

MATIGNON HIGH SCHOOL, INC.

FINANCIAL STATEMENTS

and

INDEPENDENT AUDITORS' REPORT

June 30, 2016



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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Matignon High School, Inc.
Cambridge, MA

We have audited the accompanying financial statements of **Matignon High School, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016, and the related statements of activities, net (deficiency) assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Matignon High School, Inc.** as of June 30, 2016, and the changes in its net (deficiency) assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

- Continued -

INDEPENDENT AUDITORS' REPORT - CONTINUED

Report on Summarized Comparative Information

We have previously audited **Matignon High School, Inc.**'s June 30, 2015 financial statements, and our report dated September 16, 2016 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2015, is consistent in all material respects, with the audited financial statements from which they are derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rucci, Bardaro & Falzone, PC

Rucci, Bardaro & Falzone, PC
Certified Public Accountants
Woburn, MA 01801

September 16, 2016



Matignon High School, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2016

(with comparative totals for June 30, 2015)

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash	\$ 391,025	\$ 622,067
Restricted cash	10,096	10,026
Accounts receivable, net of allowance of \$160,000 in 2016 and \$105,000 in 2015	86,513	4,500
Account receivable, other	176,896	-
Investments	86,345	91,071
Prepaid expenses	<u>10,298</u>	<u>6,157</u>
Total current assets	<u>761,173</u>	<u>733,821</u>
PROPERTY AND EQUIPMENT, NET	<u>2,095,055</u>	<u>2,157,930</u>
OTHER ASSETS		
Deferred costs, less accumulated amortization of \$23,416 in 2016 and \$19,788 in 2015	<u>12,818</u>	<u>16,446</u>
Total other assets	<u>12,818</u>	<u>16,446</u>
TOTAL ASSETS	<u><u>\$ 2,869,046</u></u>	<u><u>\$ 2,908,197</u></u>
<u>LIABILITIES AND NET (DEFICIENCY) ASSETS</u>		
CURRENT LIABILITIES		
Line-of-credit	\$ 381,172	\$ 192,214
Current portion of long term liabilities	129,733	105,494
Accounts payable and accrued expenses	274,279	369,433
Deferred revenues	<u>921,219</u>	<u>1,240,941</u>
Total current liabilities	<u>1,706,403</u>	<u>1,908,082</u>
LONG-TERM LIABILITIES		
Notes payable to bank	4,770,610	4,872,623
Less: current portion of long term liabilities	(129,733)	(105,494)
Deferred rent	<u>179,999</u>	<u>149,999</u>
Total long-term liabilities	<u>4,820,876</u>	<u>4,917,128</u>
Total liabilities	<u>6,527,279</u>	<u>6,825,210</u>
NET (DEFICIENCY) ASSETS		
Unrestricted	(3,758,184)	(4,019,385)
Temporarily restricted	51,407	53,828
Permanently restricted	<u>48,544</u>	<u>48,544</u>
Total net (deficiency) assets	<u>(3,658,233)</u>	<u>(3,917,013)</u>
TOTAL LIABILITIES AND NET (DEFICIENCY) ASSETS	<u><u>\$ 2,869,046</u></u>	<u><u>\$ 2,908,197</u></u>



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

Matignon High School, Inc.

STATEMENTS OF ACTIVITIES

For the year ended June 30, 2016
(with comparative totals for June 30, 2015)

	2016				(Summarized) 2015
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
	REVENUES				
Tuition and fees (net of financial aid and scholarships of \$755,887 and \$655,700 for the years ended June 30, 2016 and 2015, respectively)	\$ 4,440,091	\$ -	\$ -	\$ 4,440,091	\$ 3,945,796
Fundraising income	540,657	10,096	-	550,753	595,669
Other income	172,877	-	-	172,877	191,918
Rental income	28,600	-	-	28,600	57,105
Interest and dividends	-	2,925	-	2,925	3,598
Unrealized depreciation on investments	-	(7,626)	-	(7,626)	(1,433)
Net assets released from restrictions	7,816	(7,816)	-	-	-
Total revenues	<u>5,190,041</u>	<u>(2,421)</u>	<u>-</u>	<u>5,187,620</u>	<u>4,792,653</u>
EXPENSES					
Program services expenses (Schedule I)	2,612,188	-	-	2,612,188	2,423,587
Supporting services expenses					
General and administrative (Schedule II)	2,036,840	-	-	2,036,840	2,226,779
Fundraising (Schedule III)	279,812	-	-	279,812	212,057
Total supporting services expenses	2,316,652	-	-	2,316,652	2,438,836
Total expenses	<u>4,928,840</u>	<u>-</u>	<u>-</u>	<u>4,928,840</u>	<u>4,862,423</u>
CHANGE IN NET ASSETS	<u>\$ 261,201</u>	<u>\$ (2,421)</u>	<u>\$ -</u>	<u>\$ 258,780</u>	<u>\$ (69,770)</u>

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

Matignon High School, Inc.

STATEMENTS OF NET (DEFICIENCY) ASSETS

For the year ended June 30, 2016
(with comparative totals for June 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net (deficiency) assets, June 30, 2014	\$ (3,966,972)	\$ 70,129	\$ 49,600	\$ (3,847,243)
Decrease in net assets	<u>(52,413)</u>	<u>(16,301)</u>	<u>(1,056)</u>	<u>(69,770)</u>
Net (deficiency) assets, June 30, 2015	(4,019,385)	53,828	48,544	(3,917,013)
Increase (decrease) in net assets	<u>261,201</u>	<u>(2,421)</u>	<u>-</u>	<u>258,780</u>
Net (deficiency) assets, June 30, 2016	<u>\$ (3,758,184)</u>	<u>\$ 51,407</u>	<u>\$ 48,544</u>	<u>\$ (3,658,233)</u>



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

Matignon High School, Inc.

STATEMENTS OF CASH FLOWS

**For the years ended June 30, 2016
(with comparative totals for June 30, 2015)**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 258,780	\$ (69,770)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	119,553	120,420
Bad debt	53,727	104,724
Amortization of deferred costs	3,628	3,628
Unrealized depreciation (appreciation) on investments	4,726	(660)
Change in operating assets and liabilities:		
Restricted cash	(70)	(10,026)
Accounts receivable	(312,636)	(32,055)
Prepaid expenses	(4,141)	(6,157)
Accounts payable and accrued expenses	(95,153)	(134,249)
Deferred revenues	(319,722)	415,184
Deferred rent	30,000	30,000
	<u>(261,308)</u>	<u>421,039</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(49,476)	(25,968)
	<u>(49,476)</u>	<u>(25,968)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable to bank	(109,216)	(118,599)
Proceeds (payments) on line-of-credit, net	188,958	(2,195)
	<u>79,742</u>	<u>(120,794)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(231,042)	274,277
CASH AND CASH EQUIVALENTS, beginning of year	<u>622,067</u>	<u>347,790</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 391,025</u>	<u>\$ 622,067</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest expense	\$ 225,526	\$ 235,293
Income taxes	\$ -	\$ -
	<u>\$ -</u>	<u>\$ 7,203</u>



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

Matignon High School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A - NATURE OF THE ORGANIZATION

Matignon High School, Inc. (the "School"), a nonprofit corporation, is a private Catholic High School located in Cambridge, Massachusetts. The purpose of the School is to fulfill the education mission of the Roman Catholic Church, the Roman Catholic Archdiocese of Boston (the "Archdiocese") and the Roman Catholic Archbishop of Boston.

Members of the Corporation include the Chairman (Archbishop of the Archdiocese), the Secretary of Education of the Archdiocese of Boston and other persons who may be appointed by the Chairman. Members of the Corporation appoint and remove Trustees and Officers as defined in the Corporation's by-laws. The Trustees are responsible for the property and business affairs of the Corporation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Under these principles, the School 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) based upon the existence or absence of donor imposed restrictions.

These principles also require that contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a temporary restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, temporarily restricted contributions are reported as unrestricted when the restrictions have been met in the same accounting period.



Matignon High School, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Comparative Financial Statement

The financial statements and footnote disclosures for the year ended June 30, 2015 are presented only to provide a basis for comparison with the year ended June 30, 2016. The 2015 full fiscal years financial statements and footnote disclosures are not intended to present all information necessary for the fair presentation in accordance with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School's financial statements for the year June 30, 2015, from which the summarized information was derived.

3. Cash and Cash Equivalents

Cash in bank accounts may exceed Federal Deposit Insurance Corporation ("FDIC") insurance limits from time-to-time during the year in the ordinary course of business, which Management does not believe exposes the School to significant risk of loss. As of June 30, 2016 and 2015, the FDIC insures cash balances in banks up to \$250,000, and the uninsured portion of this balance was \$174,011 and \$480,377 respectively.

For the purposes of the statement of cash flows, the School considers all highly liquid investments available for current use with an initial maturity of three months or less except restricted cash to be cash equivalents.

4. Restricted Cash

Restricted cash represents a donor funds in a bank account restricted for spending on scholarships.

5. Accounts Receivable and Unconditional Promises to Give

Accounts receivable is made up of tuition receivable. The School carries its accounts receivable net of an allowance for doubtful accounts. Periodically, the School evaluates its accounts receivable and establishes an allowance for doubtful accounts based on historical experience with bad debt and collections, as well as current credit conditions. Management closely monitors outstanding accounts receivable and charges off to expense all balances that are determined to be uncollectible. Bad debt expense was \$53,727 and \$158,033 for the years ended June 30, 2016 and 2015, respectively. Interest is not accrued on receivables.



Matignon High School, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. **Accounts Receivable and Unconditional Promises to Give - Continued**

Unconditional promises to give contributions are recognized at their fair value in the period received. Contributions receivable after one year are discounted at a rate to commensurate risk. Management closely monitors outstanding unconditional promises to give contributions, provides for an allowance and charges off to expense all balances that are determined to be uncollectible.

6. **Investments**

Investments are recorded at market and gains and losses from sales of investments are accounted for within the fund owning the investments. Investments are held by the Roman Catholic Archdiocese of Boston Common Investment Fund as of June 30, 2016 and 2015.

Marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are not met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

7. **Fair Value Measurements**

Fair value measurements established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs - Quoted prices of identical assets or liabilities in active markets;

Level 2 Inputs - Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets in inactive markets; or inputs other than quoted prices that are observable, such as models or other valuation methodologies. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others;



Matignon High School, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. **Fair Value Measurements - Continued**

Level 3 Inputs - Unobservable inputs for where there is little, if any, market activity. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in valuing a portfolio instrument, and would be based on the best information available.

The 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

8. **Functional Expenses and Allocation of Management and General**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

9. **Income Taxes**

The School is registered with the Internal Revenue Service as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Under certain circumstances, the School could be liable for tax under I.R.C. Section 512, Unrelated Business Taxable Income. As of, and for the year ended June 30, 2016 and 2015, no such circumstances occurred. Accordingly, no income tax payment was made nor required for the period then ended.

Accounting principles generally accepted in the United States of America clarify the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. They also provide guidance on de-recognition, measurement and classification of amounts relating to uncertain tax positions, accounting for and disclosure of interest and penalties, and disclosures required. The School's policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties as an operating expense. There were no such interest or penalties recognized for the 2016 and 2015 tax years.



Matignon High School, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Revenue Recognition

The School receives support from individual contributions and grants. This support is recorded on the accrual basis of accounting. Promises to give are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. In-kind contributions are generally recognized when received as further discussed in Note G.

11. Use of Estimates

The preparation of 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 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.

12. Tuition Revenue

Tuition revenue is recorded at rates established by the School.

13. Deferred Revenues

Deposits and advance payments received for tuition and fees which relate to the School's tuition billed for the following academic year are recorded in unrestricted revenues as earned.

14. Pension Plan

Faculty members of the School who meet eligibility requirements are participants in a noncontributory retirement annuity plan which is funded annually. There are no prior service costs under the plan. Pension expense amounted to \$142,734 and \$128,461 for the years ended June 30, 2016 and 2015, respectively.

15. Reclassifications

Certain accounts in the prior year financial statements have been reclassified, for comparative purposes, to conform to the presentation in the current year financial statements with no effect on the prior year change in net position or net position.



Matignon High School, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016

NOTE C - NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2016 and 2015 are comprised of \$51,407 and \$53,828, respectively, restricted by donors for financial assistance and scholarships.

Permanently Restricted Net Assets

Permanently restricted net assets as of June 30, 2016 and 2015 are comprised of \$48,544 and are to be held in perpetuity, the income of which is to be used for scholarships, library books, periodicals, and electronic media.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost or at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Property and equipment consisted of the following as of June 30:

<u>Category</u>	<u>Years</u>	<u>2016</u>	<u>2015</u>
Improvements – site	5-20	\$ 646,010	\$ 646,010
Improvements – building	5-40	2,489,340	2,447,801
Furniture and fixtures	3-10	1,090,131	1,074,992
Vehicles	5	<u>24,255</u>	<u>24,255</u>
		4,249,736	4,193,058
Less: accumulated depreciation		<u>(2,154,681)</u>	<u>(2,035,128)</u>
Property and equipment, net		<u>\$ 2,095,055</u>	<u>\$ 2,157,930</u>

The costs of normal repairs and maintenance are charged to operating expenses as incurred. Major equipment purchases, renewals, betterments, and additions are capitalized. Depreciation expense for the years ended June 30, 2016 and 2015 was \$119,553 and \$120,420, respectively.



Matignon High School, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016

NOTE E - LINE OF CREDIT

The School has a \$200,000 secured line of credit agreement with a bank for short-term borrowings which is due on demand. Interest on outstanding borrowings is payable monthly at the bank's base lending rate (4.00% at June 30, 2016), plus 1.0%. As of June 30, 2016 and 2015, the balance owed on the line of credit was \$0 and \$192,214, respectively. Real estate and assignment of leases and rents are pledged as collateral. The School did meet a covenant during the year for the minimum debt service coverage ratio.

During January 2015, the School obtained a second line of credit for \$700,000 with the Roman Catholic Archdiocese of Boston ("RCAB") for short-term borrowings which is due on demand. The note expires in January 2020. Interest on outstanding borrowings is payable at the bank's base lending rate (4.5% at June 30, 2016). As of June 30, 2016, the balance under the line of credit was \$381,172. Deferred tuition revenue is pledged as collateral.

NOTE F - LONG-TERM DEBT

Notes payable to a bank, for \$4,767,811 and \$4,867,449 at June 30, 2016 and 2015, respectively, required the School to make interest only payments until July 2013, at which time principal payments commenced. Interest at June 30, 2016 and 2015 was 4.5%. The notes mature on June 30, 2021.

Real estate, assignment of leases, security interest in land, building and improvements and rents are pledged as collateral. The notes are guaranteed by the Archdiocese. In addition, the School maintains a debt reserve cash account to make debt service payments on the notes payable to the bank.

During August 2014 the School obtained equipment via a finance agreement with a bank. The balance due at June 30, 2016 and 2015 was \$2,799 and \$5,174, respectively, when the related equipment had a net book value of \$4,442 and \$5,882, respectively. The equipment is pledged as collateral on the loan which matures July 2017 and bears an implicit interest rate of 9.521%.



Matignon High School, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016

NOTE F - LONG-TERM DEBT - Continued

Maturities of notes payable for the five years succeeding June 30, 2016 are as follows:

Year ending June 30:

2017	\$ 129,733
2018	123,079
2019	124,661
2020	132,350
2021	140,513
Thereafter	<u>4,120,274</u>
Total	<u>\$ 4,770,610</u>

Interest expense on the notes payable to the banks and the line of credit for the years ended June 30, 2016 and 2015 totaled \$231,698 and \$239,460, respectively.

NOTE G - IN-KIND CONTRIBUTIONS

The School received \$8,029 and \$9,248 in heating oil as an in-kind contribution for the years ended June 30, 2016 and 2015, and it has been reflected in the financial statements. There were no other donations or significant amounts of services donated by supporters that met the criteria for recognition.

NOTE H - RELATED PARTIES

The Catholic School Foundation is an affiliated organization of the Archdiocese and provided tuition support amounting to \$92,000 and \$63,100 during the years ended June 30, 2016 and 2015, respectively, which are included in grants and contributions in the accompanying statement of activities.

NOTE I - OPERATING LEASES AND COMMITMENTS

The Archdiocese owns the property which the School occupies. The School has entered into a lease agreement with the Roman Catholic Archbishop of Boston, a Corporation Sole., a related party, which expires June 2060. The lease requires the School to pay \$1 rent for each of the first thirty years, \$50,000 each year for years thirty-one through forty and \$100,000 each year for the years forty-one through fifty. The rent may be reduced for leasehold improvements made by the tenant. For the years ended June 30, 2016 and 2015, deferred rent expense was \$30,000.



Matignon High School, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016

NOTE J - FAIR VALUE OF FINANCIAL INSTRUMENTS

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The fair value of the School's investments in the Roman Catholic Archbishop of Boston Common Investment Fund (CIF) are based on the underlying investment portfolio that consist of equity, fixed income bonds and money market funds, mutual funds and well as private investment entities. These assets are valued using the net asset value (NAV) per share.

Notification of intent to make a purchase or redemption from a CIF fund must be received by the 15th of the month for a transaction date of the following month. All subsequent requests will occur on the next available investment date.

The School uses fair value measurements to record fair value adjustment to determine fair value disclosures. The following table sets forth, by level within the fair value hierarchy, the School's assets at fair value as of June 30, 2016.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity	\$ 38,164	\$ -	\$ -	\$ 38,164
Mutual Funds	18,133	-	-	18,133
Private Investments	-	19,169	2,763	21,932
Fixed Income	-	5,267	-	5,267
Cash/ Money market	<u>-</u>	<u>2,849</u>	<u>-</u>	<u>2,849</u>
Total	<u>\$ 56,297</u>	<u>\$ 27,285</u>	<u>\$ 2,763</u>	<u>\$ 86,345</u>

The following table sets forth, by level within the fair value hierarchy, the School's assets at fair value as of June 30, 2015.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity	\$ 40,253	\$ -	\$ -	\$ 40,253
Mutual Funds	19,125	-	-	19,125
Private Investments	-	20,219	2,914	23,133
Fixed Income	-	5,555	-	5,555
Cash/ Money market	<u>-</u>	<u>3,005</u>	<u>-</u>	<u>3,005</u>
Total	<u>\$ 59,378</u>	<u>\$ 28,779</u>	<u>\$ 2,914</u>	<u>\$ 91,071</u>



Matignon High School, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016

NOTE J - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Changes in valuation techniques may result in transfers in or out of current assigned levels within the hierarchy. The CIF recognizes transfers between fair value hierarchy levels at the approximate date or change in circumstances that causes the transfer. There were no significant transfers between levels within the fair value hierarchy during the year.

NOTE K - INVESTMENT INCOME

The following schedule summarizes investment income and their classification in the statement of activities at June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest income	\$ -	\$ 70	\$ 70
Dividend income	-	2,855	2,855
Unrealized depreciation	<u>-</u>	<u>(7,626)</u>	<u>(7,626)</u>
Total investment loss	<u>\$ -</u>	<u>\$ (4,701)</u>	<u>\$ (4,701)</u>

The following schedule summarizes investment income and their classification in the statement of activities at June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest income	\$ -	\$ 26	\$ 26
Dividend income	-	3,572	3,572
Unrealized depreciation	<u>-</u>	<u>(1,433)</u>	<u>(1,433)</u>
Total investment loss	<u>\$ -</u>	<u>\$ 2,165</u>	<u>\$ 2,165</u>



Matignon High School, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016

NOTE L - PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2016</u>	<u>2015</u>
Unrestricted promises	\$ 77,225	\$ 115,600
Less: allowance for uncollectible pledges	<u>(77,225)</u>	<u>(115,600)</u>
Net unconditional promises to give	<u>\$ -</u>	<u>\$ -</u>
Amounts due in:		
Less than one year	\$ 57,225	\$ 49,150
One to five years	<u>20,000</u>	<u>66,450</u>
Total unconditional promises to give	<u>\$ 77,225</u>	<u>\$ 115,600</u>

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 16, 2016, the date the financial statements were available to be issued. There are no recognized subsequent events that provide additional evidence about conditions that existed at the statement of financial position date, or non-recognized subsequent events, or events that provide evidence about conditions that did not exist at the statement of financial position date, which are necessary to disclose to keep the financial statements from being misleading.



Matignon High School, Inc.

SCHEDULE I - PROGRAM SERVICES EXPENSES

For the years ended June 30,

	<u>2016</u>	<u>2015</u>
Salaries	\$ 1,847,654	\$ 1,694,282
Fringe benefits	303,405	272,687
Student activities and summer school	135,173	96,238
Payroll taxes	129,627	132,543
Transportation	70,381	89,425
Athletic equipment	53,721	63,746
Graduation	35,399	28,921
Referees	27,647	27,727
Fees	7,757	15,131
Books and publications	1,424	2,887
	<u>\$ 2,612,188</u>	<u>\$ 2,423,587</u>



Matignon High School, Inc.

SCHEDULE II - GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended June 30,

	<u>2016</u>	<u>2015</u>
Salaries	\$ 659,371	\$ 805,763
Interest	231,698	239,460
Maintenance	209,533	175,987
Contracted services	151,758	118,894
Depreciation	119,553	120,420
Fringe benefits	106,331	107,787
Professional services	94,145	55,130
Utilities	75,999	92,020
Payroll taxes	64,355	85,336
Uncollectible tuition	53,727	158,033
Insurance	47,542	54,354
Miscellaneous	38,183	23,232
Printing	35,468	35,473
Admissions	34,063	31,882
Rent	30,000	30,000
Conferences and workshops	26,081	2,568
Office supplies	22,765	52,547
Telephone	14,065	16,282
Equipment rental and maintenance	11,019	9,096
Postage	4,954	6,260
Amortization	3,628	3,628
Vehicle	2,602	2,627
	<u>\$ 2,036,840</u>	<u>\$ 2,226,779</u>



Matignon High School, Inc.

SCHEDULE III - FUNDRAISING EXPENSES

For the years ended June 30,

	<u>2016</u>	<u>2015</u>
Salaries	\$ 128,482	\$ 83,290
Development activity	91,844	115,140
Advancements	38,803	-
Payroll taxes	9,829	6,372
Fringe benefits	8,832	6,513
Supplies	1,018	742
Professional services	1,004	-
	<hr/>	<hr/>
	\$ 279,812	\$ 212,057
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