,000	53,500	42,000
Interest and Investment Income	25,253	8,022	33,275	8,582
Gain (Loss) on Investments	10,625	3,463	14,088	16,270
Capital Campaign Revenue	-	1,000	1,000	104,580
Net Assets Released from Restrictions	211,397	(211,397)	-	-
Total Operating Revenue and Support	4,539,946	(80,504)	4,459,442	4,251,382
EXPENSES				
Program Services	3,436,950	-	3,436,950	3,290,491
Management and General	582,681	-	582,681	714,328
Fundraising	102,827	-	102,827	187,917
Total Expenses	4,122,458	-	4,122,458	4,192,736
CHANGE IN NET ASSETS	**417,488**	**(80,504)**	**336,984**	**58,646**
Net Assets, Beginning of Year	6,861,866	521,709	7,383,575	7,324,929
Net Assets, End of Year	$ 7,279,354	$ 441,205	$ 7,720,559	$ 7,383,575

MONTESSORI OF MAUI, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2019
(With comparative totals for the year ended June 30, 2018)

	2019				2018
	Program Services	Management and General	Fundraising	Total	Total
Salaries and Wages	$ 1,602,192	$ 432,883	$ 76,391	$ 2,111,466	$ 2,087,821
Employee Benefits	429,703	64,712	11,420	505,835	474,262
Depreciation and Amortization	372,500	-	-	372,500	356,456
Payroll Taxes	160,372	40,832	7,206	208,410	205,636
Interest and Fees	159,472	-	-	159,472	180,979
Fundraising and Special Events	103,313	-	-	103,313	80,500
Program Activities	100,652	-	-	100,652	48,321
In-kind Expense (Note 2)	76,648	-	-	76,648	42,732
Pension Contribution (Note 5)	54,882	13,796	2,435	71,113	86,607
Repairs and Maintenance	68,274	-	-	68,274	93,670
Classroom Supplies	58,421	-	-	58,421	84,673
Telephone and Computer Supplies	46,938	4,122	727	51,787	38,512
Utilities	40,621	-	-	40,621	32,782
Insurance	33,306	3,661	646	37,613	36,979
Marketing (Note 2)	24,859	-	-	24,859	21,678
Miscellaneous	22,908	680	120	23,708	25,046
Workshop and Staff Development	14,024	4,992	881	19,897	33,397
Small Equipment	10,114	4,472	789	15,375	24,313
Accounting and Legal	2,351	10,581	1,867	14,799	15,793
Recruitment - Employee	11,639	122	22	11,783	7,713
Outside Services	10,853	-	-	10,853	10,956
Janitorial Expense	9,969	-	-	9,969	11,275
Grant Expenses	6,946	-	-	6,946	6,931
FACTS Account Expense	6,440	-	-	6,440	32,893
Bank Fees and Credit Card Fees	3,460	-	-	3,460	3,196
Postage and Printing	2,953	43	8	3,004	1,499
Office Supplies	215	1,785	315	2,315	2,569
Automobile Expense	2,170	-	-	2,170	2,360
Accrediting and Licensing Costs	755	-	-	755	710
Unamortized Bond Costs (Note 7)	-	-	-	-	98,164
Bond Expense	-	-	-	-	25,888
Emergency Supplies	-	-	-	-	12,417
Bad Debt	-	-	-	-	6,008
	$ 3,436,950	$ 582,681	$ 102,827	$ 4,122,458	$ 4,192,736

MONTESSORI OF MAUI, INC.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Students for Tuition and Fees	$ 3,798,030	$ 3,570,051
Grant and Trust Cash Receipts	53,500	42,000
Cash from Contributions, Capital Campaign and Fundraising	316,261	320,891
Investment Income Received	33,275	8,582
Other Cash Receipts	155,946	208,359
Cash Paid for Interest	(159,472)	(316,892)
Cash Paid to Employees and Vendors	(3,478,411)	(3,495,877)
Net Cash Provided by Operating Activities (Note 6)	719,129	337,114
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Used to Purchase Equipment and Construct Buildings	(374,419)	(109,720)
Net Purchases of Investments	(293,696)	(11,454)
Net Cash Used By Investing Activities	(668,115)	(121,174)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Bond Payable	-	(335,000)
Principal Payments on Note Payable	(233,496)	(152,656)
Net Cash Used By Financing Activities	(233,496)	(487,656)
Net Increase (Decrease) in Cash for the Year	**(182,482)**	**(271,716)**
CASH BALANCE, BEGINNING OF YEAR	2,331,518	2,603,234
CASH BALANCE, END OF YEAR	$ 2,149,036	$ 2,331,518

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

Note 1. ORGANIZATION

Montessori of Maui, Inc. (the Organization) is a non-profit organization incorporated under the laws of the State of Hawaii on August 26, 1982. The purpose of the Organization is to provide a school for children on the island of Maui in accordance with the Montessori Method of education. The students, who range from 18 months to 14 years, are encouraged to develop their maximum potential in a facility where cultural, social and esthetic diversities flourish.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting: The Organization uses the accrual method of accounting for financial statement reporting according to generally accepted accounting principles. Under this method of accounting, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Net Assets: The Organization classifies its net assets and its revenue, support and expenses based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions result from contributions whose use is limited by donor stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Net assets with donor restrictions through perpetuity result from contributions whose use is limited by donor stipulations that do not expire.

Accounts Receivable: Accounts receivables represents revenues earned but not yet received. Accounts receivables are written off when deemed uncollectible by management. Managements periodically evaluates the adequacy of the allowance for doubtful accounts based on its past experience and knowledge of the receivable.

Income Taxes: The Organization is exempt from Federal income taxes under *Section 501(c)(3)* of the Internal Revenue Code and also from State of Hawaii income taxes under *Section 237-23 (b)* of the Hawaii Revised Statutes.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2019 or 2018.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed. Returns after 2015 are subject to examination.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land, Buildings and Equipment: Land, buildings and equipment are stated at cost or at fair value at date of donation. Major renewals and improvements are capitalized, while maintenance and repairs that do not extend the lives of the assets are charged to operations. The Organization capitalized renewals and improvements with a useful life greater than one year and a value greater than $2,000. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

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

Marketing: The Organization expenses advertising as it incurs the expense. Advertising expense was $24,859 and $21,678 for the years ended June 30, 2019 and June 30, 2018, respectively.

Refundable Advances: Refundable advances represents funds received which were not yet earned, as conditions set forth within grant agreements have not yet been met.

In-kind donations: Under FASB ASC 958-605-25-16 “Not-for-Profit Entities, Contributed Services”, contributions of donated services that create or enhance non-financial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In-Kind Revenue recorded also represents the fair value of many donated items for fundraising and for the ongoing operations of the Organization. These tangible items donated are valued at their estimated fair market value at the time of donation. The Organization received $76,648 and $42,732 of donated goods for their fundraising event during the year ended June 30, 2019 and 2018, respectively.

Note 3. NET ASSETS AND NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities.* The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization’s financial statements:

> The temporarily and permanently restricted net asset classes have been renamed net assets with donor restrictions. The unrestricted net asset class has been renamed net assets without donor restrictions.

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

> Net assets without donor restrictions include all resources that are not subject to donor-imposed stipulations or contributions with donor-imposed restrictions that are met during the same year as the contribution is made. Net assets without donor restrictions denoted as property and equipment represent equity in such property and equipment.

Note 3. NET ASSETS AND NEW ACCOUNTING PRONOUNCEMENT (Continued)

Net assets with donor restriction include amounts that the donor subjects to restrictions in perpetuity and amounts subject to legal or donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time. Net assets with donor restriction consist of $441,205 and $521,709 at June 30, 2019 and 2018, respectively.

The financial statements include a new disclosure about liquidity and availability of resources (Note 15).

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class	As Originally Presented	After Adoption of ASI 2016-14
Unrestricted Net Assets	$ 6,861,866	$ -
Temporarily Restricted Net Assets	421,789	-
Permanently Restricted Net Assets	99,920	-
Net Assets Without Donor Restriction		6,861,866
Net Assets With Donor Restriction	-	521,709
Total Net Assets	$ 7,383,575	$ 7,383,575

Net Assets With Donor Restriction as of June 30, 2019 and 2018 consist of the following:

	2019	2018
CWB Scholarship Fund	$ 120,082	$ 81,589
Endowment Restricted through Perpetuity	99,920	99,920
Endowment Interest (Note 9)	91,736	83,714
Hawaiian Scholarship Fund	49,115	47,335
Financial Aid	36,000	36,000
Kokua Charitable Trust	26,307	29,807
Others	18,045	20,995
Elementary School C/C	-	106,534
Middle School C/C	-	15,815
Total	$ 441,205	$ 521,709

Endowments restricted through perpetuity consist of various contributions received for the purpose of the financial aid endowment fund. At June 30, 2019 and 2018, the balance of the net assets with donor restrictions through perpetuity was $99,920.

Note 4. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash is defined as demand deposits, mutual funds, savings accounts, certificates of deposit with maturities of three months or less, and money market accounts. The Organization’s cash balance from time to time exceeds Federally and SIPC insured levels. Management has not experienced any losses and believes the risk is minimal.

Note 5. EMPLOYEE PENSION PLAN

The Organization has entered into a tax-deferred annuity plan qualified under *Section 403(b)* of the Internal Revenue Code. The plan covers qualified employees and establishes individual retirement trust accounts. Eligible employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization may make contributions to the plan based on a formula included in the plan. The Organization's pension contribution was $71,113 and $86,607 for the years ended June 30, 2019 and 2018, respectively.

Note 6. RECONCILIATION OF CHANGE IN NET ASSETS WITH NET CASH PROVIDED BY OPERATING ACTIVITIES

	2019	2018
Change in Net Assets	$ 336,984	$ 58,646
Add Depreciation and Amortization	372,500	356,456
Bad Debt Expense	-	6,008
Amortization of Bond Issuance Cost	-	98,164
Gain on Investments	(14,088)	(16,270)
Gain on Disposal of Fixed Assets	-	1,408
Adjustments to Reconcile:		
Change in Accounts Receivable	2,591	16,149
Change in Prepaid Expenses and Other Current Assets	(9,751)	2,456
Change in Accounts Payable	15,252	1,274
Change in Accrued Expenses	29,926	(128,531)
Change in Prepaid Fees and Tuition from Students	(14,285)	(58,646)
Net Cash Provided by Operating Activities	$ 719,129	$ 337,114

Note 7. NOTES PAYABLE

In September of 2017, the Organization re-financed its series 2007 revenue bonds with a loan with Bank of Hawaii at a lower interest rate. During this process, the Organization expensed the remaining $98,164 in deferred bond costs associated with the origination of the bond.

Note 7. NOTES PAYABLE (Continued)

The loan balances at June 30, 2019 and 2018 are as follows:

	2019	2018
Note Payable - Bank of Hawaii, loan payable, carries interest rate of 3.760%, monthly installments $32,747, which matures on 10/27/2027 with a lump sum payment of $1,788,649. Mortgage is secured by all the assets of the Organization and has certain covenants that have been met by the Organization.	$ 4,113,848	$ 4,347,344
Total Long-Term Debt	$ 4,113,848	$ 4,347,344
Less Current Installments of Long-Term Debt	(241,798)	(232,889)
Net Long-Term Debt	$ 3,872,050	$ 4,114,455

The principal payments required on long-term debt for the next five years are as follows:

2020	$ 241,798
2021	251,048
2022	260,652
2023	270,623
2024	280,976
Thereafter	2,808,751
Total	$ 4,113,848

Note 8. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 3, 2019, the date the financial statements were available to be issued.

Note 9. ENDOWMENTS

The Organization's endowment funds consist of donor restricted gifts. The endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. At June 30, 2019 and 2018, the endowment net assets amounted to $199,648 and $191,626 respectively.

For the year ended June 30, 2019, the changes in endowment net assets are the following:

Endowment Net Asset Composition by Type of Fund

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions through Perpetuity	Total
Donor-restricted endowment	$ -	$ 91,736	$ 99,920	$ 191,656
Board-designated endowment	7,992	-	-	7,992
Total Funds	$ 7,992	$ 91,736	$ 99,920	$ 199,648

Changes in Endowment Net Assets

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions through Perpetuity	Total
Endowment net assets June 30, 2018	$ 7,992	$ 83,714	$ 99,920	$ 191,626
Investment Return:				
Investment Income	-	5,668	-	5,668
Net Appreciation	-	2,354	-	2,354
Total Investment return	-	8,022	-	8,022
Endowment Increase	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets June 30, 2019	$ 7,992	$ 91,736	$ 99,920	$ 199,648

Interpretation of the law

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies net assets with donor restrictions through perpetuity as (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 at the accumulation is added to the fund.

Note 9. ENDOWMENTS (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions through perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPIMFA, management considers in its determination to appropriate or accumulate donor restricted endowment funds the following factors:

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

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a total return over longer term consistent with preservation of principal. It is expected that earnings growth will exceed the rate of inflation, as measured by the Consumer Price Index, by at least 2-5 percentage points, measured over a five-year period and that the real purchasing power of the Endowment be maintained.

Strategies Employed for Achieving Objectives

In order to meet the Organization’s return objectives, the Board of Directors determines appropriate investments with the primary purpose of preservation of capital.

Spending Policy

It is the policy of the Organization that spending of interest earned from endowments be limited to Board of Director approval and concurrent with donor restrictions.

Funds with Deficiencies

From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. As of June 30, 2019 there were no deficiencies of this nature.

Note 10. FAIR VALUE MEASUREMENTS

The Organization implemented *ASC 820-10-50-1* which establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

This fair value hierarchy consists of three broad levels.

- Level 1 inputs consist of unadjusted quoted prices in active markets such as stock exchanges for identical assets and have the highest priority.
- Level 2 inputs consist of significant other observable inputs such as quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs consist of significant unobservable inputs and include situations where there is little, if any, market activity for the investment. The inputs require significant judgment or estimates, such as those associated with discounted cash flow methodologies and appraisals.

Fair values of assets measured on a recurring basis are as follows, there are no liabilities or other assets measured at fair value on a recurring or non-recurring basis:

Assets	Total June 30, 2019	Quoted Prices: Level 1	Significant Other Inputs: Level 2	Significant Non-Observable Inputs: Level 3
Certificates of Deposits	$ 819,148	$ 819,148	$ -	$ -
Mutual Funds	225,458	225,458	-	-
Exchange-Traded and Closed Ended Funds	163,265	163,265	-	-
Equities	83,119	83,119	-	-
Held in Trust for Unemployment Claims - *	38,661	-	-	38,661
Total	$ 1,329,651	$ 1,290,990	$ -	$ 38,661

Assets	Total June 30, 2018	Quoted Prices: Level 1	Significant Other Inputs: Level 2	Significant Non-Observable Inputs: Level 3
Certificates of Deposits	$ 792,227	$ 792,227	$ -	$ -
Mutual Funds	91,005	91,005	-	-
Exchange-Traded and Closed Ended Funds	99,058	99,058	-	-
Held in Trust for Unemployment Claims - *	39,577	-	-	39,577
Total	$ 1,021,867	$ 982,290	$ -	$ 39,577

Note 10. FAIR VALUE MEASUREMENTS (Continued)

* - The fair value of the investments held for unemployment claims is determined by reference to statements received from the unemployment trust company.

* - The table below presents information about the changes in the investments held for unemployment claims, which is measured at fair value on a recurring basis using significant unobservable inputs for the years ended June 30:

	2019	2018
Balance, beginning of year	$ 39,577	$ 34,645
Deposits	24,481	7,844
Claims paid	(19,885)	(1,106)
Allocated income (loss)	(844)	2,645
Allocated expenses	(4,668)	(4,451)
Balance, end of year	$ 38,661	$ 39,577

Note 11. PREPAID FEES AND TUITION FROM STUDENTS

Prepaid Fees and Tuition from Students represents prepayments received from students enrolled in the following school year which were not yet earned as of June 30, 2019 and 2018, respectively. These funds will be earned and recorded as revenue in the subsequent year. At June 30, 2019 and 2018, there were $678,694 and $689,296 of Prepaid Fees and Tuition from Students, respectively.

Note 12. PURCHASE POWER AGREEMENT AND RELATED PARTY

During 2009, the Organization entered into a purchase power agreement with Pacific Solar, LLC (the Seller). Under the agreement, the Seller constructed a 16.145kWAC solar panel system on the Organization’s property. Under the agreement the Organization will purchase power from the Seller for a term of 15 years. During fiscal year 2019 the Organization exercised the option to purchase the solar panels at fair market value.

The Owner of Pacific Solar, LLC is related to a current Board Member of the Organization. The approval process of the agreement was handled under the Organization’s Conflict of Interest policy and the Board Member was excused from voting on any activity with Pacific Solar, LLC.

Note 13. COMMITMENTS

During the year, the Organization entered into an agreement with a company to provide contracting services for the Elementary Building Expansion Project. This project will add two classrooms onto the Elementary Pod. The total contract price is $392,000 and the Organization has incurred $289,205 of expenses under the contract as of June 30, 2019. This amount is recorded in Construction in Progress.

Note 14. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, Leases, which supersedes FASB Accounting Standards Codification (ASC) Topic 840, Leases, and makes other conforming amendments to U.S. GAAP. ASU 2016-02, requires, among other changes to the lease accounting guidance, lessees to recognize most leases on the balance sheet via a right-of-use asset and lease liability as well as additional qualitative and quantitative disclosures. ASU 2016-02 is effective for entity fiscal years beginning December 15, 2019, but permits early adoption, and mandates a modified retrospective transition method. The provisions are effective for the Organization's fiscal year ending June 30, 2021. Management is currently evaluating the impact that the adoption of these provisions will have on the financial statements, but expects ASU 2016-02 to add significant right-of-use assets and lease liabilities to the statement of financial position.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new standard is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. The provisions are effective for the Organization's fiscal year ending June 30, 2021. The amendments should be applied using a retrospective transition method to each period presented. Management is currently evaluating the impact that the adoption of these provisions will have on the financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity also should disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for the entity for annual periods in fiscal years beginning after December 15, 2018 (as amended in August 2015 by ASU 2015-14, Deferral of the Effective Date). The provisions are effective for the Organization's fiscal year ending June 30, 2020. Management does not expect the adoption of these provisions to have a significant impact on the financial statements.

Note 15. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Management's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Financial Assets at June 30, 2019	$ 3,478,687
Less those unavailable for general expenditures within one year due to:	
Current Liabilities	(1,121,894)
Net Assets With Donor Restriction	(441,205)
Financial Asset available to meet cash needs for general expenditures within one year	$ 1,915,588