Eastern Christian School Association
and Affiliates
[a Non-Profit Organization]

Combined Financial Statements

Years Ended August 31, 2015 and 2014

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C O N T E N T S

SAXBST
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Independent Auditor's Report

Board of Directors
Eastern Christian School Association and Affiliates
[a Non-Profit Organization]

Report on the Financial Statements

We have audited the accompanying combined financial statements of the Eastern Christian School Association and Affiliates [a Non-Profit Organization], which comprise the statement's of financial position as of August 31, 2015 and 2014, and the related statements of activities and of cash flows for the years then ended and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Eastern Christian School Association and Affiliates [a Non-Profit Organization] as of August 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

SaxBST LLP

Clifton, New Jersey
January 26, 2016

Eastern Christian School Association and Affiliates
[a Non-Profit Organization]

Combined Statements of Financial Position

	August 31, 2015	August 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 811,850	$ 898,674
Cash temporarily restricted	153,917	87,123
Tuition receivable, net	162,247	162,456
Other receivables	52,375	41,511
Unconditional promises to give, net	186,501	207,746
Accrued income	3,661	3,667
Loans receivable	2,276	3,825
Other current assets	320,463	266,667
Total current assets	1,693,290	1,671,669
PROPERTY AND EQUIPMENT, NET	8,103,591	8,473,049
OTHER ASSETS		
Investments and endowment	6,749,579	7,517,623
Other non-current assets	553,000	557,000
Total other assets	7,302,579	8,074,623
TOTAL ASSETS	**$ 17,099,460**	**$ 18,219,341**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Deferred income	$ 2,446,426	$ 2,465,545
Short-term borrowings	3,835,314	3,267,251
Accounts payable	248,953	173,850
Accrued expenses	163,026	250,465
Loans payable, current portion	72,511	127,683
Total current liabilities	6,766,230	6,284,794
LONG-TERM LIABILITIES	1,613,072	1,514,880
NET ASSETS		
Unrestricted	7,821,744	9,486,827
Temporarily restricted	256,294	291,945
Permanently restricted	642,120	640,895
Total net assets	8,720,158	10,419,667
TOTAL LIABILITIES AND NET ASSETS	**$ 17,099,460**	**$ 18,219,341**

See accompanying Notes to Financial Statements.

Eastern Christian School Association and Affiliates
[a Non-Profit Organization]

Combined Statement of Activities

	Year Ended August 31, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Tuition and fees	$ 7,013,576	$ -	$ -	$ 7,013,576
Transportation	224,711	-	-	224,711
Other income	356,434	77,078	-	433,512
Rental income	142,088	-	-	142,088
Eagle Solar revenue	72,662	-	-	72,662
Ditto revenue	546,527	-	-	546,527
Contributions (including in-kind of $52,615)	766,338	312,497	1,225	1,080,060
TRIP income	1,702,017	-	-	1,702,017
Eagle Learning Center revenue	86,221	-	-	86,221
Eagle Camp revenue	395,385	-	-	395,385
Investment income	132,945	14,300	-	147,245
Net loss on investments	(491,751)	(25,167)	-	(516,918)
Total revenues	10,947,153	378,708	1,225	11,327,086
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of donor restrictions	414,359	(414,359)	-	-
Total revenues, gains, and other support	11,361,512	(35,651)	1,225	11,327,086
EXPENSES				
Payroll, taxes, and pension	6,586,179	-	-	6,586,179
Association expenses	968,224	-	-	968,224
Building maintenance	595,175	-	-	595,175
Transportation expenses	413,181	-	-	413,181
Educational supplies	643,870	-	-	643,870
Depreciation and amortization	785,140	-	-	785,140
Insurance	70,400	-	-	70,400
Bad debts	52,245	-	-	52,245
Interest	143,174	-	-	143,174
Other expenses (benefit)	(57,499)	-	-	(57,499)
Scholarships/trust disbursements	32,425	-	-	32,425
Eagle Solar expenses	19,702	-	-	19,702
Ditto expenses	346,085	-	-	346,085
TRIP expense	1,689,409	-	-	1,689,409
Eagle Learning Center expenses	207,194	-	-	207,194
Eagle Camp expenses	333,126	-	-	333,126
Development expenses	198,565	-	-	198,565
Total expenses	13,026,595	-	-	13,026,595
Increase (decrease) in net assets	(1,665,083)	(35,651)	1,225	(1,699,509)
NET ASSETS, *beginning of year*	9,486,827	291,945	640,895	10,419,667
NET ASSETS, *end of year*	**$ 7,821,744**	**$ 256,294**	**$ 642,120**	**$ 8,720,158**

See accompanying Notes to Financial Statements.

Eastern Christian School Association and Affiliates
[a Non-Profit Organization]

Combined Statement of Activities

	Year Ended August 31, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Tuition and fees	$ 6,445,666	$ -	$ -	$ 6,445,666
Transportation	204,523	-	-	204,523
Other income	270,291	79,364	-	349,655
Rental income	76,737	-	-	76,737
Eagle Solar revenue	87,198	-	-	87,198
Ditto revenue	451,620	-	-	451,620
Contributions (including in-kind of $35,723)	684,391	503,845	2,095	1,190,331
TRIP income	1,733,266	-	-	1,733,266
Eagle Learning Center revenue	157,323	-	-	157,323
Eagle Camp revenue	315,429	-	-	315,429
Investment income	107,843	13,112	-	120,955
Net gain (loss) on investments	807,146	79,275	-	886,421
Total revenues	11,341,433	675,596	2,095	12,019,124
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of donor restrictions	608,157	(608,157)	-	-
Total revenues, gains, and other support	11,949,590	67,439	2,095	12,019,124
EXPENSES				
Payroll, taxes, and pension	6,227,322	-	-	6,227,322
Association expenses	851,464	-	-	851,464
Building maintenance	589,881	-	-	589,881
Transportation expenses	385,655	-	-	385,655
Educational supplies	560,336	-	-	560,336
Depreciation and amortization	763,577	-	-	763,577
Insurance	73,409	-	-	73,409
Bad debts	20,849	-	-	20,849
Interest	149,524	-	-	149,524
Other expenses (benefit)	(11,308)	-	-	(11,308)
Scholarships/trust disbursements	29,625	-	-	29,625
Eagle Solar expenses	17,645	-	-	17,645
Ditto expenses	305,644	-	-	305,644
TRIP expense	1,716,040	-	-	1,716,040
Eagle Learning Center expenses	176,442	-	-	176,442
Eagle Camp expenses	244,985	-	-	244,985
Development expenses	184,900	-	-	184,900
Total expenses	12,285,990	-	-	12,285,990
Increase (decrease) in net assets	(336,400)	67,439	2,095	(266,866)
NET ASSETS, *beginning of year*	9,823,227	224,506	638,800	10,686,533
NET ASSETS, *end of year*	**$ 9,486,827**	**$ 291,945**	**$ 640,895**	**$ 10,419,667**

See accompanying Notes to Financial Statements.

Eastern Christian School Association and Affiliates
[a Non-Profit Organization]

Combined Statements of Cash Flows

	Years Ended August 31, 2015	Years Ended August 31, 2014
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
(Decrease) in net assets	$ (1,699,509)	$ (266,866)
Adjustments to reconcile (decrease) in net assets		
to net cash provided by (used for) operating activities		
Depreciation and amortization	785,140	763,577
Donated property and equipment	-	(9,010)
Loss on disposal of property, plant, and equipment	456	-
Net unrealized (gain) loss on investments	439,811	(201,958)
Net unrealized (gain) on SREC sales contract	74,000	18,000
Deferred tax benefit	(70,000)	(20,000)
Bad debts	52,245	20,849
(Increase) decrease in assets		
Tuition receivable	(52,036)	(358)
Other receivables	(10,864)	11,119
Unconditional promises to give	21,245	213,893
Accrued income	6	596
Loans receivable	1,549	(3,825)
Other current assets	(53,796)	2,556
Increase (decrease) in liabilities		
Deferred income	(19,119)	640,785
Accounts payable	19,185	(23,115)
Accrued expenses	(87,439)	99,567
	(599,126)	**1,245,810**
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Proceeds (disbursements) of investments	328,233	(43,298)
Acquisition of property and equipment	(416,138)	(1,055,275)
Cash temporarily restricted	(66,794)	81,027
	(154,699)	**(1,017,546)**
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Advances on short-term borrowings	1,135,000	1,265,990
Repayments of short-term borrowings	(566,937)	(1,387,720)
Proceeds from loans payable	190,000	-
Repayment of loans payable	(91,062)	(91,144)
	667,001	**(212,874)**
Net increase (decrease) in cash and cash equivalents	**(86,824)**	**15,390**
CASH AND CASH EQUIVALENTS, *beginning of year*	898,674	883,284
CASH AND CASH EQUIVALENTS, *end of year*	**$ 811,850**	**$ 898,674**

	2015	2014
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 143,174	$ 149,524
Cash paid during the year for taxes	$ -	$ -

See accompanying Notes to Financial Statements.

Note 1 - Summary of Significant Accounting Policies

a. Basis of Combination

The accompanying combined financial statements of Eastern Christian School Association and Affiliates [a Non-Profit Organization] ("the Organization"), includes the following entities: Eastern Christian School Association ("ECSA"), The Foundation for Eastern Christian School Association ("Foundation"), Ditto of North Jersey, LLC ("Ditto"), and Eagle Solar, LLC ("Eagle"). Hereinafter, the combined entities are referred to as "The Organization". All inter-company balances and transactions have been eliminated in this combination.

b. Nature of Activities

The Eastern Christian School Association ("ECSA") is a Non-Profit organization established under the laws of the State of New Jersey. The Organization operates as a private school and is dedicated to educating children in grades K-12 in the Light of God's Word. There are three campuses located in northern New Jersey. The Organization is supported primarily through tuition and contributions from members.

The Foundation for Eastern Christian School Association ("the Foundation") is a Non-Profit organization established under the laws of the State of New Jersey and is under common control with ECSA. The Foundation is responsible for the fundraising activities and the acceptance of contributions to the Organization.

Ditto of North Jersey, LLC ("Ditto") is a single member limited liability corporation established under the laws of the State of Delaware and is wholly owned by the Foundation. Ditto operates as an upscale resale store which retails donated merchandise and is located in North Haledon, New Jersey. Ditto commenced operations in September 2010.

Eagle Solar, LLC ("Eagle") is a single member limited liability corporation established under the laws of the State of Delaware and is wholly owned by ECSA. Eagle owns and operates three solar power systems, placed at each of the Organization's school locations. The solar equipment commenced generating power between June and July 2011.

c. Financial Statement Presentation

The Organization's financial statement presentation is in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-05 Financial Statements of Not-for-Profit Organizations. Under ASC 958-205-05, the Organization 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. In addition, the Organization is required to present a statement of cash flows.

d. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid, non-endowment, investments with an initial maturity of three months or less to be cash equivalents.

Note 1 - Summary of Significant Accounting Policies - Continued

e. Tuition Receivable

The Organization uses the reserve for bad debt method of valuing tuition receivable which is based on historical experience, coupled with a review of the current status of existing receivables. The reserve for doubtful accounts against tuition receivable was $209,505 and $156,578 for the years ended August 31, 2015 and 2014, respectively.

f. Tuition Revenues

Tuition revenue is recognized monthly over the term of the school year and is shown net of financial aid scholarships awarded to students. Scholarships awarded to students totaled $1,238,865 and $1,084,453 for the years ended August 31, 2015 and 2014, respectively.

g. Unconditional Promises to Give

The Organization uses the reserve for bad debt method of valuing doubtful pledges receivable which is based on historical experience, coupled with a review of the current status of existing receivables. The reserve for doubtful pledges receivable was $3,234 for the years ended August 31, 2015 and 2014.

h. Property and Equipment

Property and equipment are carried at cost for purchased items and at fair value for contributed items at the time they are donated. Major improvements are capitalized and amortized over their useful lives. Maintenance and repairs are treated as expenses.

Depreciation and amortization is provided in amounts sufficient to write off the cost of depreciable assets, less salvage value, over their estimated useful lives. Depreciation is computed by using the straight-line method over the following estimated useful lives of the depreciable assets.

Buildings	40 years
Improvements	10 - 40 years
Vehicles and buses	10 years
Furniture and fixtures	5 - 10 years

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Note 1 - Summary of Significant Accounting Policies - Continued

i. Restricted and Unrestricted Revenue

Revenue that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support 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 statements of activities as net assets released from restrictions.

j. Donated Services and Materials

Volunteers contribute time in conjunction with the Organization's programs and services. The value of these services is not included in these financial statements, since they would not typically be purchased by the Organization and do not require specialized skills. Donated materials are recorded at their estimated fair market value at the date of donation and are included on the statements of activities under the caption contributions.

Merchandise donated to Ditto and sold during the year is included under the caption "Ditto revenue" on the statements of activities. Merchandise donated to Ditto and not sold during the year is included under the caption "Contributions" on the statement of activities. Merchandise donated to Ditto and not sold is valued at an estimated fair value based on the quantity of items on hand and the historical average sales price realized. As of August 31, 2015 and 2014, Ditto had merchandise valued at $47,593 and $38,829, respectively, on hand and is included under the caption "other current assets" on the combined statements of financial position.

k. Investments

Investments in marketable securities and debt securities are classified as available for sale and are carried at fair market value on a recurring basis. Unrealized gains and losses are included in the change in net assets. Investment income is reported net of investment fees of $38,630 and $42,533 for the years ended August 31, 2015 and 2014, respectively.

l. Financial Instruments

"Eagle" entered into a forward fixed-price sales contract in February 2011 to sell energy credits generated by the solar power system, located at the middle school campus, to Rockland Electric Company. The contract was entered into to reduce the Organizations exposure to fluctuations in the energy credit market. This contract is recognized as either an asset or liability at fair value in the statements of financial position with the changes in the fair value reported in current-period earnings. The contract value is classified on the statements of financial position as well as other non-current assets (See Note 5) and the change in the fair value is recorded on the income statement in Eagle Solar Revenue. For the years ended August 31, 2015 and 2014, the Organization recognized a reduction in the fair value of $74,000 and $58,000, respectively, on this contract.

Note 1 - Summary of Significant Accounting Policies - Continued

m. Fair Value measurement

The Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurement and Disclosure, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is 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.

In accordance with ASC Topic 820-10-35, the Organization groups assets and liabilities at fair value into three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Quoted market prices for identical instruments traded in active markets.

Level 2: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Model based techniques that use significant assumptions not observable in the market.

For the fiscal years ended August 31, 2015 and 2014, the application of valuation techniques applied to similar assets and liabilities has been consistent.

n. Tax Status

"ECSA", "Foundation", and "Ditto" are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income taxes. "Eagle" has elected to be taxed as a corporation for federal and state income taxes.

Deferred taxes on “Eagle” are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, 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 changes in tax laws and rates on the date of enactment.

“Eagle” has net operating loss carryforwards of approximately $1,800,000 for federal and state income tax purposes as of August 31, 2015, that expire at various times through 2035 and are subject to certain limitations and statutory expiration periods.

Note 1 - Summary of Significant Accounting Policies - Continued

n. Tax Status - Continued

Deferred income tax assets and liabilities for “Eagle” arise from temporary differences relating to operating losses and depreciation and amortization being reported for financial accounting and tax purposes in different periods. The provision for deferred Federal and New Jersey state income taxes consisted of a net benefit for the years ended August 31, 2015 and 2014 in the amounts of $70,000 and $60,000, respectively and is included on the statements of activities under the caption “Other expenses”. Long term deferred tax assets are reported net of long term deferred tax liabilities and are classified on the statements of financial position as “Other non-current assets” (See Note 5).

The Organization has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the combined financial statements. Under this 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. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Organization recognizes interest associated with unrecognized tax benefits in interest expense and penalties as operating expenses.

The Organization files income tax returns in the U.S. Federal jurisdiction, as well as in the New Jersey state jurisdiction.

o. Accounting Estimates

The preparation of combined financial statements in accordance 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 at the date of the combined financial statement and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

p. Endowment Funds

Net Asset Classification - The Organization's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments to support ECSA. As required by accounting principles generally accepted in the United States of America, net assets associated with endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 1 - Summary of Significant Accounting Policies - Continued

p. Endowment Funds - Continued

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds and additional contributions to those funds, absent explicit donor stipulations to the contrary. As permitted by donor-imposition, the remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets, if expended within the next year, or temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization is governed subject to the Governing documents for the Organization and most contributions are received subject to the terms of the Governing Document.

Under the terms of the Governing Documents, the Board of Directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund.
b. The purposes of the Organization and the donor-restricted endowment fund.
c. General economic conditions.
d. The possible effect of inflation and deflation.
e. The expected total return from income and the appreciation of investments.
f. Other resources of the Organization.
g. The investment policies of the Organization.

As a result of the ability to distribute corpus, the Board of Directors has determined that all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes. Contributions that are subject to other gift instruments may be recorded as permanently restricted, temporarily restricted, or unrestricted, depending on the specific terms of the agreement.

Generally, if the corpus of a contribution will at some future time become available for spending it is recorded as temporarily restricted, if the corpus never becomes available for spending it will be reported as permanently restricted.

Endowment Investment and Spending Policies - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Organization's spending and investment policies work together to achieve this objective. The investment policy established an achievable return objective through diversification of asset classes. The current long-term return objective is to return 9%, net of investment fees. Actual returns in any given year may vary from this amount.

Note 1 - Summary of Significant Accounting Policies – Continued

p. Endowment Funds – Continued

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Organization's endowment funds for the administration of its programs. The current spending policy is to distribute the greater of $450,000 or 5% of the average ending account balance for the prior 16 quarters, until such time as an account history of 20 rolling quarters is established, at which time the distribution shall be equal to the greater of $450,000 or 5% of the average ending account balance for the prior 20 quarters. In establishing the dollar distribution for the next fiscal year, the account balance at November 30 of each year shall be included as one of the 20 quarters included in this calculation. Management believes this is consistent with the objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through gifts and investment return.

q. Concentration of Credit Risk for Cash Held at Financial Institutions

The Organization maintains substantially all of its cash balances with one financial institution. From time to time, the Organization maintained cash balances in excess of the federally insured limits.

r. Reclassifications

Certain reclassifications have been made to the prior amounts to conform to the current year presentation.

s. Subsequent Events

The Organization has evaluated subsequent events for potential recognition or disclosure through January 26, 2016, the date the financial statements were available to be issued.

Note 2 - Fair Value

The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable, accrued liabilities, and short-term borrowings approximates fair value due to the short maturity of these instruments. The carrying amount of the Organization's loans payable approximates fair value because the interest rates fluctuate with market interest rates.

Endowment Investments - The fair value for substantially all of the Organization's endowment investments is determined by the use of quoted market prices obtained from an independent third-party pricing service. Based on the nature of the investments the fair value of investments is considered a Level 1 item within the Fair Value hierarchy.

Note 2 - Fair Value - Continued

Forward Fixed-Price Sales Contract - Forward fixed-price sales contract does not trade in an active, open market with readily observable prices. Accordingly, “Eagle” estimates the fair value of this contract using discounted cash flow (“DCF”) models incorporating closing spot energy credit prices on an active exchange, energy credit generation capacity of the underlying solar equipment; contract fixed sales price, market discount rates, and default rates. Due to the nature of the valuation inputs, the contract is classified within Level 2 of the valuation hierarchy.

Assets measured at fair value and are summarized as follows:

	August 31, 2015				
	Level 1	Level 2	Level 3	Cost	Unrealized Income
Money market funds	$ 542,767	$ -	$ -	$ 542,767	$ -
Fixed Income					
Domestic mutual funds	959,551	-	-	985,417	(25,866)
International mutual funds	477,043	-	-	521,724	(44,681)
Alternative Assets					
Real estate funds	367,917	-	-	313,175	54,742
Commodities fund	325,730	-	-	462,757	(137,027)
Equities					
Domestic mutual funds	2,124,275	-	-	1,635,213	489,062
International mutual funds	1,351,692	-	-	1,348,754	2,938
Barnabas Conservative fund	600,604	-	-	596,021	4,583
Forward fixed-price sales contract	-	178,000	-	-	178,000
Total	$ 6,749,579	$ 178,000	$ -	$ 6,405,828	$ 521,751

	August 31, 2014				
	Level 1	Level 2	Level 3	Cost	Unrealized Income
Money market funds	$ 256,102	$ -	$ -	$ 256,102	$ -
Fixed Income					
Domestic mutual funds	1,063,850	-	-	1,191,810	(127,960)
International mutual funds	409,423	-	-	799,942	(390,519)
Alternative Assets					
Real estate funds	514,136	-	-	268,245	245,891
Commodities fund	519,988	-	-	413,500	106,488
Equities					
Domestic mutual funds	2,444,173	-	-	1,860,825	583,348
International mutual funds	1,681,575	-	-	1,211,308	470,267
Barnabas Conservative fund	628,376	-	-	732,329	(103,953)
Forward fixed-price sales contract	-	252,000	-	-	252,000
Total	$ 7,517,623	$ 252,000	$ -	$ 6,734,061	$ 1,035,562

Note 2 - Fair Value - Continued

The Organization holds investments which are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the fair value of investments reported in the statement of financial position.

Note 3 - Endowments

The Organization's endowment fund is comprised of board designated endowment funds and donor-restricted endowment funds. Endowment net asset composition and changes in endowment net assets by type of fund, as of and for the years ended August 31, 2015 and 2014 are as follows

	August 31, 2015				
	Board Designated	Donor Designated			
	Unrestricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, August 31, 2014	$ 6,898,802	$ (227,012)	$ 204,938	$ 640,895	$ 7,517,623
Contributions	43,677	-	-	1,225	44,902
Investment return					
Investment income	128,602	8	14,202	-	142,812
Net gain (loss) on investments	(491,736)	(15)	(25,167)	-	(516,918)
Assets appropriated for restricted purposes	-	325	(37,225)	-	(36,900)
Amounts appropriated for expenditure					
Operations	(450,000)	-	-	-	(450,000)
ECSA	11,466	5,932	-	-	17,398
Eagle Solar	19,011	-	-	-	19,011
Ditto	11,651	-	-	-	11,651
Endowment Net Assets, August 31, 2015	$ 6,171,473	$ (220,762)	$ 156,748	$ 642,120	$ 6,749,579

	August 31, 2014				
	Board Designated	Donor Designated			
	Unrestricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, August 31, 2013	$ 6,494,925	$ 1,322	$ 137,320	$ 638,800	$ 7,272,367
Contributions	30,242	-	-	2,095	32,337
Investment return					
Investment income	105,108	22	12,518	-	117,648
Net gain (loss) on investments	807,012	134	79,275	-	886,421
Assets appropriated for restricted purposes	-	(975)	(24,175)	-	(25,150)
Amounts appropriated for expenditure					
Operations	(450,000)	-	-	-	(450,000)
ECSA	6,493	(227,515)	-	-	(221,022)
Eagle Solar	18,266	-	-	-	18,266
Ditto	(113,244)	-	-	-	(113,244)
Endowment Net Assets, August 31, 2014	$ 6,898,802	$ (227,012)	$ 204,938	$ 640,895	$ 7,517,623

During the years ended August 31, 2015 and 2014, the Organization appropriated additional funds from both the board designated endowment funds and donor-restricted endowment funds. It is anticipated that amounts advanced to ECSA, Eagle Solar, and Ditto will be returned to the endowment, with interest at 4% per annum. Total appropriations outstanding and to be returned to the endowment as of August 31, 2015 and 2014 are $862,410 and 903,353, respectively.

Note 4 - Property and Equipment

Property and equipment consists of the following:

	August 31	
	2015	2014
Land	$ 182,000	$ 182,000
Buildings and improvements	11,026,574	10,740,636
Vehicles and buses	773,348	694,348
Furniture and fixtures	266,351	286,530
Fixed Assets - Eagle Solar, LLC	2,969,010	2,969,010
Fixed Assets - Ditto of North Jersey, LLC	539,623	539,622
Total	15,756,906	15,412,146
Less accumulated depreciation	7,653,315	6,939,097
Net Property and Equipment	$ 8,103,591	$ 8,473,049

Note 5 - Other Assets

Other assets consist of the following:

	August 31	
	2015	2014
Other Current Assets		
Prepaid expenses	$ 191,158	$ 142,720
Deposits	2,000	2,000
TRIP cards on hand	71,480	53,526
Eagle Solar inventory	8,232	29,592
Ditto inventory	47,593	38,829
Total Other Current Assets	$ 320,463	$ 266,667
Other Non-Current Assets		
Gross deferred tax asset (Note 1N)	$ 859,000	$ 796,000
Gross deferred tax liability (Note 1N)	(484,000)	(491,000)
FMV of long-term sales contract (Note 1M)	178,000	252,000
Total Other Non-Current Assets	$ 553,000	$ 557,000

Note 6 - Short-Term Borrowings

ECSA entered into a line of credit agreement with JPMorgan Chase bank in May 2012 in the amount of $3,000,000. The loan is collateralized by essentially all of ECSA's assets and bears interest at the adjusted LIBOR rate plus 1.5%, however, never to be more than 5.50%. In March 2015, ECSA negotiated a change in interest rate to adjusted LIBOR rate plus 1%. The effective rate at August 31, 2015 was 1.198%. This line expires February 28, 2017. As of August 31, 2015 and 2014, there was an outstanding balance of $1,866,000 and $1,256,000, respectively.

In May 2012, Eagle obtained a new line of credit with JPMorgan Chase. The line of credit has a limit of $2,500,000 and is collateralized by the unrestricted endowment assets of ECSA and the assets of Eagle. The line bears interest at the adjusted LIBOR rate plus 1.5%, however, never to be more than 5.50%. In March 2015, ECSA negotiated a change in interest rate to adjusted LIBOR rate plus 1%. The effective rate at August 31, 2015 was 1.198%. This line expires February 28, 2017. As of August, 31, 2015 and 2014, there was an outstanding balance of $1,969,314 and $2,011,251, respectively.

Note 7 - Loans Payable

Loans payable as of August 31, 2015 and 2014 consist of the following:

	August 31	
	2015	2014
Note payable to Atlantic Stewardship Bank in monthly installments of $6,042 including interest of 5.50% through August 15, 2028, collateralized by the property at 25 Baldin Drive, Midland Park.	$ 668,152	$ 704,125
Note payable to Atlantic Stewardship Bank in monthly installments of $6,282 including interest of 5.50% through June 1, 2032, collateralized by the property at 25 Baldin Drive, Midland Park.	820,773	854,704
Note payable to Atlantic Stewardship Bank in monthly installments of $1,642 including interest of 5.875% through December, 2015, collateralized by the property at 25 Baldin Drive, Midland Park.	6,448	25,091
Note payable to UR Energy, Inc., note is non interest bearing. Amount settled as of August 31, 2015	-	55,918
Note payable to Kubota Credit Corporation, U.S.A., in monthly installments of $220, non interest bearing, matures November 2015.	210	2,725
Private loan to various personal investors including related party members of ECSA management and the board of trustees, in interest only payments of 3.5%, matures October 2021.	80,000	-
Private loan to various personal investors including related party members of ECSA management and the board of trustees, in interest only payments of 3.5%, matures October 2021.	80,000	-
Private loan to various personal investors including related party members of ECSA management and the board of trustees, in interest only payments of 4%, matures October 2021.	30,000	-
Total	1,685,583	1,642,563
Less current portion	72,511	127,683
Loans payable, net of current portion	$ 1,613,072	$ 1,514,880

Note 7 - Loans Payable - Continued

Future maturities of this debt are as follows:

Years ending August 31	
2016	$ 72,511
2017	99,790
2018	73,813
2019	78,037
202	242,318
Thereafter	1,119,114
Total Notes Payable	$ 1,685,583

Note 8 - Multiple Employer Pension Plan

The Organization participates in the Christian Schools Pension Plan and Trust Fund, which is sponsored by Christian Schools International. All employees that work 1,000 hours or more per year are eligible and must participate in the plan. The Organization contributes 6% of an eligible employee's gross salary.

The plan provides for a retirement benefit, a death benefit, and disability income. A refund of contributions is available to those who leave the Pension Trust Program. The Organization made contributions to the plan totaling $296,115 and $276,384 for the years ended August 31, 2015 and 2014, respectively.

Note 9 - Designation of Unrestricted Net Assets

Unrestricted net assets represent resources for which the use is not limited or restricted by donors. They generally arise as a result of exchange transactions, unrestricted contributions, or restricted contributions whose restrictions have expired. The Organization’s board of trustees has chosen to place limitations on unrestricted net assets for the following purposes

	August 31	
	2015	2014
Repairs on rental properties	$ 9,499	$ -
Nursing scholarships - Stringer fund	822	503
Total Board Designated Funds	$ 10,321	$ 503

Note 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	August 31	
	2015	2014
Housing loans for teachers	$ 35,000	$ 35,000
Equipment purchases	53,596	55,410
Scholarships and awards	167,698	201,535
Total Temporarily Restricted Net Assets	$ 256,294	$ 291,945

Note 11 - Permanently Restricted Net Assets

Permanently restricted net assets represent endowment funds which are restricted for the following objectives:

	August 31	
	2015	2014
Equipment purchases	$ 26,580	$ 26,580
Scholarships	615,540	614,315
Total Permanently Restricted Net Assets	$ 642,120	$ 640,895

Note 12 - Lease Obligations

Ditto entered into a lease agreement for the use of the facility in North Haledon, NJ under an operating lease, which commenced August 1, 2010 and expires on July 31, 2020. The Organization signed a lease agreement to rent a store front location in North Haledon, NJ for the Eagle Learning Center under an operating lease, which expires on June 30, 2017. The Organization also leases certain office equipment under operating leases. The total lease expense recorded for the years ended August 31, 2015 and 2014 was $185,135 and $157,106, respectively.

The future minimum lease payments under these operating leases are as follows:

Years ending August 31	
2016	$ 183,320
2017	137,812
2018	125,625
2019	125,625
2020	50,299
Thereafter	-
Total	$ 622,681

Note 13 - Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This standard outlines a single comprehensive model for Organizations to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time.

This standard will be effective for annual reporting periods beginning after December 15, 2018, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. The Organization has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on the combined financial statements.