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

AUDITED FINANCIAL STATEMENTS
(With Independent Auditors' Report)

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020, 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.

Maui:
1885 Main Street, Suite 408 • Wailuku, Hawaii 96793
310 Ohukai Road, Suite 305 • Kihei, Hawaii 96753
Phone: 808.242.5002

Big Island:
73-4976 Kamanu Street, Suite 107
Kailua-Kona, Hawaii 96740
www.carbocpa.com

Big Island:
Location: 136 Kinoole Street • Hilo, Hawaii 96720
Mailing: P.O. Box 4372 • Hilo, Hawaii 96720
Phone: 808.930.6850

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, 2020 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 2019 financial statements, and our report dated September 3, 2019, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carbonaro CPAs & Mgmt Group

Wailuku, Hawaii
August 10, 2020

MONTESSORI OF MAUI, INC.
Statements of Financial Position
As of June 30, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents (Note 3)	$ 2,232,699	$ 2,149,036
Investments (Note 10)	1,367,624	1,329,651
Accounts Receivable net of Allowance of Doubtful Accounts of $-0- and $6,456 as of June 30, 2020 and 2019, respectively	5,996	2,018
Prepaid Expenses and Other Current Assets	4,669	28,459
Total Current Assets	3,610,988	3,509,164
LAND, BUILDINGS AND EQUIPMENT (Note 2)		
Land	636,867	636,867
Buildings	12,693,228	12,244,950
Furniture and Equipment	275,005	210,957
Construction in Progress	16,605	321,758
Less Accumulated Depreciation	(4,577,617)	(4,209,193)
Net Land, Buildings and Equipment	9,044,088	9,205,339
TOTAL ASSETS	$ 12,655,076	$ 12,714,503

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Prepaid Fees and Tuition from Students (Note 11)	$ 395,614	$ 678,694
Accounts Payable	43,814	35,728
Refundable Advances (Note 2)	1,938	23,643
Accrued Payroll and Payroll Taxes	111,435	128,235
Paycheck Protection Program Loan (Note 14)	431,200	-
Current Portion of Note Payable (Note 7)	168,410	241,798
Credit Card Payable	17,206	13,796
Total Current Liabilities	1,169,617	1,121,894
LONG TERM LIABILITIES		
Note Payable (Note 7)	3,703,729	3,872,050
Total Long Term Liabilities	3,703,729	3,872,050
TOTAL LIABILITIES	4,873,346	4,993,944
NET ASSETS (Note 4)		
Net Assets Without Donor Restrictions	7,325,201	7,279,354
Net Assets With Donor Restrictions	456,529	441,205
Total Net Assets	7,781,730	7,720,559
TOTAL LIABILITIES AND NET ASSETS	$ 12,655,076	$ 12,714,503

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, 2020
(With comparative totals for the year ended June 30, 2019)

.	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
OPERATING REVENUE AND SUPPORT				
Tuition and Fees	$ 3,927,890	$ -	$ 3,927,890	$ 3,809,724
Contributions and Fundraising	142,072	20,487	162,559	201,374
Annual Giving Revenue	64,701	12,000	76,701	113,887
Other Income	56,857	-	56,857	82,274
In-kind Revenue (Note 2)	102,270	-	102,270	76,648
Extended Care	57,335	-	57,335	73,672
Grant and Trust Income	-	38,000	38,000	53,500
Interest and Investment Income	44,943	-	44,943	33,275
Gain (Loss) on Investments	(16,900)	-	(16,900)	14,088
Capital Campaign Revenue	-	6,250	6,250	1,000
Net Assets Released from Restrictions	61,413	(61,413)	-	-
Total Operating Revenue and Support	4,440,581	15,324	4,455,905	4,459,442
EXPENSES				
Program Services	3,577,830	-	3,577,830	3,436,950
Management and General	694,368	-	694,368	582,681
Fundraising	122,536	-	122,536	102,827
Total Expenses	4,394,734	-	4,394,734	4,122,458
CHANGE IN NET ASSETS	**45,847**	**15,324**	**61,171**	**336,984**
Net Assets, Beginning of Year	7,279,354	441,205	7,720,559	7,383,575
Net Assets, End of Year	$ 7,325,201	$ 456,529	$ 7,781,730	$ 7,720,559

MONTESSORI OF MAUI, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2020
(With comparative totals for the year ended June 30, 2019)

	2020				2019
	Program Services	Management and General	Fundraising	Total	Total
Salaries and Wages	$ 1,778,550	$ 520,021	$ 91,768	$ 2,390,339	$ 2,111,466
Employee Benefits	368,844	104,844	18,502	492,190	505,835
Depreciation and Amortization	368,424	-	-	368,424	372,500
Payroll Taxes	171,606	46,248	8,161	226,015	208,410
Interest and Fees	151,259	-	-	151,259	159,472
In-kind Expense (Note 2)	102,270	-	-	102,270	76,648
Pension Contribution (Note 5)	91,910	-	-	91,910	71,113
Fundraising and Special Events	80,413	-	-	80,413	103,313
Repairs and Maintenance	79,618	-	-	79,618	68,274
Classroom Supplies	57,336	-	-	57,336	58,421
Program Activities	44,629	-	-	44,629	100,652
Insurance	39,250	3,993	705	43,948	37,613
Telephone and Computer Supplies	40,352	-	-	40,352	51,787
Utilities	39,208	-	-	39,208	40,621
Small Equipment	32,992	-	-	32,992	15,375
Outside Services	17,955	4,831	853	23,639	10,853
Workshop and Staff Development	21,066	1,357	240	22,663	19,897
Dues	18,848	1,017	180	20,045	15,849
Janitorial Expense	17,128	-	-	17,128	9,969
Recruitment - Employee	16,644	-	-	16,644	11,783
Accounting and Legal	-	11,953	2,109	14,062	14,799
Miscellaneous	11,819	-	-	11,819	7,859
Marketing (Note 2)	10,571	-	-	10,571	24,859
Bank Fees and Credit Card Fees	4,722	104	18	4,844	3,460
FACTS Account Expense	4,423	-	-	4,423	6,440
Office Supplies	3,680	-	-	3,680	2,315
Automobile Expense	2,651	-	-	2,651	2,170
Grant Expenses	2,007	-	-	2,007	6,946
Postage and Printing	1,733	-	-	1,733	3,004
Accrediting and Licensing Costs	1,077	-	-	1,077	755
Bad Debt (Recovery)	(3,155)	-	-	(3,155)	-
	$ 3,577,830	$ 694,368	$ 122,536	$ 4,394,734	$ 4,122,458

MONTESSORI OF MAUI, INC.
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Students for Tuition and Fees	$ 3,622,282	$ 3,798,030
Grant and Trust Cash Receipts	38,000	53,500
Cash from Contributions, Capital Campaign and Fundraising	245,510	316,261
Investment Income Received	44,943	33,275
Other Cash Receipts	114,192	155,946
Cash Paid for Interest	(151,259)	(159,472)
Cash Paid to Employees and Vendors	(3,757,450)	(3,478,411)
Net Cash Provided by Operating Activities (Note 6)	156,218	719,129
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Used to Purchase Equipment and Construct Buildings	(207,173)	(374,419)
Net Purchases of Investments	(54,873)	(293,696)
Net Cash Used By Investing Activities	(262,046)	(668,115)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program Loan	431,200	-
Principal Payments on Note Payable	(241,709)	(233,496)
Net Cash Provided (Used) By Financing Activities	189,491	(233,496)
Net Increase (Decrease) in Cash for the Year	**83,663**	**(182,482)**
CASH BALANCE, BEGINNING OF YEAR	2,149,036	2,331,518
CASH BALANCE, END OF YEAR	$ 2,232,699	$ 2,149,036

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 ethnic 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. Management periodically evaluates the adequacy of the allowance for doubtful accounts based on its past experience and knowledge of the receivable.

Revenue Recognition: The Organization has analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and has concluded that no changes are necessary to conform to the new standard. Performance obligation related to tuition and fees are recognized over the school year and are fully earned at year end. Grant revenue is recognized as the expenses occur or the services have been provided throughout the fiscal year. Other revenues and donations do not have a specific performance obligation and are generally earned when received.

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.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2020 or 2019.

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 2016 are subject to examination.

Marketing: The Organization expenses advertising as it incurs the expense. Advertising expense was $10,571 and $24,859 for the years ended June 30, 2020 and 2019, 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 $102,270 and $76,648 of donated goods for their fundraising event during the year ended June 30, 2020 and 2019, respectively.

Note 3. 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.

During the fiscal year, the Organization adopted ASU 2016-18, Statement of Cash Flows (Topic 230): *Restricted Cash*. Management believes that the adoption of the new accounting standard provides a better presentation of cash flows to the users of its financial statements. The change had no effect on the statement of cash flows as the Organization was already including restricted cash in cash and cash equivalents on the statements of cash flows.

Note 4. NET ASSETS

In accordance with ASU 2016-14, Not-For-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, Montessori of Maui, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with 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.
>
> Net assets with donor restrictions 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 Restrictions as of June 30, 2020 and 2019 consist of the following:

	2020	2019
CWB Scholarship Fund	$ 119,382	$ 120,082
Endowment Restricted through Perpetuity	103,920	99,920
Endowment Interest (Note 9)	94,458	91,736
Hawaiian Scholarship Fund	59,580	49,115
Financial Aid	36,000	36,000
Kokua Charitable Trust	25,097	26,307
Others	18,092	18,045
Total	$ 456,529	$ 441,205

Endowments restricted through perpetuity consist of various contributions received for the purpose of the financial aid endowment fund. At June 30, 2020 and 2019, the balance of the net assets with donor restrictions through perpetuity was $103,920 and $99,920, respectively. Please see Note 9.

Note 5. EMPLOYEE PENSION PLAN

The Organization has entered into a tax-deferred defined contribution 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 contribution was $91,910 and $71,113 for the years ended June 30, 2020 and 2019, respectively.

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

	2020	2019
Change in Net Assets	$ 61,171	$ 336,984
Add Depreciation and Amortization	368,424	372,500
Recovery of Bad Debt Expense	(3,155)	-
Gain on Investments	16,900	(14,088)
Adjustments to Reconcile:		
Change in Accounts Receivable	(823)	2,591
Change in Prepaid Expenses and Other Current Assets	23,790	(9,751)
Change in Accounts Payable	11,496	15,252
Change in Accrued Expenses	(16,800)	29,926
Change in Prepaid Fees and Tuition from Students	(304,785)	(14,285)
Net Cash Provided by Operating Activities	$ 156,218	$ 719,129

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.

The loan balances at June 30, 2020 and 2019 are as follows:

	2020	2019
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. In April 2020, the Organziation was granted a modification to the loan to allow for interest only payments for 6 months due to the COVID-19 pandemic.	$ 3,872,139	$ 4,113,848
Less Current Installments of Long-Term Debt	(168,410)	(241,798)
Net Long-Term Debt	$ 3,703,729	$ 3,872,050

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

2021	168,410
2022	260,652
2023	270,623
2024	280,976
2025	291,725
Thereafter	2,599,753
Total	$ 3,872,139

Note 8. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 10, 2020, the date the financial statements were available to be issued.

Subsequent to year end, the COVID-19 pandemic was still ongoing. The United States economy was negatively affected and the financial markets have experienced fluctuations due to the outbreak. At the time these financial statements were available to be issued, the situation remained very volatile and the full effect of the pandemic on the operations of the Organization could not be determined. The Organization has procedures in place for the 2021 school year and is expecting a decrease in the number of students and has properly budgeted for this loss.

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, 2020 and 2019, the endowment net assets amounted to $206,370 and $199,648 respectively.

For the year ended June 30, 2020, 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	$ -	$ 94,458	$ 103,920	$ 198,378
Board-designated endowment	7,992	-	-	7,992
Total Funds	$ 7,992	$ 94,458	$ 103,920	$ 206,370

Changes in Endowment Net Assets

	Without Donor Restrictions	**With Donor Restrictions**	**With Donor Restrictions through Perpetuity**	**Total**
Endowment net assets June 30, 2019	$ 7,992	$ 91,736	$ 99,920	$ 199,648
Investment Return:				
Investment Income	-	2,722	-	2,722
Net Appreciation	-	-	-	-
Total Investment return	-	2,722	-	2,722
Endowment Increase	-	-	4,000	4,000
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets June 30, 2020	$ 7,992	$ 94,458	$ 103,920	$ 206,370

Note 9. ENDOWMENTS (Continued)

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.

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, 2020 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, 2020	Quoted Prices: Level 1	Significant Other Inputs: Level 2	Significant Non-Observable Inputs: Level 3
Certificates of Deposits	$ 839,021	$ 839,021	$ -	$ -
Mutual Funds	234,112	234,112	-	-
Exchange-Traded and Closed Ended Funds	175,525	175,525	-	-
Equities	87,911	87,911	-	-
Held in Trust for Unemployment Claims - *	31,055	-	-	31,055
Total	$ 1,367,624	$ 1,336,569	$ -	$ 31,055

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

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:

	2020	2019
Balance, beginning of year	$ 38,661	$ 39,577
Deposits	19,457	24,481
Claims paid	(26,169)	(19,885)
Allocated income (loss)	3,799	(844)
Allocated expenses	(4,693)	(4,668)
Balance, end of year	$ 31,055	$ 38,661

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, 2020 and 2019, respectively. These funds will be earned and recorded as revenue in the subsequent year. At June 30, 2020 and 2019, there were $395,614 and $678,694 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. 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, 2020	$ 3,600,323
Less those unavailable for general expenditures within one year due to:	
Net Assets With Donor Restrictions	(456,529)
Financial Asset available to meet cash needs for general expenditures within one year	$ 3,143,794

Note 14. PAYROLL PROTECTION PROGRAM LOAN

On April 14, 2020, the Organization received loan proceeds in the amount of $431,200 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness can be reduced if the borrower terminates employees or reduces salaries over the period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization used the proceeds for purposes consistent with the PPP and therefore plans to meet the conditions for forgiveness of the loan. Until the bank has forgiven the indebtedness in whole or in part, the Organization will maintain the loan balance on the statement of net assets accordingly.

Note 15. 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.