ABINTRA MONTESSORI SCHOOL

FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

JUNE 30, 2019 AND 2018

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JUNE 30, 2019 AND 2018

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KraftCPAs PLLC

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Trustees of Abintra Montessori School
Nashville, Tennessee

Management is responsible for the accompanying financial statements of Abintra Montessori School (the "School"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

KraftCPAs PLLC

Nashville, Tennessee
November 20, 2019

KraftCPAs PLLC • Certified Public Accountants and Consultants
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ABINTRA MONTESSORI SCHOOL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

(SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT)

ASSETS

	2019	2018
Cash	$ 750,919	$ 699,894
Tuition and fees receivable, net	1,266,002	1,241,037
Prepaid expenses	13,379	17,266
Board-designated endowment assets:		
Cash	17,818	166,087
Investments	759,026	601,491
Property and equipment, net	2,110,991	2,229,058
TOTAL ASSETS	$ 4,918,135	$ 4,954,833

LIABILITIES AND NET ASSETS

	2019	2018
LIABILITIES		
Accrued payroll and expenses	$ 3,081	$ 2,635
Deferred revenue	1,680,918	1,667,747
Note payable	394,702	509,761
TOTAL LIABILITIES	2,078,701	2,180,143
NET ASSETS		
Without donor restrictions - undesignated	2,062,590	2,007,112
Without donor restrictions - board-designated endowment fund	776,844	767,578
TOTAL NET ASSETS	2,839,434	2,774,690
TOTAL LIABILITIES AND NET ASSETS	$ 4,918,135	$ 4,954,833

See accompanying notes to financial statements.

ABINTRA MONTESSORI SCHOOL

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

(SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT)

	2019	2018
REVENUES AND SUPPORT WITHOUT DONOR RESTRICTIONS		
Revenues and support:		
Tuition and fees, net	$ 1,844,839	$ 1,922,225
Auxiliary programs	130,708	115,630
Contributions	47,043	45,308
Investment income, net	25,000	13,787
Other revenues	10,468	9,358
TOTAL REVENUES AND SUPPORT WITHOUT DONOR RESTRICTIONS	2,058,058	2,106,308
EXPENSES		
Program services:		
Academic program	1,652,008	1,682,063
Auxiliary programs	63,813	68,576
Total program services	1,715,821	1,750,639
Supporting services:		
General and administrative	274,013	278,603
Fundraising	3,480	4,764
Total supporting services	277,493	283,367
TOTAL EXPENSES	1,993,314	2,034,006
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	64,744	72,302
NET ASSETS - BEGINNING OF YEAR	2,774,690	2,702,388
NET ASSETS - END OF YEAR	$ 2,839,434	$ 2,774,690

See accompanying notes to financial statements.

ABINTRA MONTESSORI SCHOOL

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

(SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT)

	2019					
	Program Services		Total	General		
	Academic Program	Auxiliary Programs	Program Services	and Administrative	Fundraising	Total
Salaries and wages	$ 915,701	$ 22,065	$ 937,766	$ 165,488	$ -	$ 1,103,254
Payroll taxes and employee benefits	308,049	3,501	311,550	38,506	-	350,056
Professional fees	-	-	-	38,904	-	38,904
Equipment rent	2,915	1,166	4,081	1,166	583	5,830
Utilities	43,546	8,165	51,711	2,722	-	54,433
Repairs and maintenance	107,055	5,756	112,811	2,302	-	115,113
Supplies	58,817	7,351	66,168	7,352	-	73,520
Insurance	25,521	1,387	26,908	832	-	27,740
Professional development	3,489	-	3,489	-	-	3,489
Postage	-	-	-	1,249	-	1,249
Advertising	-	-	-	8,315	-	8,315
Interest expense	20,223	1,319	21,542	440	-	21,982
Bank and credit card fees	5,168	1,034	6,202	345	345	6,892
Event expenses	713	-	713	-	2,138	2,851
Association and license fees	-	-	-	1,220	-	1,220
Board expenses	1,658	-	1,658	-	414	2,072
Bad debt expense	17,771	4,443	22,214	-	-	22,214
Other expenses	1,068	-	1,068	597	-	1,665
Depreciation	140,314	7,626	147,940	4,575	-	152,515
	$ 1,652,008	$ 63,813	$ 1,715,821	$ 274,013	$ 3,480	$ 1,993,314

See accompanying notes to financial statements.

2018					
Program Services		Total	General		
Academic Program	Auxiliary Programs	Total Program Services	General and Administrative	Fundraising	Total
$ 939,863	$ 22,647	$ 962,510	$ 169,855	$ -	$ 1,132,365
275,054	3,126	278,180	34,382	-	312,562
5,836	-	5,836	-	-	5,836
-	-	-	38,333	-	38,333
-	-	-	-	-	-
38,073	7,139	45,212	2,380	-	47,592
110,037	5,916	115,953	2,366	-	118,319
85,387	10,673	96,060	10,673	-	106,733
22,300	1,212	23,512	727	-	24,239
-	-	-	1,155	-	1,155
-	-	-	9,850	-	9,850
24,652	1,608	26,260	536	-	26,796
3,856	771	4,627	257	257	5,141
1,252	-	1,252	-	3,755	5,007
-	-	-	1,123	-	1,123
3,010	-	3,010	-	752	3,762
32,408	8,102	40,510	-	-	40,510
4,510	-	4,510	2,537	-	7,047
135,825	7,382	143,207	4,429	-	147,636
$ 1,682,063	$ 68,576	$ 1,750,639	$ 278,603	$ 4,764	$ 2,034,006

ABINTRA MONTESSORI SCHOOL

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

(SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 64,744	$ 72,302
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	152,515	147,636
Bad debt expense	22,214	40,510
Net realized and unrealized gains on investments	(7,337)	(2,403)
(Increase) decrease in:		
Tuition and fees receivable	(47,179)	9,008
Prepaid expenses	3,887	2,468
Increase (decrease) in:		
Accrued payroll and expenses	446	(44,014)
Deferred revenue	13,171	(111,551)
TOTAL ADJUSTMENTS	137,717	41,654
NET CASH PROVIDED BY OPERATING ACTIVITIES	202,461	113,956
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(34,448)	(86,957)
Proceeds from sale of investments	649,952	486,644
Purchase of investments	(800,150)	(382,135)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(184,646)	17,552
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(115,059)	(110,503)
NET CASH USED IN FINANCING ACTIVITIES	(115,059)	(110,503)
NET (DECREASE) INCREASE IN CASH	(97,244)	21,005
CASH - BEGINNING OF YEAR	865,981	844,976
CASH - END OF YEAR	$ 768,737	$ 865,981
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Interest paid	$ 21,982	$ 26,796

See accompanying notes to financial statements.

NOTE 1 - GENERAL

Abintra Montessori School (the "School") is a Tennessee not-for-profit organization incorporated on August 5, 1980. The School is an independent, nonprofit school providing a quality education for children in the Nashville area, serving children ages two-and-a-half to fourteen years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of the School on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Resources are classified as net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. These net assets may be used at the discretion of the School's management and the board of trustees. The board and the School's management has designated, from net assets without donor restrictions, net assets for an endowment for the School.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

The School had no net assets with donor restrictions as of June 30, 2019 or 2018.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Support

Revenue is recognized when earned. Contributions are recognized when cash, securities, other assets or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The School did not receive any conditional promises to give in the years ended June 30, 2019 and 2018.

Donated equipment is reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. The School generally pays for services requiring specific expertise. Volunteers also provided their time to perform a variety of tasks that assist the School that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Contributed investments are recorded as contributions at their fair market value on the date of the donation.

Tuition and Fees Receivable

Tuition and fees receivable represent tuition and fees that are collectible under signed, noncancelable enrollment contracts. Certain contracts call for payments to be made at specified dates and all are expected to be collected within one year. An allowance for doubtful accounts is provided based on management's estimate of uncollectible tuition and historical trends. Tuition and fees receivable are written off when deemed uncollectible. Management estimated the allowance for doubtful accounts to be $28,502 and $23,837 at June 30, 2019 and 2018, respectively.

Deferred Revenue

Deferred revenue results from the School recognizing tuition revenue in the period in which the related educational instruction is performed. Accordingly, the enrollment deposit and any tuition fees received or receivable (based on signed, noncancelable enrollment contracts) for the next school term are deferred until the start of the fiscal year during which instruction occurs. Deferred revenues are recognized throughout the academic year based on the period that the educational instruction is performed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are reported at cost at the date of purchase or at estimated fair value at date of gift to the School. The School's policy is to capitalize purchases and or improvements with a cost of $1,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from five to thirty years for buildings, grounds and improvements, three to fifteen years for equipment and furnishings, five years for vehicles, and three to seven years for educational materials.

Tuition, Financial Aid Scholarships and Tuition Remission

Gross tuition and fees reflect the School's normal tuition rates for all students. Expenses for scholarships given on the basis of financial need are netted against gross tuition and fees in the statements of activities. Financial aid scholarships awarded were $64,869 and $87,492 for the years ending June 30, 2019 and 2018 respectively.

Dependents of the School's qualifying employees receive 50% remission applied to normal tuition rates owed, which is included in payroll taxes and employee benefits on the statements of functional expenses. Tuition remission totaled $67,298 and $50,820 for the years ending June 30, 2019 and 2018, respectively.

Investment Valuation and Income Recognition

Investments are reported at fair value. 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.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income is reported net of investment fees.

Income Taxes

The School qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

The School files U.S. Federal Form 990 for organizations exempt from income tax.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the School's income tax return to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there were no provisions for income taxes, penalties, or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Fair Value Measurements

The School classifies its investments based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market, but for which observable market inputs are readily available), and Level 3 (securities valued based on significant, unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis:

Equities and Real Estate Investment Trusts - Determined by reference to quoted market prices and other relevant information generated by market transactions and classified within Level 1.

Brokered Certificates of Deposit - Valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions and classified within Level 2.

No changes in the valuation methodologies have been made since the prior year.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Funds

The School has funds designated by the Board to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment funds required to be maintained in perpetuity are subject to the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act ("SUPMIFA"). There are no endowment funds required to be maintained in perpetuity held by the School as of June 30, 2019 or 2018.

Endowment Investment Return Objective, Parameters and Strategies

The School is committed to an investment policy for its endowment and cash funds which is both enduring and flexible. The School seeks a balance in the management of the funds that will help support its current spending needs and which will ensure future funds will exist to help support future spending needs. In practical terms, this implies that the funds, at a minimum, must grow by an amount equal to the rate of inflation plus the amount the School has budgeted to help support the current spending needs. With respect to short-term cash funds, the School intends to maximize the return of short-term funds in excess of operating requirements, while at the same time minimizing risk and assuring the safety of principal.

While the School desires as little volatility in the returns of the funds as possible, it recognizes that some volatility is unavoidable to meet its investment objectives over time. The funds must be invested in assets that will grow in value, such as equity securities, and in assets that will produce stable income, such as fixed-income securities. The School expects investments in equity securities to have greater volatility than fixed-income securities. The funds will be invested in a balance of equity and fixed-income securities. The account shall be considered a balance account containing both debt and equity securities, and managed for "total return," a combination of both growth and income.

Endowment Spending Policy

Investment earnings from the endowment fund are generally reinvested in endowment fund assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

The following program and supporting services classifications are included in the accompanying financial statements:

Program Services - includes the costs incurred to provide students with academic instruction and auxiliary programs, including extended care, afterschool and summer programs and parent education.

Supporting Services:

Management and General - relates to the overall direction of the organization. These expenses are not identifiable with a particular program but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, investment management and other administrative activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include creation and distribution of fundraising materials.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program, supporting service, or activity based on objectively evaluated financial and nonfinancial data or reasonable, subjective methods determined by management. The expenses that are allocated include salaries and wages, payroll taxes and employee benefits and repairs and maintenance, which are allocated based on estimated time expended on those resources, and insurance, interest expense and depreciation, which are allocated based on estimates of related use of the property.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Additionally, ASU 2016-14 requires all not-for-profit entities to present expenses by their natural and functional expense classification. The School has adjusted the presentation of these statements accordingly.

Recent Authoritative Accounting Guidance

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The School is currently evaluating the impact of the adoption of this guidance on its financial statements but does not expect the impact to be material.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the School beginning on July 1, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The School is currently evaluating the impact of the adoption of this guidance on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. As the School is a resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The School is currently evaluating the impact of the adoption of this guidance on its financial statements but does not expect the impact to be material.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on net assets or the change in net assets as previously reported.

Events Occurring After Reporting Date

The School has evaluated events and transactions that occurred between June 30, 2019 and November 20, 2019, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The School regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The School has various sources of liquidity at its disposal, including cash, tuition and fees receivable and investments.

For the purposes of analyzing resources available to meet general expenditures over a twelve-month period, the School considers all expenditures related to its ongoing instructional and student activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

NOTE 3 - AVAILABILITY AND LIQUIDITY (CONTINUED)

As of June 30, 2019, the following table shows the total financial assets held by the School and the amounts of those financial assets not available to be used for general expenditures within one year:

Financial assets at year end:	
Cash	$ 768,737
Tuition and fees receivable, net	1,266,002
Investments	759,026
Total financial assets	2,793,765
Less amounts not available to be used within one year:	
Board-designated endowment funds:	
Cash	17,818
Investments	759,026
	776,844
Financial assets available to meet general expenditures over the next twelve months	$ 2,016,921

Board-designated endowment funds can be made available for general expenditures at the discretion of the School's board of trustees.

NOTE 4 - CONCENTRATIONS OF CREDIT RISK

The School maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The School's cash balances may at times exceed statutory limits. The School has not experienced any losses in such accounts and management considers this to be a normal business risk.

The School also maintains investment balances with a brokerage and investment company. These investments consist of certificates of deposit and various equities. Generally, they are not insured by the FDIC or any other government agency and are subject to investment risk, including the risk of loss of principal. Investors are provided limited protection by the Securities Investor Protection Corporation ("SIPC"), a nonprofit membership corporation funded by its member securities broker dealers. SIPC covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms up to $500,000 per broker (including $250,000 of cash).

NOTE 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, is as follows:

	2019	2018
Land	$ 821,585	$ 821,585
Buildings, grounds and improvements	3,428,247	3,428,247
Equipment and furnishings	491,780	459,074
Vehicles	132,732	132,732
Educational materials	125,982	124,240
Total property and equipment	5,000,326	4,965,878
Less: accumulated depreciation	(2,889,335)	(2,736,820)
Net property and equipment	$ 2,110,991	$ 2,229,058

NOTE 6 - INVESTMENTS

Investments consisted of the following at June 30:

	2019	2018
Brokered certificates of deposit	$ 550,434	$ 399,283
Equities	189,563	180,454
Real estate investment trusts	19,029	21,754
Total	$ 759,026	$ 601,491

The following schedule summarizes the investment returns in the statements of activities for the years ended June 30:

	2019	2018
Interest and dividends	$ 19,823	$ 15,718
Investment fees	(2,160)	(4,334)
Realized and unrealized gains	7,337	2,403
Total	$ 25,000	$ 13,787

NOTE 7 - BOARD-DESIGNATED ENDOWMENT

A summary of activity involving the board-designated endowment assets for the years ended June 30 is as follows:

	2019	2018
Endowment assets - beginning	$ 767,578	$ 768,612
Interest and dividends	19,823	15,718
Investment fees	(2,160)	(4,334)
Realized and unrealized gains	7,337	2,403
Appropriation for operations	(15,734)	(14,821)
Total endowment assets	$ 776,844	$ 767,578

NOTE 8 - FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the School's assets at fair value as of June 30:

	2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Brokered certificates of deposit	$ -	$ 550,434	$ -	$ 550,434
Equities:				
Basic industries	3,618	-	-	3,618
Consumer goods and services	45,828	-	-	45,828
Energy	35,452	-	-	35,452
Finance	16,005	-	-	16,005
Healthcare	16,634	-	-	16,634
Transportation	6,299	-	-	6,299
Utilities	65,727	-	-	65,727
Real estate investment trusts	19,029	-	-	19,029
Total financial assets	$ 208,592	$ 550,434	$ -	$ 759,026

	2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Brokered certificates of deposit	$ -	$ 399,283	$ -	$ 399,283
Equities:				
Basic industries	4,137	-	-	4,137
Consumer goods and services	38,931	-	-	38,931
Energy	38,096	-	-	38,096
Finance	6,053	-	-	6,053
Healthcare	20,684	-	-	20,684
Transportation	2,443	-	-	2,443
Utilities	70,110	-	-	70,110
Real estate investment trusts	21,754	-	-	21,754
Total financial assets	$ 202,208	$ 399,283	$ -	$ 601,491

NOTE 9 - NOTE PAYABLE

Note payable consists of the following at June 30:

	2019	2018
Mortgage loan - principal and interest at 3.99%, due in monthly installments of $11,130, with final payment of remaining principal balance due November 2027, secured by deed of trust on real estate with a carrying value of $1,784,470.	$ 394,702	$ 509,761

The note agreement requires the School to meet certain financial covenants, including a minimum debt service coverage ratio.

The School has made prepayments on the note. The following is a summary by year of the principal maturities of the note payable as of June 30, 2019:

Year ended June 30:	
2020	$ 120,036
2021	124,914
2022	129,990
2023	19,762
	$ 394,702

Interest expense on the note payable for the years ended June 30, 2019 and 2018 amounted to $21,982 and $26,796, respectively.

NOTE 10 - RETIREMENT PLAN

The School sponsors a Section 403(b) retirement plan. The plan allows employees to make voluntary contributions, subject to certain limitations under the Internal Revenue Code. The plan provides for matching contributions for each employee deferral contribution, subject to limitations. Total contributions by the School to the plan amounted to $31,921 and $28,076 for the years ended June 30, 2019 and 2018, respectively.

NOTE 11 - DEFERRED COMPENSATION PLAN

The School provides a deferred compensation plan to its Executive Director which provides for payment of benefits upon retirement. The plan allows voluntary contributions, subject to certain limitations under the Internal Revenue Code. The plan provides for employer non-elective contributions to the plan. Total contributions by the School to the plan amounted to $18,000 during both the years ended June 30, 2019 and 2018.