EASTERN CHRISTIAN SCHOOL ASSOCIATION
AND AFFILIATES
Combined Financial Statements
August 31, 2022 and 2021
With Independent Auditor's Report

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ADVISORY TAX AUDIT

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ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Eastern Christian School Association and Affiliates:

Opinion

We have audited the combined financial statements of Eastern Christian School Association and Affiliates (a Non-Profit Organization) (the "Organization"), which comprise the combined statements of financial position as of August 31, 2022, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the combined financial position of Eastern Christian School Association and Affiliates as of August 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Eastern Christian School Association and Affiliates, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The combined financial statements and supplementary information of Eastern Christian School Association and Affiliates for the year ended August 31, 2021 were audited by another auditor who expressed an unmodified opinion on those combined financial statements on January 25, 2022.

Responsibilities of Management for the Combined Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Eastern Christian School Association and Affiliates' ability to continue as a going concern for one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Eastern Christian School Association and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eastern Christian School Association and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

2022 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

WithumSmith+Brown, PC

December 7, 2023

Eastern Christian School Association and Affiliates
Combined Statements of Financial Position
August 31, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents (including board designated cash of $82,708 and $166,015 at August 31, 2022 and 2021, respectively)	$ 2,133,300	$ 2,168,362
Tuition receivables, net	90,011	106,519
Notes receivable, net	5,064	6,600
Unconditional promises to give	188,300	325,816
Investments (including board designated investments of $6,659,250 and $7,657,552 at August 31, 2022 and 2021, respectively)	6,764,209	7,657,552
Other current assets	148,360	280,656
Total current assets	9,329,244	10,545,505
Property and equipment, net	5,364,662	5,263,251
Restricted cash	1,414,001	1,277,598
Notes receivable, net of current portion	35,425	20,220
Investments - permanent endowment	1,050,974	1,042,358
Other non-current assets	349,000	380,000
	2,849,400	2,720,176
Total assets	$ 17,543,306	$ 18,528,932
Liabilities and Net Assets		
Current liabilities		
Deferred income	$ 2,817,137	$ 2,612,578
Accounts payable	172,760	295,607
Accrued expenses	672,565	862,166
Notes payable, current portion	279,685	263,951
Bank lines of credit	-	2,804,984
Total current liabilities	3,942,147	6,839,286
Notes payable, net of current portion and debt discount	4,775,855	1,692,683
Net assets		
Without donor restrictions		
Undesignated	(727,609)	(446,375)
Designated by the Board	6,746,123	7,814,795
Total net assets without donor restrictions	6,018,514	7,368,420
With donor restrictions		
Endowment	1,087,976	1,132,387
Purpose restricted funds	1,718,814	1,496,156
Total net assets with donor restrictions	2,806,790	2,628,543
Total net assets	8,825,304	9,996,963
Total liabilities and net assets	$ 17,543,306	$ 18,528,932

The Notes to Combined Financial Statements are an integral part of these statements.

Eastern Christian School Association and Affiliates
Combined Statement of Activities
Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Tuition and fees, net	$ 9,561,780	$ -	$ 9,561,780
Other income	311,219	-	311,219
Rental income	273,824	-	273,824
Eagle Solar revenue	177,309	-	177,309
Eagle Camp revenue	256,482	-	256,482
Ditto thrift store revenue	853,689	-	853,689
Contributions	1,364,757	637,103	2,001,860
Contributions of nonfinancial assets	54,046	-	54,046
Net assets released from restrictions	233,819	(233,819)	-
	13,086,925	403,284	13,490,209
Expenses			
Program services	9,555,365	-	9,555,365
Supporting services	2,822,765	-	2,822,765
Fundraising	981,875	-	981,875
	13,360,005	-	13,360,005
Changes in net assets from operations	(273,080)	403,284	130,204
Other income			
Investment income	132,159	28,884	161,043
Net unrealized loss on investments	(1,359,431)	(327,053)	(1,686,484)
Realized gain on sale of investments	150,446	73,132	223,578
	(1,076,826)	(225,037)	(1,301,863)
Changes in net assets	(1,349,906)	178,247	(1,171,659)
Net assets			
Beginning of year	7,368,420	2,628,543	9,996,963
End of year	$ 6,018,514	$ 2,806,790	$ 8,825,304

The Notes to Combined Financial Statements are an integral part of this statement.

Eastern Christian School Association and Affiliates
Combined Statement of Activities
Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Tuition and fees, net	$ 8,151,325	$ -	$ 8,151,325
Other income	176,943	-	176,943
Rental income	218,732	-	218,732
Eagle Solar revenue	171,621	-	171,621
Eagle Camp revenue	251,906	-	251,906
Ditto thrift store revenue	760,105	-	760,105
Contributions	1,313,299	751,980	2,065,279
Contributions of nonfinancial assets	2,153	-	2,153
Net assets released from restrictions	862,165	(862,165)	-
Total revenues	11,908,249	(110,185)	11,798,064
Expenses			
Program services	8,824,181	-	8,824,181
Supporting services	2,306,636	-	2,306,636
Fundraising	668,562	-	668,562
	11,799,379	-	11,799,379
Changes in net assets from operations	108,870	(110,185)	(1,315)
Investment income	102,455	35,947	138,402
Net unrealized gain on investments	792,627	120,679	913,306
Realized gain on sale of investments	293,807	102,436	396,243
Gain on forgiveness of PPP loan	1,511,500	-	1,511,500
	2,700,389	259,062	2,959,451
Changes in net assets	2,809,259	148,877	2,958,136
Net assets			
Beginning of year	4,559,161	2,479,666	7,038,827
End of year	$ 7,368,420	$ 2,628,543	$ 9,996,963

The Notes to Combined Financial Statements are an integral part of this statement.

Eastern Christian School Association and Affiliates
Combined Statements of Functional Expenses
Years Ended August 31, 2022 and 2021

	Year Ended August 31, 2022			
	Program Services	Supporting Services	Fundraising	Total
Compensation and related expenses	$ 7,761,400	$ 1,460,606	$ 242,910	$ 9,464,916
Association expenses	88,619	588,163	-	676,782
Building maintenance	703,484	125,126	-	828,610
Transportation expense	49,661	-	-	49,661
Educational supplies	416,802	265,015	-	681,817
Depreciation	437,917	-	28,308	466,225
Development expenses	-	-	309,127	309,127
Insurance	-	130,139	-	130,139
Interest	-	186,268	-	186,268
Occupancy expenses	-	-	122,580	122,580
Other expenses	-	45,967	-	45,967
Provision for uncollectible tuition	23,616	-	-	23,616
Provision for uncollectible unconditional promises to give	-	-	139,966	139,966
Scholarships/trust distributions	52,100	-	-	52,100
Eagle Solar expenses	-	21,481	-	21,481
Eagle Camp expenses	21,766	-	-	21,766
Other Ditto thrift store expenses	-	-	138,984	138,984
Total functional expenses	$ 9,555,365	$ 2,822,765	$ 981,875	$ 13,360,005

	Year Ended August 31, 2021			
	Program Services	Supporting Services	Fundraising	Total
Compensation and related expenses	$ 6,940,242	$ 1,113,955	$ 118,307	$ 8,172,504
Association expenses	20,798	685,246	-	706,044
Building maintenance	681,637	111,322	-	792,959
Transportation expense	19,799	-	-	19,799
Educational supplies	400,541	20,758	-	421,299
Depreciation	702,608	4,682	16,316	723,606
Development expenses	-	-	269,365	269,365
Insurance	-	136,736	-	136,736
Interest	-	145,045	-	145,045
Occupancy expenses	-	-	132,773	132,773
Other expenses	-	30,854	-	30,854
Scholarship/trust disbursements	38,050	-	-	38,050
Eagle Solar expenses	-	58,038	-	58,038
Eagle Camp expenses	20,506	-	-	20,506
Other Ditto thrift store expenses	-	-	131,801	131,801
Total functional expenses	$ 8,824,181	$ 2,306,636	$ 668,562	$ 11,799,379

The Notes to Combined Financial Statements are an integral part of these statements.

Eastern Christian School Association and Affiliates
Combined Statements of Cash Flows
Years Ended August 31, 2022 and 2021

	2022	2021
Operating activities		
Changes in net assets	$ (1,171,659)	$ 2,958,136
Adjustments to reconcile change in net assets		
to net cash provided by operating activities		
Depreciation	466,225	723,606
Provision for uncollectible tuition	23,616	-
Provision for uncollectible unconditional promises to give	139,966	-
Net unrealized loss (gain) on investments	1,686,485	(913,306)
Realized gain on sale of investments	(223,579)	(396,243)
Interest expense attributable to amortization of debt issuance costs	1,546	-
Net change in value of SREC sales contract	-	35,956
Deferred tax (benefit) expense	31,000	28,000
Gain on forgiveness of PPP Loan	-	(1,511,500)
Change in operating assets and liabilities		
Tuition receivables	(7,108)	80,839
Notes receivable	(13,669)	13,270
Other receivables	-	(112,993)
Unconditional promises to give	(2,450)	500,162
Other current assets	132,296	(19,281)
Deferred income	204,559	37,686
Accounts payable	(122,847)	(18,506)
Accrued expenses	(189,601)	(183,552)
Net cash provided by operating activities	954,780	1,222,274
Investing activities		
Proceeds from (investment in) endowment assets, net of appropriations	(578,179)	138,150
Acquisition of property and equipment	(567,636)	(127,911)
Net cash provided by (used in) investing activities	(1,145,815)	10,239
Financing activities		
Repayments of short-term borrowings	-	(272,027)
Proceeds from notes payable	537,341	-
Repayment of notes payable	(224,358)	(303,478)
Acquisition of debt issuance costs	(20,607)	-
Net cash provided by (used in) financing activities	292,376	(575,505)
Net change in cash, cash equivalents, and restricted cash	101,341	657,008
Cash, cash equivalents and restricted cash		
Beginning of year	3,445,960	2,541,680
Reclass of cash from investments	-	247,272
End of year	$ 3,547,301	$ 3,445,960
Cash and restricted cash as reported within the combined statements of financial position		
Cash and cash equivalents	$ 2,133,300	$ 2,168,362
Restricted cash	1,414,001	1,277,598
Total cash and restricted cash	$ 3,547,301	$ 3,445,960

The Notes to Combined Financial Statements are an integral part of these statements.

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Combination

The accompanying combined financial statements of Eastern Christian School Association and Affiliates (a Non-Profit Organization), includes the following entities: Eastern Christian School Association ("ECSA"), The Foundation for Eastern Christian School Association (the "Foundation"), Ditto of North Jersey, LLC ("Ditto") and Eagle Solar, LLC ("Eagle"). The combined financial statements include the accounts of Eastern Christian School Association, The Foundation for Eastern Christian School Association, Ditto of North Jersey, LLC and Eagle Solar, LLC, which do not represent a single legal entity, but instead are entities under common management. Hereinafter, the combined entities are referred to as the "Organization." All significant inter-company balances and transactions have been eliminated in this combination.

Nature of Organization

ECSA is a non-profit organization established under the laws of the State of New Jersey. ECSA operates as a private school and is dedicated to educating children in grades K-12 in the Light of God's Word. There are three campuses located in northern New Jersey. ECSA is supported primarily through tuition and contributions from members.

The Foundation is a non-profit organization established under the laws of the State of New Jersey and is under common control with ECSA. The Foundation is responsible for the fundraising activities and the acceptance of contributions to the School.

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

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

Basis of Presentation

These combined financial statements have been prepared on the accrual basis of accounting and in accordance with the accounting standards relating to financial statements for not-for-profit organizations. Under these accounting standards, net assets and revenues, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions: Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which that resource was restricted has been fulfilled, or both. The designation of net assets for specific purposes by the Organization itself does not constitute a basis for reclassifying them as net assets with donor restrictions.

Support With and Without Donor Restrictions

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as revenues with donor restrictions and included in satisfaction of donor restriction on the combined statements of activities. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations or satisfactions of purpose or time restrictions on net assets are reported as satisfaction of donor restrictions.

Cash and Cash Equivalents

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

Tuition and Notes Receivable

Tuition receivables represent uncollateralized customer obligations due under normal terms requiring payment in accordance with the established tuition contracts signed by parents of students enrolled in ECSA. Tuition receivables are stated at unpaid balances, net of allowance for doubtful accounts. The school provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of students' parents or guardians to meet their obligations. Accounts are written off when they are deemed to be uncollectible. The reserve for doubtful accounts against tuition receivable was $233,310 and $199,747 for the years ended August 31, 2022 and 2021, respectively.

In order to secure payment on balances owed, the School will require families to sign promissory notes for unpaid tuition balances. Reserve for bad debt on notes is based on historical experience, coupled with payment history in accordance with terms of the underlying note agreements. The reserve for doubtful accounts against note receivables was $40,489 and $26,820 for the years ended August 31, 2022 and 2021, respectively.

Unconditional Promises to Give

ECSA reports promises to give (pledges) in accordance with accounting standards relating to accounting for contributions received and contributions made. These standards require ECSA to record unconditional promises to give as revenue when the promise is made and when the pledge card is signed. Conditional promises to give are not recognized until they become unconditional, that is when the conditions are substantially met. The cash flows are discounted at a discount rate commensurate with the risks involved. The discount rate is revised at each measurement date to reflect current market conditions. Amortization of the discount is included in contribution revenue. When considered necessary, an allowance is recorded based on management's estimate of uncollectability including such factors as prior collection history, type of contribution and the nature of the fundraising activity. For the years ended August 31, 2022 and 2021, the allowance for doubtful pledges was approximately $70,000 and $-0-, respectively.

Revenue Recognition

Tuition and Fees

Tuition fees income is derived from education programs for students Pre-K through 12th grade. Gross tuition and fees reflect the School's normal tuition rates for all students. Fee income consists of fees paid for registration, a capital improvement fee, transportation, parking and other activities. Tuition revenue is billed prior to the beginning of the academic year and is recognized ratably over the academic term to which it relates based on time elapsed. Tuition revenue is recognized in the school year that the scholastic services are provided. Financial aid, scholarships and other discounts awarded to students are netted against gross tuition and fees.

Tuition receivables, net, were $90,011 and $106,519 as of August 31, 2022 and 2021, respectively. Tuition receivables, net, were $187,358 as of August 31, 2020.

Notes receivable, net, were $40,489 and $26,820 as of August 31, 2022 and 2021, respectively. Notes receivable, net, were $40,090 as of August 31, 2020.

Deferred Tuition
Deferred tuition results from the School recognizing tuition revenue in the period in which the related educational instruction is performed. Accordingly, tuition received for the next school term is deferred until the instruction commences. Deferred tuition was $2,718,363, $2,612,578, and $2,574,892 as of August 31, 2022, 2021, and 2020, respectively.

Contributions
Unconditional contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Contributions are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined financial statements of activities as net assets released from restrictions.

Other Revenue
Other revenue includes revenue received from rental income, Eagle Solar, Eagle Camp, Ditto and other income. Other revenue is recognized when the transaction takes place.

Accounting Estimates
The preparation of combined financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the allowance for uncollectible tuition, the allowance for uncollectible unconditional promises to give, depreciation expense and the fair value measurements of investments. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk
ECSA's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents, tuition receivables, unconditional promises to give and investments.

ECSA has significant cash balances at financial institutions, which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on ECSA's financial condition, changes in net assets and cash flows.

Concentrations of credit risk with respect to student tuition receivables are limited due to the large number of pupils comprising the School's student base.

At August 31, 2022, approximately 80% of ECSA's gross unconditional promises to give was from one donor. At August 31, 2021, approximately 56% of ECSA's gross unconditional promises to give was from three donors.

Restricted and Board Designated Cash

Cash designated by the Board of Directors ("Board") or restricted by donors at August 31 has been set aside for the following purposes:

	2022	2021
Board designated		
Quasi-endowment	$ 82,708	$ 166,015
Donor restricted		
Construction projects	$ 1,414,001	$ 1,196,341
General endowment	-	81,257
	$ 1,414,001	$ 1,277,598

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported in the combined statements of financial position at their fair values. 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 net assets without donor restrictions if restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Investments designated by the Board or restricted by donors at August 31 have been set aside for the following:

	2022	2021
Board designated		
Quasi-endowment	$ 6,764,209	$ 7,657,552
Donor restricted		
Equipment	$ 25,999	$ -
Scholarships	1,024,975	1,042,358
	$ 1,050,974	$ 1,042,358

Financial Instruments

Eagle entered into a forward fixed-price sales contract in February 2011 to sell energy credits generated by the solar power system, located at the middle school campus, to Rockland Electric Company. The contract was entered into to reduce the School's exposure to fluctuations in the energy credit market. This contract is recognized as either an asset or liability at fair value in the combined statements of financial position with the changes in the fair value reported in current period earnings. The change in the fair value was recorded on the combined statement of activities in Eagle Solar Revenue for the year ended August 31, 2021. The contract expired on June 1, 2021, resulting in a reduction of the fair value of the contract. For the year ended August 31, 2021, ECSA recognized a reduction in the fair value of $35,956 on this contract.

Property and Equipment

Property and equipment, net of accumulated depreciation is stated at cost for purchased items and at fair value for contributed items at the time they are donated. Major improvements are capitalized and amortized over their useful lives.

Depreciation is provided for by using the straight-line method over the following estimated useful lives of the depreciable assets.

Description	Estimated Life (Years)
Buildings	40
Improvements	10-40*
Vehicles and buses	10
Furniture and fixtures	5-10

* Leasehold improvements are amortized over the lesser of the estimated useful life or the related lease term.

Expenditures for repairs and maintenance, which do not extend the useful life of the related assets, are charged to expenses as incurred. Gain and loss upon disposal or abandonment of property and equipment are reflected in current year operations.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The School did not receive any donated property or equipment during the years ended August 31, 2022 and 2021.

Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount or fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount of fair value less costs to sell. There were no impairment charges recorded during the years ended August 31, 2022 and 2021.

Debt Issuance Costs

Debt issuance costs are associated with a note payable that have been deferred and are being amortized over the life of the note using the straight-line method. Unamortized debt issuance costs are included in the notes payable balance on the accompanying combined statements of financial position. Amortization expense is included in interest expense.

Donated Services and Materials

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased by the Organization.

Volunteers contribute time in conjunction with the ECSA's programs and services. The value of these services are not included in these combined financial statements as they would not typically be purchased by ECSA and do not require specialized skills.

Donated materials are recognized as contributions at their fair value in the period received.

Merchandise donated to Ditto and sold during the year is included under the caption “Ditto revenue” on the combined statements of activities. Merchandise donated to Ditto and not sold during the year is included under the caption “contributions” on the combined statements of activities. Merchandise donated to Ditto and not sold is valued at an estimated fair value based on the quantity of items on hand and the historical average sales price realized. As of August 31, 2022 and 2021, Ditto had merchandise on hand valued at $2,093 and $47,593, respectively, and is included under the caption “other current assets” on the combined statements of financial position.

Advertising Costs
Advertising costs are expensed as incurred. Advertising expense for the years ended August 31, 2022 and 2021 amounted to approximately $83,600 and $94,900, respectively.

Functional Allocation of Expenses
The costs for providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities. The combined statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs, supporting services and fundraising activities benefited.

Income Taxes
ECSA, the Foundation and Ditto are exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. ECSA is also exempt from state income taxes. However, income from certain activities that are not directly related to ECSA, the Foundation and Ditto’s tax-exempt purpose are subject to taxation as unrelated business income. ECSA, the Foundation and Ditto had no unrelated business income for the years ended August 31, 2022 and 2021.

Eagle has elected to be taxed as a corporation for federal and state income taxes.

Deferred taxes on Eagle are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, operating loss, and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Eagle has net operating loss carryforwards of approximately $1,240,000 and $1,117,000 for federal and state income tax purposes as of August 31, 2022, respectively, that expire at various times through 2035 and are subject to certain limitations and statutory expiration periods.

Deferred income tax assets and liabilities for Eagle arise from temporary differences relating to operating losses and depreciation and amortization being reported for financial accounting and tax purposes in different periods. Long-term deferred tax assets are reported net of long-term deferred tax liabilities and are classified on the combined statements of financial position as other non-current assets (see Note 7 and 15).

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

Accounting for Uncertain Tax Positions

The Organization's policy is to evaluate uncertain tax positions in accordance with Accounting Standards Codification ("ASC") Topic 740, *Accounting for Uncertainty in Income Taxes*. Pursuant to ASC 740, management has determined that as of August 31, 2022 and 2021, it does not have any uncertain tax positions required to be reported.

In-Kind Contributions

In-kind services and other nonfinancial assets are reflected upon receipt and are recorded at fair value, as contribution income and an expense. Services are recorded to the extent the Organization would have been required to pay for the services. Non-cash donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Valuation	2022	2021
Fair value of services	$ 21,300	$ -
Fair value of goods	32,746	2,153
	$ 54,046	$ 2,153

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation. On the combined statements of financial position, assets were reclassified to a more appropriate line item. On the combined statements of activities, items were consolidated into other income due to the immaterial nature of the revenue. In addition, net assets with donor restrictions were broken out further. These reclassifications had no effect on net assets or the change in net assets.

Accounting Pronouncements Adopted in the Current Year

Gifts in Kind

During 2022, the Organization adopted the presentation and disclosure requirements of Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires presentation of contributed nonfinancial assets apart from the contributions of cash and other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on September 1, 2021 using the prospective method of application. The adoption of ASU 2020-07 resulted in no material changes to the recognition of revenue.

Accounting Pronouncements Not Yet Effective

Lease Transactions

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases* (Topic 842), which is currently effective for fiscal years beginning after December 15, 2021, with early adoption permitted. In addition to expanded disclosure requirements regarding leasing activities, the new standard significantly changes current lessee accounting for operating leases. Under the new standard, all lessees will be required to recognize a right-of-use asset and a lease liability in the combined statement of financial position for all leases of property and equipment, except for certain leases classified as short-term leases. The Organization has not adopted the new standard in these combined financial statements. However, based on the Organization's present leasing activities, management expects that adoption of the new standard will require the recognition of significant, long-term right-of-use assets and a lease liability.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the combined statement of financial position date, comprise the following at August 31:

	2022	2021
Cash and cash equivalents	$ 2,133,300	$ 2,002,347
Tuition receivable, net	90,011	106,519
Unconditional promises to give	-	77,438
Appropriation from quasi-endowment	450,000	450,000
Financial assets available to meet cash needs for general expenditures within one year	$ 2,673,311	$ 2,636,304

For the year ended August 31, 2022, the Organization has $2,673,311 of financial assets that could be available within one year of the statement of financial position date to meet cash needs to general expenditures. The difference between the unconditional promises to give balance on the combined statement of financial position of $188,300 and the balance above of $-0- is related to unconditional promises to give that are donor restricted. The Organization has a goal to maintain financial assets, which consist of cash, to meet 60 days of normal operating expenses, which are on average $2,119,000. With Board approval, $6,659,250 of investments could be used to cover operating expenses if the Board changed their current designation. The Organization has a practice of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. As more fully described in Note 8, the Organization has a line of credit in the amount of $500,000, which could be drawn upon in the event of an unanticipated liquidity need.

For the year ended August 31, 2021, the Organization has $2,636,304 of financial assets that could be available within one year of the statement of financial position date to meet cash needs to general expenditures. The difference between the unconditional promises to give balance on the statement of financial position of $325,816 and the balance above of $77,438 is related to unconditional promises to give that are donor restricted. The Organization has a goal to maintain financial assets, which consistent of cash, to meet 60 days of normal operating expenses, which are on average $1,850,000. With Board approval, $7,657,552 of investments could be used to cover operating expenses if the Board changed their current designation. The Organization has a practice of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. As more fully described in Note 8, the Organization has a line of credit in the amount of $500,000 which could be drawn upon in the event of an unanticipated liquidity need.

3. PROMISES TO GIVE

Unconditional Promises to Give

Unconditional promises to give at August 31 are as follows:

	2022	2021
Unconditional promises to give	$ 258,288	$ 325,816
Less: Allowance for uncollectible pledges	69,988	-
Unconditional promises to give - net	$ 188,300	$ 325,816

As of August 31, 2022, unconditional promises to give represent contributions with donor restrictions in the amount of a net receivable of $188,3000. As of August 31, 2021, unconditional promises to give represent contributions without donor restrictions in the amount of $77,438 and with donor restrictions in the amount of $248,378.

The unconditional promises to give are due as follows for August 31, 2022:

Less than one year	$ 188,300

Conditional Promises to Give

The Organization was notified by several donors that ECSA is named as a beneficiary in their will or in their life insurance policy as the beneficiary. To date, no values have been communicated to the Organization. These promises to give have not been recorded in the accompanying combined financial statements due to the donors' ability to change their will. These promises to give will be recorded when ECSA is notified that the donor has passed away and ECSA is listed as the beneficiary in the will.

4. INVESTMENTS

Investments carried at fair value at August 31 were as follows:

	2022	
	Cost	**Fair Value**
Investments		
Fixed income	$ 3,059,180	$ 2,832,818
Equities	3,142,567	3,931,391
	$ 6,201,747	$ 6,764,209
Investments - Permanent endowments		
Equities - Barnabas Foundation	$ 1,029,821	$ 1,050,974

	2021	
	Cost	**Fair Value**
Investments		
Fixed income	$ 2,865,610	$ 2,951,179
Equities	3,015,677	4,706,373
	$ 5,881,287	$ 7,657,552
Investments - Permanent endowments		
Equities - Barnabas Foundation	$ 662,048	$ 1,042,358

5. FAIR VALUE ACCOUNTING

The FASB 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 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 to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

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.

The following is a description of the valuation methodologies used for ECSA's assets measured at fair value. There have been no changes in the methodologies used for the periods presented in these financial statements.

Money market funds and accrued interest - valued at cash value.

Fixed income and equities - fixed income and equities are valued at quoted market prices which represent the net asset value of shares held by the Organization at year-end.

Unconditional promises to give - unconditional promises to give are valued using a discounted cash flow methodology. During the years ended August 31, 2022 and 2021, there were additions to unconditional promises to give in the amount of approximately $136,000 and $30,500, respectively.

The following tables set forth by level within the fair value hierarchy, the Organization's assets which have been accounted for at fair value on a recurring basis as of August 31:

	August 31, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Fixed income				
Domestic mutual funds	$ 2,036,778	$ 2,036,778	$ -	$ -
Global fixed income	150,558	150,558	-	-
Foreign exchange and non-U.S. fixed income	645,480	645,480	-	-
Equities				
Domestic mutual funds	2,588,681	2,588,681	-	-
International mutual funds	1,237,753	1,237,753	-	-
Barnabas Foundation	1,155,933	1,155,933	-	-
	$ 7,815,183	$ 7,815,183	$ -	$ -

	August 31, 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Fixed income				
Domestic mutual funds	$ 2,290,309	$ 2,290,309	$ -	$ -
Global fixed income	169,680	169,680	-	-
Foreign exchange and non-U.S. fixed income	491,190	491,190	-	-
Equities				
Domestic mutual funds	3,311,734	3,311,734	-	-
International mutual funds	1,394,639	1,394,639	-	-
Barnabas Foundation	1,042,358	1,042,358	-	-
	$ 8,699,910	$ 8,699,910	$ -	$ -

Unconditional promises to give are not included in the fair value leveling table above because carrying value approximates fair value due to their short-term maturities.

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

Fair Value Option

The accounting standard relating to financial instruments allows entities to choose to measure eligible financial instruments and certain other items at fair value. The fair value option established by this statement permits all entities to choose to measure eligible items at fair value on a specified election date or according to a preexisting policy for specified types of eligible items and report unrealized gains and losses on items for which the fair value option has been elected in earnings (loss) at each subsequent reporting date. The School has elected the fair value option for unconditional promises to give because the School believes that the election more clearly presents the value of the receivable in accordance with accounting principles generally accepted in the United States of America.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of August 31:

	2022	**2021**
Land	$ 182,000	$ 182,000
Buildings and improvements	12,269,181	12,105,026
Vehicles and buses	682,205	723,953
Furniture and fixtures	719,815	597,356
Fixed assets - Eagle Solar, LLC	2,969,010	2,969,010
Fixed assets - Ditto of North Jersey, LLC	637,716	543,268
Construction in progress	421,770	235,196
	17,881,697	17,355,809
Less: Accumulated depreciation	12,517,035	12,092,558
Property and equipment, net	$ 5,364,662	$ 5,263,251

Total depreciation expense amounted to $466,225 and $723,606 for the years ended August 31, 2022 and 2021, respectively.

7. OTHER ASSETS

Other assets consist of the following as of August 31:

	2022	2021
Other current assets		
Prepaid expenses	$ 21,181	$ 70,923
Deposits	-	120
TRIP cards on hand	13,469	6,954
Eagle Solar SREC on account	40,676	18,138
Ditto inventory	2,093	47,593
Other receivables	70,941	136,928
Total other current assets	$ 148,360	$ 280,656
Other non-current assets		
Gross deferred tax asset	$ 349,000	$ 380,000

8. BANK LINES OF CREDIT

ECSA entered into a line of credit agreement with JPMorgan Chase ("Chase") bank in May 2012 in the amount of $2,500,000. The loan was collateralized by essentially all of ECSA's assets and bore interest at the adjusted LIBOR rate plus 1%. The effective rate at August 31, 2021 and 2020 was 1.125% and 1.18%, respectively. This line expired September 1, 2021 and has not been renewed. As of August 31, 2021, there was an outstanding balance of $1,367,936. This line of credit was paid in full during the year ended August 31, 2022 from the borrowing from Columbia Bank (see Notes 9 and 16).

Eagle had a line of credit with Chase. The line of credit had a limit of $2,000,000 and was collateralized by the unrestricted endowment assets of ECSA and the assets of Eagle. The line bore interest at the adjusted LIBOR rate plus 1%. The effective rate at August 31, 2020 was 1.18%. This line expired September 1, 2021 and has not been renewed. As of August 31, 2021, there was an outstanding balance of $1,437,048. This line of credit was paid in full during the year ended August 31, 2022 from the borrowing from Columbia Bank (see Notes 9 and 16).

ECSA renewed a line of credit with Columbia Bank which was set to expire on May 15, 2023, which was subsequently extended through May 15, 2024 (Note 19). The line of credit has a limit of $500,000 and is collateralized by the property at 25 Baldwin Drive, Midland Park, New Jersey. The line bears interest at the Prime rate plus 1%, but not to exceed 5.50%. As of August 31, 2022 and 2021, there was an outstanding balance of $-0-.

9. NOTES PAYABLE

Notes payable consist of the following as of August 31:

	2022	2021
Note payable to Columbia Bank, interest at a fixed rate of 4.95%, with monthly installments of principal and interest of $6,011 through August 15, 2028, collateralized by the property at 25 Baldin Drive, Midland Park. This note was paid in full during the year ended August 31, 2022 from the borrowing from Columbia Bank, noted below. Also, see Note 16.	$ -	$ 412,524
Note payable to Columbia Bank, interest at a fixed rate of 4.95%, with monthly installments of principal and interest of $5,827 through June 1, 2032, collateralized by the property at 25 Baldin Drive, Midland Park. This note was paid in full during the year ended August 31, 2022 from the borrowing from Columbia Bank, noted below. Also, see Note 16.	-	604,110
Note payable to Columbia Bank, interest at a fixed rate of 3.80%, with monthly installments of principal and interest of $22,744 through December 1, 2031, collateralized by the property at 50 Oakwood Avenue, North Haledon.	4,304,601	-
Private notes to various personal investors including related party members of ECSA management and the board of directors, with interest only payments at 3.50%, various maturities through August 2023. See notes 17 and 18.	170,000	340,000
Private notes to various personal investors including related party members of ECSA management and the board of directors, with interest only payments at 4.00%, various maturities through September 2029. See note 17.	600,000	600,000
	5,074,601	1,956,634
Less: Unamortized debt issuance costs	19,061	-
	5,055,540	1,956,634
Less: Current portion	279,685	263,951
	$ 4,775,855	$ 1,692,683

Amortization on the debt issuance costs amounted to $1,546 and $-0- for the years ended August 31, 2022 and 2021, respectively, and is included within interest expense on the combined statement of functional expenses.

Future maturities of this debt are as follows:

2023	$	279,685
2024		113,926
2025		118,333
2026		122,908
2027		127,661
Thereafter		4,312,088
	$	5,074,601

10. PAYCHECK PROTECTION PROGRAM ("PPP")

On April 15, 2020, ECSA was granted a loan in the amount of $1,511,500 under the Paycheck Protection Program ("PPP") of the Coronavirus Aid, Relief, and Economic Security (the "CARES Act"). The loan was guaranteed by the Small Business Administration ("SBA"). The note carried interest at 1% and was for a 2-year term. On June 24, 2021, ECSA was relieved of its PPP loan obligation and recognized a gain from PPP loan forgiveness in the amount of $1,511,500 in the accompanying combined statements of activities.

11. ENDOWMENTS AND BOARD DESIGNATED NET ASSETS

The Organization's endowment at August 31, 2022 and 2021 includes both donor-restricted funds and funds designated by the Board to function as endowments to support ECSA. As required by accounting principles generally accepted in the United States of America, net assets associated with endowments are classified and reported based on the existence or absence of donor-imposed restrictions. Since there are no donor restrictions on the quasi-endowment fund, all contributions into the fund and all income earned on the fund are considered to be net assets without donor restrictions.

Interpretation of Relevant Law

The Board of the Organization has interpreted state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds and additional contributions to those funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, should the Organization receive endowment funds with donor restrictions, the Organization will retain in perpetuity (a) the original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to expenditure by the School in a manner consistent with the standard of prudence prescribed by state law or the donor's intent. 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 investment policies of the Organization.

As a result of the ability to distribute corpus, the Board of Directors has determined that all contributions not classified as with donor restrictions are classified as net assets without donor restrictions for financial statement purposes. Contributions that are subject to other gift instruments may be recorded as with donor restrictions, or without donor restrictions, depending on the specific terms of the agreement.

Endowment Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Organization's spending and investment policies work together to achieve this objective. The investment policy established an achievable return objective through diversification of asset classes. The current long-term return objective is to return 9%, net of investment fees. The investment policy was amended subsequent to year-end (see Note 18). Actual returns in any given year may vary from this amount.

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

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

Board-designated endowment and endowment fund composition by type of fund as of August 31 are as follows:

	2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Board-designated funds			
Quasi-endowment	$ 6,746,123	$ -	$ 6,746,123
Donor-restricted endowment funds			
Scholarship Endowment			
Original donor-restricted gift amounts and gift amounts required by donor to be maintained in perpetuity	-	1,562,046	1,562,046
Accumulated investment earnings	-	177,027	177,027
Loan to ECSA for operations	-	(651,097)	(651,097)
	$ 6,746,123	$ 1,087,976	$ 7,834,099

	2021		
	Board Designated		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	$ 7,814,795	$ -	$ 7,814,795
Quasi-endowment			
Donor-restricted endowment funds			
Scholarship Endowment			
Original donor-restricted gift amounts and gift amounts required by donor to be maintained in perpetuity	-	1,384,436	1,384,436
Accumulated investment earnings	-	413,556	413,556
Loan to ECSA for operations	-	(665,605)	(665,605)
	$ 7,814,795	$ 1,132,387	$ 8,947,182

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

	2022		
	Quasi Endowment	Endowment	
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 31, 2021	$ 7,814,795	$ 1,132,387	$ 8,947,182
Contributions	39,568	197,610	237,178
Investment return			
Investment income	127,074	28,884	155,958
Net loss on investments	(1,200,001)	(207,314)	(1,407,315)
Transfer out of the endowment fund	-	(25,999)	(25,999)
Amounts appropriated for expenditure			
Operations	(450,000)	(52,100)	(502,100)
Repayments to undesignated net assets			
ECSA	374,664	14,508	389,172
Eagle Solar	25,143	-	25,143
Ditto	14,880	-	14,880
Endowment net assets, August 31, 2022	$ 6,746,123	$ 1,087,976	$ 7,834,099

	2021		
	Board Designated		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 31, 2020	$ 6,985,017	$ 790,766	$ 7,775,783
Contributions	422,378	153,532	575,910
Investment return			
Investment income	97,821	35,947	133,768
Net gain on investments	1,086,434	223,115	1,309,549
Amounts appropriated for expenditure			
Operations	(450,000)	(70,973)	(520,973)
Repayments (loans) to undesignated net assets			
ECSA	(365,382)	-	(365,382)
Eagle Solar	24,158	-	24,158
Ditto	14,369	-	14,369
Endowment net assets, August 31, 2021	$ 7,814,795	$ 1,132,387	$ 8,947,182

The Organization appropriated additional funds from both the board designated quasi-endowment funds and donor-restricted endowment funds. It is anticipated that these amounts advanced to ECSA, Eagle Solar and Ditto will be returned to the endowment, with interest at 4% per annum. Total appropriations outstanding and to be returned to the board designated endowment as of August 31, 2022 and 2021, are $358,490 and $773,177, respectively. Total appropriations outstanding and to be returned to the donor-restricted endowment as of August 31, 2022 and 2021, are $730,557 and $701,330, respectively. Appropriations from the donor restricted fund were used to purchase fixed assets, which are being used for housing for students and faculty. The net book value of the assets purchased amount to $465,701 and $482,682 as of August 31, 2022 and 2021, respectively.

The School has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

12. NET ASSETS WITH DONOR RESTRICTIONS

Components of net assets with donor restrictions consist of the following at August 31:

	2022	2021
Subject to expenditure for a specific purpose		
Capital projects	$ 1,613,855	$ 1,445,118
Equipment	25,999	31,889
Scholarships	78,960	19,149
	1,718,814	1,496,156
Endowments		
Subject to endowment spending policy and appropriation		
Scholarships and financial aid	1,087,976	1,132,387
	1,087,976	1,132,387
Total net assets with donor restrictions	$ 2,806,790	$ 2,628,543

13. BOARD DESIGNATED NET ASSETS

Certain net assets without donor restrictions have been designated by the Board at August 31 for the following purposes:

	2022	2021
Quasi-endowment fund (a)	$ 6,746,123	$ 7,814,795

(a) The Board has set aside, in an investment account, funds that they plan to use to support the mission of the Organization.

14. PENSION PLAN AND 403(B) RETIREMENT SAVINGS PLAN

The Organization previously participated in the Christian Schools Pension Plan and Trust Fund, which is sponsored by Christian Schools International ("CSI"). All employees that worked 1,000 hours or more per year were eligible and must participate in the plan. The School contributes 6% of an eligible employee's gross salary.

The plan provides for a retirement benefit, a death benefit and disability income. A refund of contributions is available to those who leave the Pension Trust Program. The Organization made contributions to the plan totaling $294,496 and $239,200 for the years ended August 31, 2022 and 2021, respectively. Effective September 1, 2019, the School is no longer enrolling its employees into the pension plan.

On July 1, 2019, the Organization began to participate in a 403(b) retirement savings plan. The plan is through CSI, who operates as the plan sponsor. The plan allows employees to contribute part of their compensation into the plan during each pay period. The employer may also make a discretionary matching contribution into the plan. The Organization made contributions to the plan totaling $125,700 and $126,206 for the years ended August 31, 2022 and 2021, respectively.

15. INCOME TAXES

The provision for income taxes, which is included in combined statements of activities under the caption of other expenses, consists of the following for the years ended August 31:

	2022	2021
Deferred	$ 31,000	$ 28,000

Deferred income tax assets consist of the following at August 31:

	2022	2021
Deferred income tax assets	$ 349,000	380,000
Valuation allowance	-	-
Net deferred income tax asset	$ 349,000	$ 380,000

The actual tax expense for the years ended August 31, 2022 and 2021, differs from the expected tax expense (computed by applying the federal and state corporation tax rates to earnings before taxes) due to state taxes, domestic production activities and certain nondeductible expenses.

16. LEASE OBLIGATIONS

Ditto entered into a lease agreement for the use of the facility in North Haledon, New Jersey under an operating lease, which expires on May 31, 2025. The School leases certain office equipment under operating leases. The total lease expense recorded for the years ended August 31, 2022 and 2021, was approximately $163,800 and $187,000, respectively.

The future minimum lease payments under these operating leases as of August 31 are as follows:

2023	$ 119,600
2024	114,000
2025	72,600
	$ 306,200

17. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

The combined statements of cash flows contain cash paid during the years ended August 31 related to:

	2022	2021
Interest	$ 186,268	$ 145,045
Taxes	$ 664	$ 273

Non-cash investing and financing transactions during the years ended August 31 were as follows:

	2022	2021
Payoff of bank lines of credit through refinancing of a new note payable	$ 2,804,984	$ -
Payoff of notes payable through refinancing of a new note payable	$ 993,741	$ -

18. RELATED PARTY TRANSACTIONS

The School periodically engages with a construction company for various projects that is owned by the nephew of a member of management through August 31, 2022. During the years ended August 31, 2022 and 2021, the School made payments to the construction company in the amounts approximating $22,500 and $16,000, respectively.

Periodically, the Organization enters into notes payable agreements with personal investors which include related party members of ECSA management and the board of directors. See Note 9 for further information.

Subsequent to year end, the School changed investment management and advisory for the endowment for which two board members are partners in the firm.

19. SUBSEQUENT EVENTS

The School has evaluated subsequent events occurring after the combined statement of financial position date through the date of December 7, 2023, which is the date the combined financial statements were available to be issued. Based on this evaluation, the School has determined that the following subsequent events have occurred that require disclosure to the combined financial statements.

During January 2023, ECSA entered into a financing agreement for copiers for a term of 5 years that will require monthly principal and interest payments of approximately $1,400.

On April 26, 2023, ECSA entered into an agreement to extend the bank line of credit in the amount of $500,000 through May 15, 2024. Interest on the line of credit shall be floating based on the Prime Rate but shall not fall below 8.00%.

In May 2023, ECSA amended their investment policy statement to modify the return objective with the intent to obtain a modest capital appreciation from their investments and a goal to outpace inflation by a moderate amount (Note 11).

During August 2023, private loans to personal investors, including related party members of ECSA management and the board of directors, were paid in full for a total amount of approximately $192,500, which included principal of $170,000 and interest of approximately $22,500 (see Note 9).

SUPPLEMENTARY INFORMATION

Eastern Christian School Association and Affiliates
Combining Statement of Financial Position
August 31, 2022

	Eastern Christian School Association	Eagle Solar, LLC	Ditto of North Jersey, LLC	The Foundation for Eastern Christian School Association	Total	Eliminating Entries	Combined Total
Assets							
Current assets							
Cash and cash equivalents (including board designated cash of $82,708)	$ 1,885,042	$ 95,874	$ 79,896	$ 72,488	$ 2,133,300	$ -	$ 2,133,300
Tuition receivable, net	90,011	-	-	-	90,011	-	90,011
Notes receivable, net	5,064	-	-	-	5,064	-	5,064
Unconditional promises to give	188,300	-	-	-	188,300	-	188,300
Investments - including board designated investments of $6,659,250)	6,764,209	-	-	-	6,764,209	-	6,764,209
Due from affiliate - note receivable, current portion	36,316				36,316	(36,316)	-
Due from affiliate	240,385	-	-	-	240,385	(240,385)	-
Other current assets	85,037	40,676	9,178	13,469	148,360	-	148,360
Total current assets	9,294,364	136,550	89,074	85,957	9,605,945	(276,701)	9,329,244
Property and equipment, net	5,251,009	-	113,653	-	5,364,662	-	5,364,662
Restricted cash	1,414,001	-	-	-	1,414,001	-	1,414,001
Notes receivable, net of current portion	35,425				35,425	-	35,425
Investments - permanent endowment	1,050,974	-	-	-	1,050,974	-	1,050,974
Investment in Eagle Solar, LLC	(1,014,862)	-	-	-	(1,014,862)	1,014,862	-
Due from affiliate - note receivable, net of current portion	1,411,427		-	-	1,411,427	(1,411,427)	-
Other non-current assets	-	349,000	-	-	349,000	-	349,000
	2,896,965	349,000	-	-	3,245,965	(396,565)	2,849,400
	$ 17,442,338	$ 485,550	$ 202,727	$ 85,957	$ 18,216,572	$ (673,266)	$ 17,543,306
Liabilities and Net Assets							
Current liabilities							
Deferred income	$ 2,711,228	$ -	$ -	$ 105,909	$ 2,817,137	$ -	$ 2,817,137
Accounts payable	143,183	6,245	23,332	-	172,760	-	172,760
Accrued expenses	672,208	-	357	-	672,565	-	672,565
Due to affiliate - note payable, current portion	-	36,316	-	-	36,316	(36,316)	-
Due to affiliate	-	113,740	162,961	-	276,701	(276,701)	-
Notes payable, current portion	279,685	-	-	-	279,685	-	279,685
Total current liabilities	3,806,304	156,301	186,650	105,909	4,255,164	(313,017)	3,942,147
Long-term liabilities							
Due to affiliate - note payable, net of current portion	-	1,375,111	-	-	1,375,111	(1,375,111)	-
Notes payable, net of current portion and debt discount	4,775,855	-	-	-	4,775,855	-	4,775,855
Total long-term liabilities	4,775,855	1,375,111	-	-	6,150,966	(1,375,111)	4,775,855
Net assets							
Without donor restrictions							
Undesignated	(692,734)	(1,045,862)	16,077	(19,952)	(1,742,471)	1,014,862	(727,609)
Designated by the Board	6,746,123	-	-	-	6,746,123	-	6,746,123
Total net assets without donor restrictions	6,053,389	(1,045,862)	16,077	(19,952)	5,003,652	1,014,862	6,018,514
With donor restrictions							
Endowment	1,087,976	-	-	-	1,087,976	-	1,087,976
Purpose restricted funds	1,718,814	-	-	-	1,718,814	-	1,718,814
Total net assets without donor restrictions	2,806,790	-	-	-	2,806,790	-	2,806,790
Total net assets	8,860,179	(1,045,862)	16,077	(19,952)	7,810,442	1,014,862	8,825,304
Total liabilities and net assets	$ 17,442,338	$ 485,550	$ 202,727	$ 85,957	$ 18,216,572	$ (673,266)	$ 17,543,306

See Independent Auditor’s Report.

Eastern Christian School Association and Affiliates
Combining Statement of Financial Position
August 31, 2021

	Eastern Christian School Association	Eagle Solar, LLC	Ditto of North Jersey, LLC	The Foundation for Eastern Christian School Association	Total	Eliminating Entries	Combined Total
Assets							
Current assets							
Cash and cash equivalents (including board designated cash of $166,015)	$ 1,939,781	$ 57,757	$ 75,388	$ 95,436	$ 2,168,362	$ -	$ 2,168,362
Tuition receivables, net	106,519	-	-	-	106,519	-	106,519
Notes receivable, net	6,600	-	-	-	6,600	-	6,600
Unconditional promises to give	325,816	-	-	-	325,816	-	325,816
Investments - board designated	7,657,552	-	-	-	7,657,552	-	7,657,552
Due from affiliate	373,658	-	-	-	373,658	(373,658)	-
Other current assets	200,886	18,138	54,678	6,954	280,656	-	280,656
Total current assets	10,610,812	75,895	130,066	102,390	10,919,163	(373,658)	10,545,505
Property and equipment, net	5,215,738	-	47,513	-	5,263,251	-	5,263,251
Restricted cash	1,277,598	-	-	-	1,277,598	-	1,277,598
Notes receivable, net of current portion	20,220				20,220	-	20,220
Investments - permanent endowments	1,042,358	-	-	-	1,042,358	-	1,042,358
Investment in Eagle Solar LLC	(1,124,862)	-	-	-	(1,124,862)	1,124,862	-
Other non-current assets	-	380,000	-	-	380,000	-	380,000
	1,215,314	380,000	-	-	1,595,314	1,124,862	2,720,176
	$ 17,041,864	$ 455,895	$ 177,579	$ 102,390	$ 17,777,728	$ 751,204	$ 18,528,932
Liabilities and Net Assets							
Current liabilities							
Deferred income	$ 2,491,031	$ -	$ -	$ 121,547	$ 2,612,578	$ -	$ 2,612,578
Short-term borrowings	1,367,936	1,437,048	-	-	2,804,984	-	2,804,984
Accounts payable	290,781	4,826	-	-	295,607	-	295,607
Accrued expenses	861,809	-	357	-	862,166	-	862,166
Due to affiliate	-	138,883	234,775	-	373,658	(373,658)	-
Notes payable, current portion	263,951	-	-	-	263,951	-	263,951
Total current liabilities	5,275,508	1,580,757	235,132	121,547	7,212,944	(373,658)	6,839,286
Notes payable, net of current portion and debt discount	1,692,683	-	-	-	1,692,683	-	1,692,683
Net assets							
Without donor restrictions							
Undesiganated	(369,665)	(1,124,862)	(57,553)	(19,157)	(1,571,237)	1,124,862	(446,375)
Designated by the Board	7,814,795	-	-	-	7,814,795	-	7,814,795
Total net assets without donor restrictions	7,445,130	(1,124,862)	(57,553)	(19,157)	6,243,558	1,124,862	7,368,420
With donor restrictions							
Endowment	1,132,387	-	-	-	1,132,387	-	1,132,387
Purpose restricted funds	1,496,156	-	-	-	1,496,156	-	1,496,156
Total net assets without donor restrictions	2,628,543	-	-	-	2,628,543	-	2,628,543
Total net assets	10,073,673	(1,124,862)	(57,553)	(19,157)	8,872,101	1,124,862	9,996,963
Total liabilities and net assets	$ 17,041,864	$ 455,895	$ 177,579	$ 102,390	$ 17,777,728	$ 751,204	$ 18,528,932

See Independent Auditor’s Report.

Eastern Christian School Association and Affiliates
Combining Statement of Activities
Year Ended August 31, 2022

	Eastern Christian School Association	Eagle Solar, LLC	Ditto of North Jersey, LLC	The Foundation for Eastern Christian School Association	Total	Eliminating Entries	Combined Total
Operating revenues							
Tuition and fees	$ 9,561,780	$ -	$ -	$ -	$ 9,561,780	$ -	$ 9,561,780
Other income	252,084	-	-	59,135	311,219	-	311,219
Rental income	273,824	-	-	-	273,824	-	273,824
Eagle Solar revenue	-	177,309	-	-	177,309	-	177,309
Eagle Camp revenue	256,482	-	-	-	256,482	-	256,482
Ditto thrift store revenue	-	-	853,689	-	853,689	-	853,689
Contributions	-	-	704	2,001,156	2,001,860	-	2,001,860
Contributions of nonfinancial assets	-	-	-	54,046	54,046	-	54,046
	10,344,170	177,309	854,393	2,114,337	13,490,209	-	13,490,209
Operating expenses							
Compensation and related expenses	8,906,713	-	242,910	315,293	9,464,916	-	9,464,916
Association expenses	676,782	-	-	-	676,782	-	676,782
Repairs and maintenance	828,610	-	-	-	828,610	-	828,610
Transportation expenses	49,661	-	-	-	49,661	-	49,661
Educational supplies	681,817	-	-	-	681,817	-	681,817
Depreciation	437,916	-	28,309	-	466,225	-	466,225
Development expenses	-	-	-	309,127	309,127	-	309,127
Insurance	130,139	-	-	-	130,139	-	130,139
Interest	173,191	45,828	7,980	-	226,999	(40,731)	186,268
Occupancy expenses	-	-	122,580	-	122,580	-	122,580
Other expenses	14,967	31,000	-	-	45,967	-	45,967
Provision for uncollectible tuition	23,616	-	-	-	23,616	-	23,616
Provision for uncollectible unconditional promises to give	139,966	-	-	-	139,966	-	139,966
Scholarships/trust disbursements	52,100	-	-	-	52,100	-	52,100
Eagle Solar expenses	-	21,481	-	-	21,481	-	21,481
Eagle Camp expenses	21,766	-	-	-	21,766	-	21,766
Other Ditto thrift store expenses	-	-	138,984	-	138,984	-	138,984
	12,137,244	98,309	540,763	624,420	13,400,736	(40,731)	13,360,005
Changes in net assets from operations	(1,793,074)	79,000	313,630	1,489,917	89,473	40,731	130,204
Net assets transferred							
Assets transferred to / (from) affiliate	1,729,917	-	(240,000)	(1,489,917)	-	-	-
Equity in earnings on investment in Eagle Solar, LLC	110,000	-	-	-	110,000	(110,000)	-
	1,839,917	-	(240,000)	(1,489,917)	110,000	(110,000)	-
Association endowment							
Investment income	201,774	-	-	-	201,774	40,731	161,043
Net unrealized loss on investments	(1,686,485)				(1,686,485)		
Realized gain on sale of investments	223,579	-	-	-	223,579	-	223,579
	(1,261,132)	-	-	-	(1,261,132)	40,731	384,622
Changes in net assets	$ (1,214,289)	$ 79,000	$ 73,630	$ -	$ (1,061,659)	$ (28,538)	$ 514,826

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Eastern Christian School Association and Affiliates
Combining Statement of Activities
Year Ended August 31, 2021

	Eastern Christian School Association	Eagle Solar, LLC	Ditto of North Jersey, LLC	The Foundation for Eastern Christian School Association	Total	Eliminating Entries	Combined Total
Revenues							
Tuition and fees, net	$ 8,151,325	$ -	$ -	$ -	$ 8,151,325	$ -	$ 8,151,325
Other income	116,360	-	-	60,583	176,943	-	176,943
Rental income	218,732	-	-	-	218,732	-	218,732
Eagle Solar revenue	-	171,621	-	-	171,621	-	171,621
Eagle Camp revenue	251,906	-	-	-	251,906	-	251,906
Ditto revenue	-	-	760,105	-	760,105	-	760,105
Contributions	-	-	411	2,064,868	2,065,279	-	2,065,279
Contributions of nonfinancial assets	-	-	-	2,153	2,153	-	2,153
	8,738,323	171,621	760,516	2,127,604	11,798,064	-	11,798,064
Expenses							
Compensation and related expenses	7,796,767	-	248,755	126,982	8,172,504	-	8,172,504
Association expenses	706,044	-	-	-	706,044	-	706,044
Building maintenance	792,959	-	-	-	792,959	-	792,959
Transportation expenses	19,799	-	-	-	19,799	-	19,799
Educational supplies	421,299	-	-	-	421,299	-	421,299
Depreciation	459,972	247,318	16,316	-	723,606	-	723,606
Development expenses	-	-	-	269,365	269,365	-	269,365
Insurance	136,736	-	-	-	136,736	-	136,736
Interest	108,844	27,710	8,491	-	145,045	-	145,045
Other expenses	2,854	28,000	-	-	30,854	-	30,854
Occupancy expenses	-	-	132,773	-	132,773		132,773
Scholarships/trust disbursements	38,050	-	-	-	38,050	-	38,050
Eagle Solar expenses	-	58,038	-	-	58,038	-	58,038
Eagle Camp expenses	20,506	-	-	-	20,506	-	20,506
Other Ditto thrift store expenses	-	-	131,801	-	131,801	-	131,801
	10,503,830	361,066	538,136	396,347	11,799,379	-	11,799,379
Changes in net assets from operations	(1,765,507)	(189,445)	222,380	1,731,257	(1,315)	-	(1,315)
Net assets transferred							
Assets transferred to/(from) affiliate	1,951,257	-	(220,000)	(1,731,257)	-	-	-
Equity in earnings on investment in Eagle Solar, LLC	(189,445)	-	-	-	(189,445)	189,445	-
	1,761,812	-	(220,000)	(1,731,257)	(189,445)	189,445	-
Association endowment							
Investment income	138,402	-	-	-	138,402	-	138,402
Net unrealized loss on investments	913,306	-	-	-	913,306	-	913,306
Realized gain on sale of investments	396,243	-	-	-	396,243	-	396,243
PPP loan forgiveness income	1,511,500	-	-	-	1,511,500	-	1,511,500
	2,959,451	-	-	-	2,959,451	-	2,959,451
Changes in net assets	$ 2,955,756	$ (189,445)	$ 2,380	$ -	$ 2,768,691	$ 189,445	$ 2,958,136

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