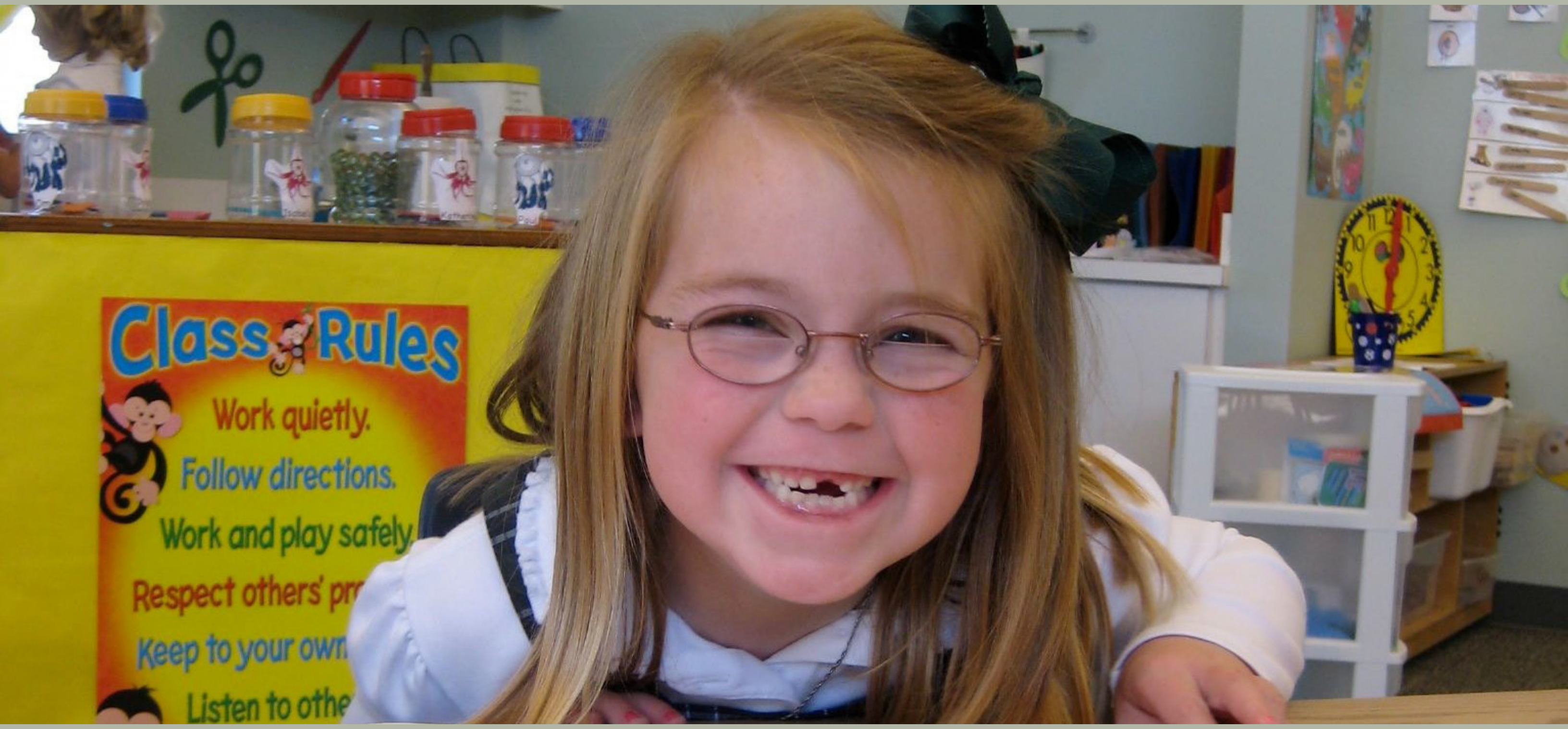
THE PARISH SCHOOL

and Subsidiaries

Consolidated Financial Statements



For the Years Ended
July 31, 2015 and 2014

and Report of
Independent Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Parish Children's School and Subsidiaries

We have audited the accompanying consolidated financial statements of The Parish Children's School and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of July 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

6002 Rogerdale, Ste. 200 Houston, Texas 77072 Tel 281-759-1120 Fax 281-759-5500

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of July 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Melton + Melton, L.L.P.

Houston, Texas
November 6, 2015

The Parish School

The Parish Children's School and Subsidiaries
Consolidated Statements of Financial Position
As of July 31, 2015 and 2014

Assets

	2015	2014
Cash and Cash Equivalents	$ 2,746,554	$ 3,030,402
Accounts Receivable, net of allowance for doubtful accounts	39,099	29,410
Prepaid Expenses and Other Receivables	17,141	8,789
Pledges Receivable	119,428	262,317
Property and Equipment, net of accumulated depreciation	5,260,613	5,421,079
Investments	665,474	656,036
Total Assets	$ 8,848,309	$ 9,408,033

Liabilities and Net Assets

	2015	2014
Accounts Payable	$ 36,355	$ 60,871
Accrued Employee Benefits	168,917	179,907
Deferred Tuition, Fees and Other Revenue	1,545,918	1,687,645
Note Payable	793,501	1,318,501
Total Liabilities	2,544,691	3,246,924
Unrestricted Net Assets	$ 5,255,197	$ 4,963,272
Temporarily Restricted Net Assets	749,093	898,634
Permanently Restricted Net Assets	299,328	299,203
Total Net Assets	6,303,618	6,161,109
Total Liabilities and Net Assets	$ 8,848,309	$ 9,408,033

(See Notes to Consolidated Financial Statements)

The Parish Children's School and Subsidiaries
Consolidated Statements of Activities
For the Years Ended July 31, 2015 and 2014

2015	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues:				
Tuition and Fees, net of financial assistance	$ 4,680,064	$ 4,680,064	$ -	$ -
Contributions	440,805	129,658	311,022	125
Capital Campaign Contributions	37,500	-	37,500	-
Special Events	274,179	165,196	108,983	-
Direct Donor Benefit	(55,326)	(55,326)	-	-
Investment Return, net	14,007	11,073	2,934	-
Other income	36,693	36,693	-	-
Total Revenues	5,427,922	4,967,358	460,439	125
Net Assets Released from Restrictions:				
Capital Campaign	-	175,700	(175,700)	-
Financial Assistance	-	240,000	(240,000)	-
Other Program Expense	-	194,280	(194,280)	-
Total Net Assets Released from Restrictions	-	609,980	(609,980)	-
Total Net Revenues	5,427,922	5,577,338	(149,541)	125
Expenses:				
Educational Programs	4,267,589	4,267,589	-	-
General and Administrative	673,019	673,019	-	-
Fundraising	344,805	344,805	-	-
Total Expenses	5,285,413	5,285,413	-	-
Change in Net Assets	142,509	291,925	(149,541)	125
Net Assets, beginning of year	6,161,109	4,963,272	898,634	299,203
Net Assets, end of year	**$ 6,303,618**	**$ 5,255,197**	**$ 749,093**	**$ 299,328**

(See Notes to Consolidated Financial Statements)

The Parish Children's School and Subsidiaries
Consolidated Statements of Activities
For the Years Ended July 31, 2015 and 2014

2014	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues:				
Tuition and Fees, net of financial assistance	$ 4,652,011	$ 4,652,011	$ -	$ -
Contributions	482,047	102,025	379,922	100
Capital Campaign Contributions	49,750	-	49,750	-
Special Events	254,936	148,992	105,944	-
Direct Donor Benefit	(55,178)	(55,178)	-	-
Investment Return, net	34,312	24,371	9,941	-
Other income	42,766	42,766	-	-
Total Revenues	5,460,644	4,914,987	545,557	100
Net Assets Released from Restrictions:				
Capital Campaign	-	48,500	(48,500)	-
Financial Assistance	-	218,700	(218,700)	-
Other Program Expense	-	223,039	(223,039)	-
Total Net Assets Released from Restrictions	-	490,239	(490,239)	-
Total Net Revenues	5,460,644	5,405,226	55,318	100
Expenses:				
Educational Programs	4,153,012	4,153,012	-	-
General and Administrative	742,353	742,353	-	-
Fundraising	349,373	349,373	-	-
Total Expenses	5,244,738	5,244,738	-	-
Change in Net Assets	215,906	160,488	55,318	100
Net Assets, beginning of year	5,945,203	4,802,784	843,316	299,103
Net Assets, end of year	**$ 6,161,109**	**$ 4,963,272**	**$ 898,634**	**$ 299,203**

(See Notes to Consolidated Financial Statements)

The Parish Children's School and Subsidiaries
Consolidated Statements of Functional Expenses
For the Years Ended July 31, 2015 and 2014

THE PARISH SCHOOL

	Educational Programs		General and Administrative		Fundraising		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Salaries, Benefits and Taxes	$ 3,216,404	$ 3,087,290	$ 520,048	$ 524,567	$ 218,472	$ 218,684	$ 3,954,924	$ 3,830,541
Other Expenses:								
Utilities and Building Maintenance	205,232	177,520	32,919	36,814	5,981	5,805	244,132	220,139
Consultants	248,628	267,868	-	-	-	-	248,628	267,868
Interest	49,281	62,790	2,341	4,906	1,657	2,115	53,279	69,811
Supplies and Materials	99,931	87,006	10,418	9,564	6,363	7,834	116,712	104,404
Purchased and Professional Services	37,458	41,791	52,112	86,982	22,023	54,535	111,593	183,308
Insurance	41,140	41,909	7,716	8,029	2,156	2,213	51,012	52,151
Technology	59,258	69,269	4,788	23,142	19,185	7,944	83,231	100,355
Professional Development	36,719	39,459	8,170	1,669	6,914	1,898	51,803	43,026
Facility and Equipment Rental	42,829	38,050	2,877	3,306	4,963	5,437	50,669	46,793
Bank and Credit Card Fees	25,776	22,611	3,080	4,723	8,162	5,380	37,018	32,714
Printing	4,640	5,781	500	736	13,856	7,009	18,996	13,526
Licenses and Memberships	9,541	7,930	3,790	4,155	1,966	843	15,297	12,928
Other Miscellaneous Expenses	35,925	50,588	12,823	20,287	28,669	24,494	77,417	95,369
Total Expenses Before Depreciation	4,112,762	3,999,862	661,582	728,880	340,367	344,191	5,114,711	5,072,933
Depreciation of Property and Equipment	154,827	153,150	11,437	13,473	4,438	5,182	170,702	171,805
Total Expenses	**$ 4,267,589**	**$ 4,153,012**	**$ 673,019**	**$ 742,353**	**$ 344,805**	**$ 349,373**	5,285,413	5,244,738
Direct Donor Benefit							55,326	55,178
TOTAL EXPENDITURES							**$ 5,340,739**	**$ 5,299,916**
Functional Expense Percentages	**81%**	**79%**	**13%**	**14%**	**6%**	**7%**		

(See Notes to Consolidated Financial Statements)

The Parish Children's School and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended July 31, 2015 and 2014

THE PARISH SCHOOL

	2015	2014
Cash Flows from Operating Activities:		
Change in Net Assets	$ 142,509	$ 215,906
Adjustments to Reconcile the Change in Net Assets to Net Cash Provided by Operating Activities:		
Contributions Restricted for Capital Campaign	(37,500)	(49,750)
Contributions Restricted for Endowment	(125)	(100)
Gain on Disposal of Property and Equipment	-	(3,775)
Depreciation	170,702	171,805
Bad Debts	(558)	3,156
Net Unrealized/Realized Loss (Gain) on Investments	10,674	(14,106)
Cash Provided by (Used for) the Change In:		
Accounts Receivable	(9,131)	378
Prepaid Expenses and Other Receivables	(8,352)	10,544
Pledges Receivable	105,647	130,149
Accounts Payable	(24,516)	(59,184)
Accrued Employee Benefits	(10,990)	22,718
Deferred Tuition, Fees and Other Revenues	(141,727)	140,973
Total Adjustments	54,124	352,808
Net Cash Provided by Operating Activities	196,633	568,714
Cash Flows from Investing Activities:		
Property and Equipment Additions	(10,236)	(24,280)
Proceeds from Sale of Property and Equipment	-	4,700
Purchases of Investments	(299,481)	(274,240)
Proceeds from Sales of Investments	282,378	207,575
Net Change in Money Market Mutual Funds	(3,009)	48,819
Net Cash Used in Investing Activities	(30,348)	(37,426)
Cash Flows from Financing Activities:		
Principal Payments on Note Payable	(525,000)	(120,000)
Contributions Received for Capital Campaign	74,742	76,333
Contributions Received for Endowment	125	100
Net Cash Used in Financing Activities	(450,133)	(43,567)
Net Change in Cash and Cash Equivalents	(283,848)	487,721
Cash and Cash Equivalents, Beginning of Year	3,030,402	2,542,681
Cash and Cash Equivalents, End of Year	**$ 2,746,554**	**$ 3,030,402**
Supplemental Disclosure of Cash Flows Information:		
Cash paid for:		
Interest	**$ 55,248**	**$ 70,504**
Non-Cash Financing Activities:		
Pledges Receivable for Capital Campaign	**$ 10,375**	**$ 47,617**

(See Notes to Consolidated Financial Statements)

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The Parish Children's School and Subsidiaries
Notes to Consolidated Financial Statements
July 31, 2015 and 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization

The Parish Children's School is a private, nonprofit school incorporated in the State of Texas in 1983 and operates as The Parish School (the "School"). Located in Houston, Texas, the School specializes in early language intervention and individualized instruction for children 18 months of age through fifth grade with a focus on the education of the whole child. Its mission is to identify, educate, and empower children who have language and learning differences. The School develops communication skills, academic preparedness, resilience, independence, self-advocacy, social competence, and self-confidence in all students. The School also educates parents and the community on early intervention, language and learning development and parent advocacy. The School is accredited by the Southern Association of Colleges and Schools.

The Carruth Center, Inc. ("Carruth") is a private, nonprofit organization incorporated in the State of Texas in 1999. Carruth serves the School's children as well as the general community by providing psychoeducational and neuropsychological assessment testing of children, speech and language therapy, education placement consultation, parental advocacy and education resources, and family counseling and community referral services. The board of directors of Carruth is appointed by the board of directors of the School.

Robbin's Place, L.L.C. ("Robbin's Place") is a Texas limited liability company, wholly owned by the School, and formed in 2010. Robbin's Place was created to manage the donations of the founder's estate upon her death.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the School and its controlled subsidiaries, Carruth and Robbin's Place (together, the "Organization"). All significant intercompany accounts and transactions have been eliminated.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant assets, liabilities, revenues, and expenses.

Federal Income Tax Status

The School and Carruth are exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code ("IRC") and are also exempt from Texas state franchise taxes. Robbin's Place is a taxable entity and the State of Texas has a gross margin tax that applies to Robbin's Place. For each reported year, Robbin's Place had no gross margin tax liability. The School is classified as a public charity under §509(a)(1) of the IRC, while Carruth is classified as a public charity under §509(a)(3) of the IRC. The School and Carruth file annual federal information returns and are subject to routine examinations of their returns; however, there are no examinations for any tax periods currently in progress. The Organization believes it is no longer subject to examinations of returns for tax years ending before 2012.

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

The Organization recognizes the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The Organization does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for uncertain tax benefits. The Organization records tax-related interest and penalties, if any, in expenses in the consolidated statements of activities. For the years ended July 31, 2015 and 2014, the Organization incurred no tax-related interest or penalties.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include cash and other short-term highly liquid instruments with original maturities of three months or less. To minimize the risk associated with its cash balances exceeding FDIC insurance limits, the Organization has implemented a laddered certificate of deposit investment strategy utilizing multiple banking institutions.

Accounts Receivable and Other Receivables

Accounts receivable and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The allowance for doubtful accounts for accounts receivable reported was $280 and $858 at July 31, 2015 and 2014, respectively. No allowance for doubtful accounts was considered necessary for other receivables at July 31, 2015 and 2014.

Pledges Receivable

Pledges receivable consist of unconditional promises to give. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Management provides for probable uncollectible amounts through a provision for bad debts and an adjustment to a valuation allowance based on its assessment of the current status of the individual accounts. Management has determined that no valuation allowance was considered necessary for pledges receivable at July 31, 2015 and 2014.

Investments

Investments are reported at fair value, which 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. See Note 4 for discussion of fair value measurements. Investment return is reported in the consolidated statements of activities as a change in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions.

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair value at the date of gift, if donated. Depreciation is calculated when the assets are placed in service using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years for buildings and improvements, from 3 to 10 years for furniture, equipment and software, and 5 years for vehicles. Expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property and equipment disposals are credited or charged to operations currently.

Net Asset Classification

Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

> *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
>
> *Temporarily restricted net assets* include contributions and investment return restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.
>
> *Permanently restricted net assets* include contributions that donors have restricted in perpetuity. The related investment income is available to support the areas stipulated by the donor or general school operations where no donor stipulation exists.

Tuition and Fees

Tuition and fees are recognized in the period in which the services are provided and are shown net of financial assistance. Tuition and fees collected in advance are deferred until earned. Financial assistance of $270,349 and $241,460 was awarded in 2015 and 2014, respectively.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor, even though their use may be limited in other respects, such as by contract or board designation. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. Amounts received that are restricted in perpetuity are reported as permanently restricted support.

Gifts and bequests of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In-kind goods to be auctioned at a future date are recorded as unrestricted support at fair value at the time of donation. As the items are auctioned, the proceeds are applied against the asset with any difference recorded as an adjustment to unrestricted support.

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Donated Services

No amounts have been reflected in the consolidated financial statements for donated services. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with programs, campaign solicitations, and various committee assignments for which no amount has been recorded in the consolidated financial statements because the services do not meet the criteria for recognition under generally accepted accounting principles. Volunteers contributed approximately 2,515 and 3,800 volunteer hours for the fiscal years ended July 31, 2015 and 2014, respectively.

Endowment Fund

The Organization has a donor-restricted endowment fund whose income is available to support student financial aid and is maintained in accordance with explicit donor stipulations and board designated endowment funds. The Organization's board of directors (the "Board") has interpreted the Texas Uniform Prudent Management of Institutional Funds Act ("TUPMIFA") 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 stipulation to the contrary. As a result of this interpretation, the Organization classifies the original value of gifts donated to the permanent endowment as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as 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 TUPMIFA.

In accordance with TUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the endowment 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 Organization's investment policy.

Investment Objectives

The Organization's investment strategy emphasizes total investment return; that is, the aggregate return from capital appreciation plus dividend, interest, and other income, net of all fees and expenses. Specifically, the primary objectives in the overall investment management for endowment fund assets are:

1) To preserve purchasing power.
2) To achieve aggregate returns over the investment horizon equal to or in excess of the rate of inflation plus amounts distributed based on the Organization's spending policy.
3) To emphasize long-term growth of principal while avoiding excessive risk through diversification of the portfolio and adherence to long-term investment discipline. Short-term volatility will be tolerated in as much as it is consistent with the volatility of an appropriate, comparable market index.

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Spending Policy

The Organization has a policy of appropriating for distribution each year up to 5% of the endowment fund's average fair value for the preceding twelve quarters (beginning July 31 of the prior year and preceding quarters). In conjunction with the authorization of the annual distribution, the Board will review this policy in light of current and expected market conditions and rate of inflation. Other distributions may be made from time to time at the discretion of the Board.

Functional Allocation of Expenses
The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing those services or using other reasonable methodologies, such as square footage or number of employees per area.

Estimates
The preparation of consolidated 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 and disclosures. Accordingly, actual results could differ from those estimates. Management of the Organization believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.

Recent Accounting Pronouncement
In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09 (ASU 2014-09) *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the Codification. ASU 2014-09, as further amended by ASU 2015-14, is effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Management is currently evaluating the impact ASU 2014-09 will have on the Organization's consolidated financial statements.

NOTE 2 - PLEDGES RECEIVABLE

Pledges receivable at July 31, 2015 and 2014 are expected to be collected as follows:

	2015	2014
Within one year	$ 118,428	$ 55,484
In one to five years	1,000	206,833
	$ 119,428	$ 262,317

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2015 and 2014 consist of the following:

	2015	2014
Land	$1,273,618	$1,273,618
Buildings and improvements	5,456,687	5,463,071
Furniture, equipment, and software	160,199	156,345
Vehicles	9,100	9,100
	6,899,604	6,902,134
Less: Accumulated depreciation	1,638,991	1,481,055
Property and equipment, net of accumulated depreciation	$5,260,613	$5,421,079

NOTE 4 - FAIR VALUE MEASUREMENTS AND INVESTMENT RETURN

The *Fair Value Measurements and Disclosures* Topic ("ASC 820") clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Various inputs are used in determining the fair value of certain of the Organization's assets. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The asset'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. The three levels of the fair value hierarchy, including the types of Organization assets that fall under each category and the valuation methodologies used to measure fair value, are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Exchange Traded Funds and Mutual Funds: Valued at net asset value (NAV) of shares held by the Organization at year-end. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Domestic Equities: Valued at the closing quoted price on the applicable securities exchange.

THE PARISH SCHOOL

The Parish Children's School and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
July 31, 2015 and 2014

NOTE 4 - FAIR VALUE MEASUREMENTS AND INVESTMENT RETURN (Continued)

Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices that are in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Corporate Bonds: The fair value was determined from independent quotation bureaus that use computerized valuation formulas to calculate fair value based on observable inputs.

Level 3 - Inputs to the valuation methodology are unobservable inputs (i.e., projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

The inputs and methodologies used for valuing assets are not an indication of the risk associated with those assets. There have been no changes in the methodologies used at July 31, 2015 or 2014.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets valued at fair value on a recurring basis as of July 31, 2015 and 2014:

Description	Level 1	Level 2	Level 3	Total
2015				
Corporate Bonds:				
Domestic		$ 397,149		$ 397,149
International		$ 26,342		$ 26,342
Total Corporate Bonds		$ 423,491		$ 423,491
Exchange Traded Funds:				
Fixed Income	62,876			62,876
Real Estate	28,045			28,045
Total Exchange Traded Funds	90,921			90,921
Domestic Equities	126,317			126,317
Money Market Mutual Funds	24,705			24,705
Investments at fair value, July 31, 2015	$ 241,943	$ 423,491		665,434
Cash Held as Investment				40
Total Investments, July 31, 2015				$ 665,474

NOTE 4 - FAIR VALUE MEASUREMENTS AND INVESTMENT RETURN (Continued)

Description	Level 1	Level 2	Level 3	Total
2014				
Corporate Bonds – Domestic		$ 232,931		$ 232,931
Exchange Traded Funds:				
Fixed Income	194,327			194,327
Real Estate	26,589			26,589
Total Exchange Traded Funds	220,916			220,916
Domestic Equities	154,183			154,183
Mutual Funds:				
Money Market	21,696			21,696
Short-term Bond	26,274			26,274
Total Mutual Funds	47,970			47,970
Investments at fair value, July 31, 2014	$ 423,069	$ 232,931		656,000
Cash Held as Investment				36
Total Investments, July 31, 2014				$ 656,036

The Organization did not have any assets valued at fair value on a nonrecurring basis as of July 31, 2015 and 2014.

Investment return consists of the following:

	2015	2014
Interest and dividends on investments	$ 19,987	$ 17,746
Net realized and unrealized gain (loss) on investments	(10,674)	14,106
Total investment return on investments	9,313	31,852
Other interest income	4,694	2,460
	$ 14,007	$ 34,312

NOTE 5 - NOTE PAYABLE

Note payable at July 31, 2015 and 2014 consists of the following:

	2014	2014
Note payable to a bank, in annual installments of $120,000, interest payable monthly at 5%, principal and interest due upon maturity in February 2020, secured by the School's land, buildings, and improvements.	$ 793,501	$1,318,501

NOTE 5 - NOTE PAYABLE (Continued)

Interest expense of $53,279 and $69,811 was recorded in 2015 and 2014, respectively.

Future maturities of the note payable as of July 31, 2015 are as follows:

For the Year Ending July 31:	
2016	$120,000
2017	120,000
2018	120,000
2019	120,000
2020	313,501
	$793,501

NOTE 6 - UNRESTRICTED NET ASSETS

Unrestricted net assets are comprised of the following at July 31, 2015 and 2014:

	2015	2014
Property and equipment, net of note payable	$4,467,112	$4,102,578
Board designated	318,481	312,102
Undesignated	469,604	548,592
	$5,255,197	$4,963,272

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at July 31, 2015 and 2014:

	2015	2014
Tuition Assistance	$642,450	$631,307
Capital Campaign	-	138,200
Margaret Noecker Nature Center	49,364	52,575
Other Restricted Contributions	9,614	31,821
Accumulated Earnings on Endowment	47,665	44,731
	$749,093	$898,634

NOTE 8 - ENDOWMENT FUND

Changes in the endowment fund net assets for the years ended July 31, 2015 and 2014 are as follows:

	Unrestricted/ Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment fund net assets, July 31, 2013	$ 290,191	$ 34,790	$ 299,103	$ 624,084
Investment return:				
Interest and dividends	12,229	5,517	-	17,746
Net unrealized gains	9,682	4,424	-	14,106
Net investment return	21,911	9,941	-	31,852
Contributions	-	-	100	100
Endowment fund net assets, July 31, 2014	$ 312,102	$ 44,731	$ 299,203	$ 656,036
Investment return:				
Interest and dividends	13,688	6,299	-	19,987
Net unrealized losses	(7,309)	(3,365)	-	(10,674)
Net investment return	6,379	2,934	-	9,313
Contributions	-	-	125	125
Endowment fund net assets, July 31, 2015	$ 318,481	$ 47,665	$ 299,328	$ 665,474

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or TUPMIFA requires the Organization to retain as permanently restricted. Deficiencies of this nature result from unfavorable market fluctuations and are included in unrestricted net assets. At July 31, 2015 and 2014, no deficiencies were noted.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash deposits in excess of federally insured limits. The Organization places its cash with financial institutions that are considered high quality financial institutions by the Organization's management.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Pension Plan

The School sponsors a defined contribution pension plan under §403(b) of the IRC. Participants in the plan may elect to make voluntary before-tax contributions, subject to certain limitations of the IRC. The School makes employer contributions to the plan based on a percentage of the participants' salary deferrals. Total employer contributions to the plan amounted to approximately $54,000 and $21,000 for the years ended July 31, 2015 and 2014, respectively. In addition, forfeiture funds of $4,731 and $19,192 were utilized by the plan for employer contributions for the year ended July 31, 2015 and 2014, respectively. Forfeiture funds are funds already expensed by the Organization, but forfeited by employees due to vesting requirements.

NOTE 10 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 6, 2015, the date the consolidated financial statements were available to be issued.