DETROIT CRISTO REY HIGH SCHOOL AND SUBSIDIARY

Detroit, Michigan

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended June 30, 2018 and 2017

DETROIT CRISTO REY HIGH SCHOOL AND SUBSIDIARY

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As of and for the Years Ended June 30, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Detroit Cristo Rey High School and Subsidiary
Detroit, Michigan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Detroit Cristo Rey High School and Subsidiary (collectively the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, cash flows and functional expenses 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.

Auditors' 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 auditors' 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2018 and 2017, 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.

Southfield, Michigan
September 7, 2018

DETROIT CRISTO REY HIGH SCHOOL AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2018 and 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	$ 429,338	$ 524,639
Accounts receivable	123,256	27,765
Promises to give - net of long-term portion, discounts, and allowance	58,727	118,558
Prepaid expenses	8,340	3,895
Total Current Assets	619,661	674,857
PROPERTY AND EQUIPMENT	3,292,267	3,112,221
OTHER ASSETS		
Restricted cash	779,389	541,409
Investments	827,909	696,062
Promises to give - net of current portion	385,393	565,612
Total Other Assets	1,992,691	1,803,083
TOTAL ASSETS	$ 5,904,619	$ 5,590,161

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Accounts payable	$ 54,224	$ 27,841
Accrued expenses	192,611	173,858
Vehicle notes payable - net of long-term portion	2,193	4,434
Mortgage payable - net of long-term portion	83,185	86,204
Student scholarships payable	68,680	112,388
Student activities payable	24,272	38,460
Deferred revenue	294,492	204,437
Total Current Liabilities	719,657	647,622
LONG-TERM LIABILITIES		
Annuity payable	18,139	18,139
Vehicle notes payable - net of current portion	2,639	4,832
Mortgage payable - net of current portion	1,745,583	1,817,303
Total Long-Term Liabilities	1,766,361	1,840,274
Total Liabilities	2,486,018	2,487,896
NET ASSETS		
Unrestricted	1,546,587	1,323,025
Temporarily restricted	1,872,014	1,779,240
Total Net Assets	3,418,601	3,102,265
TOTAL LIABILITIES AND NET ASSETS	$ 5,904,619	$ 5,590,161

See accompanying notes to the consolidated financial statements.

DETROIT CRISTO REY HIGH SCHOOL AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2018 and 2017

	Unrestricted	Temporarily Restricted	2018 Total	Unrestricted	Temporarily Restricted	2017 Total
PUBLIC SUPPORT						
Contributions	$ 983,289	$ 679,131	$ 1,662,420	$ 822,160	$ 1,219,243	$ 2,041,403
In-kind contributions	273,260	-	273,260	298,576	-	298,576
Net assets released from restriction	586,357	(586,357)	-	1,045,415	(1,045,415)	-
Total Public Support	1,842,906	92,774	1,935,680	2,166,151	173,828	2,339,979
REVENUE						
Work study	2,232,703	-	2,232,703	2,075,325	-	2,075,325
Student tuition and fees	159,542	-	159,542	143,593	-	143,593
Special events, net of expenses of $135,615 in 2018 and $143,901 in 2017	314,777	-	314,777	338,361	-	338,361
Interest revenue	15,439	-	15,439	5,962	-	5,962
Realized and unrealized gain, net	31,429	-	31,429	29,174	-	29,174
Other revenue	20,579	-	20,579	20,782	-	20,782
Total Revenue	2,774,469	-	2,774,469	2,613,197	-	2,613,197
Total Public Support and Revenue	4,617,375	92,774	4,710,149	4,779,348	173,828	4,953,176
EXPENSES						
Program	3,153,239	-	3,153,239	2,837,171	-	2,837,171
Management and general	967,383	-	967,383	1,041,017	-	1,041,017
Fundraising	273,191	-	273,191	367,859	-	367,859
Total Expenses	4,393,813	-	4,393,813	4,246,047	-	4,246,047
CHANGE IN NET ASSETS	223,562	92,774	316,336	533,301	173,828	707,129
NET ASSETS **-** Beginning of Year	1,323,025	1,779,240	3,102,265	789,724	1,605,412	2,395,136
NET ASSETS - END OF YEAR	$ 1,546,587	$ 1,872,014	$ 3,418,601	$ 1,323,025	$ 1,779,240	$ 3,102,265

See accompanying notes to consolidated financial statements.

DETROIT CRISTO REY HIGH SCHOOL AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	316,336	707,129
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	196,103	193,545
Bad debt expense	26,770	80,351
Unrealized and realized gain on investments	(31,429)	(29,174)
Changes in assets and liabilities		
Accounts receivable	(122,261)	(3,057)
Promises to give	240,050	(142,607)
Prepaid expenses	(4,445)	(3,245)
Accounts payable	26,383	4,011
Accrued expenses	18,753	164,317
Student scholarships payable	(43,708)	(2,496)
Student activities payable	(14,188)	(1,111)
Deferred revenue	90,055	109,692
Net Cash Flows from Operating Activities	698,419	1,077,355
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(376,149)	(869,177)
Changes in restricted cash	(237,980)	360,856
Purchases of investments	(100,418)	(443,789)
Net Cash Flows from Investing Activities	(714,547)	(952,110)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of vehicle notes payable	(4,434)	(15,640)
Repayment of mortgage payable	(74,739)	(82,595)
Net Cash Flows from Financing Activities	(79,173)	(98,235)
Net Change in Cash and Cash Equivalents	(95,301)	27,010
CASH AND CASH EQUIVALENTS - Beginning of Year	524,639	497,629
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 429,338	$ 524,639

	2018	2017
Supplemental cash flow disclosure		
Cash paid for interest	$ 118,602	$ 94,672

See accompanying notes to the consolidated financial statements.

DETROIT CRISTO REY HIGH SCHOOL AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2018 and 2017

	Program	Management and General	Fundraising	2018 Total	Program	Management and General	Fundraising	2017 Total
Employee expense	$ 2,268,110	$ 677,288	$ 192,348	$ 3,137,746	$ 2,108,851	$ 794,315	$ 164,156	$ 3,067,322
Work study and student life	267,799	-	-	267,799	236,780	-	-	236,780
Technology and communications	93,389	17,855	8,519	119,763	66,690	18,887	3,582	89,159
Building and maintenance	176,468	73,393	12,232	262,093	126,893	63,144	10,655	200,692
Work study transportation	94,777	-	-	94,777	94,028	-	-	94,028
Administration and fees	-	75,930	40,134	116,064	-	59,987	38,816	98,803
Service and fees	19,761	26,721	4,054	50,536	10,109	20,054	56,349	86,512
Bad debt expense	26,000	770	-	26,770	2,100	-	78,251	80,351
Interest expense	79,468	36,595	6,099	122,162	64,948	28,502	5,405	98,855
Depreciation	127,467	58,831	9,805	196,103	126,772	56,128	10,645	193,545
Total Expenses	$ 3,153,239	$ 967,383	$ 273,191	$ 4,393,813	$ 2,837,171	$ 1,041,017	$ 367,859	$ 4,246,047

See accompanying notes to consolidated financial statements.

NOTE 1 - Summary of Significant Accounting Policies

Nature of Actitivites

Detroit Cristo Rey High School and Subsidiary collectively (the "Organization") is a not-for-profit educational corporation located in the city of Detroit, Michigan. The Organization's consolidated financial statements include the accounts of the wholly owned subsidiary, Detroit Cristo Rey High School Corporate Work Study Program ("Corporate Work Study"). Detroit Cristo Rey High School provides excellent college-preparatory Catholic high school education, in the Cristo Rey Model, to students from economically disadvantaged families in Detroit. The school emphasizes faith, morals and service to the community. Through the Corporate Work Study Program, the school fosters skills and attitudes important in the workplace, such as responsibility, determination, and respect for self and others.

Student Population

For the 2017-2018 school year, the Organization ended with a student population of 323 students. For the 2018-2019 school year, the Organization began with a student population of 350 students.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Cash and cash equivalents for purposes of the statement of cash flows exclude restricted cash and cash equivalents. At times the Organization may maintain balances that exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any unusual credit risk on cash and cash equivalents.

Restricted Cash

Cash with donor-imposed restrictions held by the Organization is part of temporarily restricted net assets, and as such, is separately classified from unrestricted cash.

Accounts Receivable

The Organization records an allowance for uncollectible accounts based on a review of the existing accounts receivable as well as historical write-off experience. No allowance for doubtful accounts is considered necessary for the years ended June 30, 2018 and 2017. The Organization's accounts receivable are comprised primarily of Corporate Work Study receivables.

Promises to Give

Unconditional promises to give made to the Organization are recorded in the year the pledge is made. Amounts that are expected to be collected after one year have been discounted at 3% and are reflected in the financial statements at their net present value. Discount on long-term promises to give as of June 30, 2018 and 2017 were $29,166 and $29,786, respectively. An allowance for uncollectible promises to give is determined based on experience. The allowance for uncollectible promises to give as of June 30, 2018 and 2017 were $25,000 and $49,000, respectively.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The Organization records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value at date of the gift if donated. All acquisitions of property and equipment in excess of $2,000 and with at least a 3 year useful life are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Donated property and equipment are recorded as increases in unrestricted net assets at their estimated fair market value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted contributions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives, ranging from 3 and 39 years.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Deferred Revenue

Deferred revenue consists of tuition payments and work study payments received in advance to be recognized during the next fiscal year. Some corporate sponsors opted to pay sponsorship fees for the 2018-2019 and 2017-2018 school years prior to June 30, 2018 and 2017, respectively. These amounts will be recognized as revenue during the year the fees are earned.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There are no permanently restricted net assets at June 30, 2018 and 2017.

Tax-Exempt Status

Detroit Cristo Rey High School and Subsidiary and Detroit Cristo Rey Work-Study, Inc. have received notification that they are included in the official Catholic Directory and therefore they qualify as tax-exempt organizations under Section 501 (c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, are not subject to federal or state income taxes on related activities.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by an organization and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Student tuition and fees reflects the Organization's charges for tuition, net of scholarships and financial aid. Tuition rates are determined by family gross income per year. The remainder of the tuition is supplemented by the Detroit Cristo Rey Corporate Work Study Program as well as Development Office fundraising.

Work study revenue is recognized as revenue in the period in which it is earned. Funds received in advance of being earned are recorded as deferred revenue until the revenue is earned.

In-Kind Contributions

The Organization reports gifts of land, buildings, and equipment 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. Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization participates in a program with a public school district for elective courses. The donated instruction time of $260,867 and $289,232 for the years ended June 30, 2018 and 2017, respectively, is recorded as in-kind revenues. The payroll expenses are included in program expenses.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in its mission, but these services do not meet the criteria for recognition as contributed services. For the years ended June 30, 2018 and 2017, the Organization received more than 7,000 and 7,100 volunteer hours per year, respectively.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Community Foundation of Southeast Michigan

The Community Foundation of Southeast Michigan (the "Foundation") holds donations made on behalf of the Organization. The Foundation administers these funds, making all investment and distribution decisions. As a result, the Organization does not hold variance power over these funds. As of June 30, 2018 and 2017, $135,357 and $103,157, respectively, was maintained by the Foundation on behalf of the Organization. The Foundation made distributions of $3,568 and $3,475 to the Organization during the years ended June 30, 2018 and 2017, respectively. The distributions are included as contributions on the statement of activities.

Expense Allocation

The costs of providing the various programs and other 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated events through September 7, 2018, which is the date the financial statements were approved and available to be issued.

NOTE 2 - Promises to Give

The Organization expects payment for unconditional promises to give as follows:

	2018	2017
Less than one year	$ 58,727	$ 118,558
One to five years	439,559	644,398
Less: Allowance for doubtful accounts	(25,000)	(49,000)
Less: Discount to present value	(29,166)	(29,786)
Total promises to give	$ 444,120	$ 684,170

NOTE 3 - Property and Equipment

The major categories of property and equipment at June 30 are as follows:

	Useful lives	2018	2017
Land	n/a	$ 100,000	$ 100,000
Building	39 years	2,184,000	2,184,000
Building improvements	5 - 25 years	1,320,043	1,110,571
Vehicles	3 - 5 years	450,399	352,779
Computer equipment	4 - 5 years	281,149	267,896
Furniture and fixtures	5 - 25 years	229,625	203,543
Office equipment	7 years	40,349	42,249
Signs	10 years	3,223	3,223
Construction in progress		8,973	-
Total		4,617,761	4,264,261
Less: Accumulated depreciation		(1,325,494)	(1,152,040)
Property and Equipment, Net		$ 3,292,267	$ 3,112,221

Depreciation expense was $196,103 and $193,545 for the years ended June 30, 2018 and 2017, respectively.

NOTE 4 - Fair Value Measurements

The Organization utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Beneficial interests and investments are recorded at fair value on a recurring basis. Additionally, from time to time, the Organization may be required to record at fair value other assets on a nonrecurring basis, such as property held for sale and other long lived assets. These nonrecurring fair value adjustments typically involve the application of lower of cost or market accounting or write downs of individual assets.

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. The fair value hierarchy is categorized into three levels as follows:

> Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.
>
> Level 2 – Valuations based on inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly.
>
> Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Organization's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The Organization's policy is to recognize transfers in and out of Level 1, 2, and 3 fair value classifications as of the actual date of the event of change in circumstances that caused the transfer. There were no significant transfers between levels of fair value hierarchy during the years ended June 30, 2018 and 2017.

The following table presents information about the Organization's assets measured at fair value on a recurring basis as of June 30, 2018 based upon the three-level hierarchy:

	2018			
	Level 1	Level 2	Level 3	Total
Money market	$ 3,238	$ -	$ -	$ 3,238
Equities	472,501	-	-	472,501
Fixed income - ETF	352,170	-	-	352,170
Total	$ 827,909	$ -	$ -	$ 827,909

NOTE 4 - Fair Value Measurements

The following table presents information about the Organization's assets measured at fair value on a recurring basis as of June 30, 2017 based upon the three-level hierarchy:

	2017			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 236	$ -	$ -	$ 236
Money market	2,557	-	-	$ 2,557
Equities	404,486	-	-	404,486
Fixed income - EFT	288,783	-	-	288,783
Total	$ 696,062	$ -	$ -	$ 696,062

The following is a summary of investment revenue and its classification in the statement of activities for the years ended June 30:

	2018	2017
Interest	$ 15,439	$ 5,962
Unrealized gain on investments	31,429	32,147
Realized (loss) on investments	-	(2,973)
Total	$ 46,868	$ 35,136

NOTE 5 - Line of Credit

The Organization has a line of credit with a bank in the amount of $200,000. The line of credit is due September 24, 2018, and is collateralized by all assets of the Organization. Interest on the outstanding balance is due monthly at a variable interest rate of interest rate of LIBOR plus 0.75% (effective annual rate as of June 30, 2018 and 2017 was 2.84% and 1.97%, respectively). There was no outstanding balance on the line of credit as of June 30, 2018 and 2017.

NOTE 6 - Long-Term Debt

Long term debt consists of the following at June 30:

	2018	2017
Vehicle note payable to a financial institution with a maturity date in August 2020, with monthly payments totaling $192 which include interest at an annual rate of 2.89%.	$ 4,832	$ 6,963
Note payable to the Archdiocese of Detroit, with monthly payments totaling $16,396 which include interest at an annual rate of 6.25%. The mortgage is amortized over 20 years and is secured by the building.	1,828,768	1,903,507
Vehicle note payable repaid during 2018	-	2,303
Total Long-Term Debt	1,833,600	1,912,773
Less: Current portion	(85,378)	(90,638)
Total Non-Current Portion	$ 1,748,222	$ 1,822,135

Future maturities of long-term debt for years ending after June 30, 2018 are as follows:

2019	$ 85,378
2020	90,573
2021	94,755
2022	100,531
2023	107,090
2024 and thereafter	1,355,273
Total	$ 1,833,600

NOTE 7 - Operating Leases

The Organization leases a postage machine and copiers, which are accounted for as operating leases. Lease payments for the years ending June 30, 2018 and 2017 were $23,857 and $26,724, respectively. The copier leases require payments of $1,195 per month and expires in July 2020 and May 2022. The postage machine requires payments of $432 per quarter and expires in January 2021.

Future minimum lease payments for years ending after June 30, 2018 are as follows:

2019	$ 16,074
2020	16,074
2021	3,002
2022	942
Total	$ 36,092

NOTE 8 - Asset Retirement and Environmental Obligation

Asset retirement and environmental obligations are liabilities that are recognized when incurred if their fair values can be reasonably estimated. The Organization received an asbestos inspection which indicated no asbestos response actions are required currently. Therefore, the Organization has not recorded a liability at June 30, 2018 or 2017.

NOTE 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of the following at June 30:

	Restriction	2018	2017
Capital campaign	Purpose	397,083	174,595
Mary Fran Gilleran fund	Purpose	79,206	78,595
College acceptance fund	Purpose	741,486	623,207
Pledges receivable - current	Time and purpose	17,877	25,167
Pledges receivable - long-term	Time and purpose	375,393	659,003
Miscellaneous	Time and purpose	260,969	218,673
Total		$ 1,872,014	$ 1,779,240

NOTE 10 - Recent Accounting Pronouncements

During August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958): "Presentation of Financial Statements of Not-for-Profit Entities." The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. ASU 2016-14 is to be applied retroactively with transition provisions. The Organization is assessing the impact this standard will have on its financial statements.

During May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers". ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. During August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. The Organization may elect to apply the guidance earlier. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Organization is currently assessing the effect that ASU 2014-09 will have on its results of operations, financial position and cash flows.

During February 2016, the FASB issued ASU 2016-02, "Leases". ASU 2016-02 establishes principles that require a lessee to recognize a lease asset and a lease liability for those leases classified as operating leases under previous accounting principles generally accepted in the United States of America. ASU 2016-02 is effective for annual periods beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. The Organization is currently assessing the effect that ASU 2016-02 will have on its results of operations, financial position and cash flows.

During November 2016, the FASB issued ASU 2016-18, "Restricted Cash", which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018, and interim period within fiscal years beginning after December 15, 2019, and should be applied on a retrospective transition basis. Early adoption is permitted. The Organization is currently evaluating the effect that ASU 2016-18 will have on its results of operations, financial position and cash flows.

During 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". The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. For not-for-profit entities that have conduit debt, ASU 2018-08 is effective for fiscal years beginning after June 15, 2018. All other entities should apply the amendments for fiscal years beginning after December 15, 2018. The Organization is currently assessing the impact that ASU 2018-08 will have on its results of operations, financial position and cash flows.