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LOYOLA HOUSE OF RETREATS
(d/b/a LOYOLA JESUIT CENTER)

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

June 30, 2016

**LOYOLA HOUSE OF RETREATS**
**(d/b/a Loyola Jesuit Center)**

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Ad3ptus

Adeptus Partners, LLC
Accountants | Advisors
6 East 45th Street
New York, NY 10017
phone 212.758.8050
fax 212.826.5037
www.AdeptusCPAs.com

# INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Loyola House of Retreats
d/b/a Loyola Jesuit Center
Morristown, New Jersey

## Report on the Financial Statements

We have audited the accompanying financial statements of Loyola Jesuit Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loyola Jesuit Center as of June 30, 2016, 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.

## Other Matter

The 2015 financial statements, presented for comparative purposes, were reviewed by us and our report thereon, dated August 31, 2015, stated that we were not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

Adeptus Partners, LLC

Ocean, New Jersey
September 9, 2016

*Offices:*
New York City
Long Island
New Jersey

# LOYOLA JESUIT CENTER
## STATEMENTS OF FINANCIAL POSITION
### June 30, 2016 and 2015

| | 2016 | 2015 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 290,847 | $ 247,086 |
| Promises to give receivable, net (Note 3) | 806,301 | 47,100 |
| Bequest receivable | 27,741 | - |
| Accounts receivable | 20,779 | 2,720 |
| Investments, at fair value (Note 4) | 2,214,685 | 2,312,429 |
| Gift shop inventory | 26,630 | 28,189 |
| Land, buildings and equipment, net (Note 5) | 3,519,270 | 2,113,005 |
| Prepaid pension asset | 100,000 | - |
| Prepaid expenses and other assets | 12,808 | 5,349 |
| Total Assets | $ 7,019,061 | $ 4,755,878 |
| | | |
| **Liabilities and Net Assets** | | |
| Liabilities-- | | |
| Accounts payable | $ 669,181 | $ 201,463 |
| Accrued expenses | 65,878 | 53,038 |
| Advance deposits | - | 10,000 |
| Accrued retirement liabilities (Notes 6 and 7) | 208,000 | 110,000 |
| Total Liabilities | 943,059 | 374,501 |
| | | |
| Net Assets (Notes 9 and 10)-- | | |
| Unrestricted | 3,997,557 | 3,560,727 |
| Temporarily restricted | 1,638,183 | 385,075 |
| Permanently restricted | 440,262 | 435,575 |
| | 6,076,002 | 4,381,377 |
| | | |
| Total Liabilities and Net Assets | $ 7,019,061 | $ 4,755,878 |

The accompanying notes are an integral part of these financial statements

**LOYOLA JESUIT CENTER**
**STATEMENTS OF ACTIVITIES**
**For the Years Ended June 30, 2016 and 2015**

| | 2016 | 2015 |
|---|---|---|
| **Changes in Unrestricted Net Assets--** | | |
| Operating Revenue and Support- | | |
| Apostolic Work | | |
| Retreats and other programs | $ 514,670 | $ 547,836 |
| Outside group hosting | 539,202 | 445,547 |
| Pastoral services | 44,968 | 36,074 |
| Total Apostolic Work | 1,098,840 | 1,029,457 |
| Fund Raising | | |
| Annual appeal | 72,003 | 59,962 |
| Bequests and memorials | 49,521 | 69,608 |
| Contributions in kind | 59,400 | - |
| Other contributions | 23,334 | 22,331 |
| Events | 47,746 | 52,926 |
| Raffle | 55,900 | 57,700 |
| Total Fund Raising | 307,904 | 262,527 |
| Gift shop income | 36,171 | 31,156 |
| Other income | 800 | 1,218 |
| Net assets released from restrictions (Note 9) | 847,031 | 757,186 |
| Total Operating Revenue and Support | 2,290,746 | 2,081,544 |
| Program and Other Expenses- | | |
| Apostolic work | 39,129 | 30,590 |
| Plant and maintenance | 500,803 | 497,123 |
| Housekeeping | 78,920 | 91,002 |
| Food services | 503,342 | 512,195 |
| Gift shop costs | 32,604 | 22,820 |
| Management and general | 364,212 | 351,962 |
| Fund raising costs | 243,472 | 148,721 |
| Jesuit community | 59,928 | 61,308 |
| Total Expenses | 1,822,410 | 1,715,721 |
| Changes in unrestricted net assets before investment income (loss) - unrestricted | 468,336 | 365,823 |
| Investment income (loss) - unrestricted (Note 4) | (31,506) | 70,831 |
| **Changes in Unrestricted Net Assets** | 436,830 | 436,654 |
| **Changes in Temporarily Restricted Net Assets (Notes 3, 5 and 9)--** | | |
| Restricted contributions - USA Northeast Province | 1,101,240 | 742,400 |
| Restricted contributions - others | 1,002,374 | 47,531 |
| Investment income (loss) | (3,475) | 4,358 |
| Net assets released from restrictions | (847,031) | (757,186) |
| **Changes in Temporarily Restricted Net Assets** | 1,253,108 | 37,103 |
| **Changes in Permanently Restricted Net Assets (Note 10)--** | | |
| Contributions to permanent endowment | 4,687 | 41,308 |
| **Changes in Permanently Restricted Net Assets** | 4,687 | 41,308 |
| **Changes in Net Assets** | 1,694,625 | 515,065 |
| **Net Assets - Beginning of Year** | 4,381,377 | 3,866,312 |
| **Net Assets - End of Year** | $ 6,076,002 | $ 4,381,377 |

The accompanying notes are an integral part of these financial statements

## LOYOLA JESUIT CENTER
## STATEMENTS OF CASH FLOWS
### For the Years Ended June 30, 2016 and 2015

| | 2016 | 2015 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Changes in net assets | $ 1,694,625 | $ 515,065 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities-- | | |
| Depreciation | 57,084 | 51,504 |
| Contribution of securities | (51,258) | - |
| Contribution of interior design services and equipment | (135,449) | - |
| Net realized and unrealized (gains) losses on investments | 67,817 | (45,228) |
| Provision for uncollectible promises to give | 47,600 | - |
| Contributions restricted for investment in endowment | (4,687) | (41,308) |
| Change in operating assets and liabilities-- | | |
| Promises to give receivable | (806,801) | 33,000 |
| Accounts receivable | (18,059) | (2,720) |
| Bequest receivable | (27,741) | - |
| Gift shop inventory | 1,559 | 797 |
| Prepaid expenses and other assets | (7,459) | 10,786 |
| Accounts payable | 467,718 | 148,917 |
| Accrued expenses and other liabilities | 12,840 | (71,855) |
| Advance deposits | (10,000) | 10,000 |
| Accrued retirement liabilities | (2,000) | (2,000) |
| Net cash provided by operating activities | 1,285,789 | 606,958 |
| **Cash Flows from Investing Activities** | | |
| Capital improvements | (1,327,900) | (790,669) |
| Proceeds from sale and maturity of investments | 90,817 | 336,561 |
| Purchases of investments | (9,632) | (124,874) |
| Net cash used in investing activities | (1,246,715) | (578,982) |
| **Cash Flows from Financing Activities** | | |
| Contributions restricted for investment in endowment | 4,687 | 41,308 |
| Net cash provided by financing activities | 4,687 | 41,308 |
| **Net Increase in Cash and Cash Equivalents** | 43,761 | 69,284 |
| **Cash and Cash Equivalents, Beginning of Year** | 247,086 | 177,802 |
| **Cash and Cash Equivalents, End of Year** | $ 290,847 | $ 247,086 |

The accompanying notes are an integral part of these financial statements

## 1. Organization

Loyola House of Retreats (Retreat House), founded in 1927, was organized to conduct a religious and spiritual retreat center in Morristown, New Jersey. Various types of retreats, conferences and other pastoral services are provided according to the principles of the Catholic faith and spiritual tradition of the Society of Jesus. Since 2014, the Retreat House has conducted its activities using the name of Loyola Jesuit Center (Jesuit Center).

## 2. Significant Accounting Policies

- ***Basis of Presentation***

  The financial statements of the Jesuit Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

- ***Net Asset Classification***

  The Jesuit Center reports information regarding its financial position and activities according to three classes of net assets: permanently restricted, temporarily restricted and unrestricted.

  Permanently restricted net assets contain donor-imposed restrictions stipulating that resources be maintained permanently, but permit the Jesuit Center to use all or part of any income earned on these assets for either specified or unspecified purposes.

  Temporarily restricted net assets contain donor-imposed restrictions that permit the Jesuit Center to use or expend the assets as specified. Unspent contributions are included in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

  Unrestricted net assets are not restricted by donors.

  Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled) are reported as a reclassification between the applicable classes of net assets.

- ***Use of 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 reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

- ***Land, Buildings and Equipment***

  The Jesuit Center follows the policy of capitalizing land, buildings and improvements and equipment at cost, or at the fair value at date of contribution if acquired by gift. Depreciation is computed on a straight-line basis over the estimated useful lives of land and building improvements (15 to 40 years) and furniture and equipment (5 to 15 years). Assets are removed from the records at the time of disposal.

- ***Investments***

  Investments consist of equity securities and investments in mutual funds, all stated at fair value. Fair value is based on quoted prices of the underlying securities in active markets for identical assets.

Investments are exposed to various risks, such as dividend rates, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of such investments, it is reasonably possible that changes in the value of one or more of such investments in the near term could materially affect the amounts reported in the statement of financial position.

- ***Promises to Give***
  The estimated net realizable values of unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

  Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

- ***Gifts and Donations***
  The Jesuit Center records income from cash gifts not related to promises to give in the periods received. Gifts or donations, other than cash, are recorded at fair value on the date of the contribution.

- ***Cash and Cash Equivalents***
  Cash and cash equivalents include cash on hand and in banks, as well as money market instruments. The Jesuit Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

- ***Concentration of Credit Risk***
  At June 30, 2016, the Jesuit Center maintained four bank accounts with one financial institution with an aggregate balance that is approximately $40,000 above the regulatory insurance limit of $250,000. The Jesuit Center has never experienced any losses with regard to its cash accounts.

  Concentration of credit risk associated with the investment portfolio, including the money market portion of the accounts, is considered low due to the credit quality of the financial institution holding these investments.

- ***Gift Shop Inventory***
  Gift shop inventory consists of certain religious books and articles, music and other personal items which are valued using a method that approximates the lower of cost or market basis.

- ***Revenue Recognition***
  The Jesuit Center records retreat and other fees as received since amounts paid by individual retreatants are not stipulated by any pricing structure and are primarily voluntary in nature. For retreat group hosting, revenue is recognized during the period that the retreat occurs.

- ***Income Taxes***
  The Retreat House is a non-profit organization that is generally exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, although it is taxed on any business income that is not substantially related to the Retreat House's exempt purpose. The Retreat House did not have any unrelated business income for the years ended June 30, 2016 and 2015.

  Federal tax law requires that the Retreat House be operated in a manner consistent with its initial exemption application in order to maintain exempt status. Management has analyzed its operations and concluded that they remain in compliance with the requirements for exemption.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Retreat House and recognize a tax liability (or asset) for any uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service.

The Retreat House's management has analyzed its tax positions, and has concluded that as of June 30, 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Retreat House is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examination for years prior to 2013.

- ***Advertising***
  The Jesuit Center advertises its programs in various religious publications and incurred advertising expense of $6,278 and $8,268 for the years ended June 30, 2016 and 2015, respectively.

- ***Volunteers***
  A number of volunteers have made significant contributions of time to the Jesuit Center's program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and accordingly, is not reflected in the accompanying financial statements.

- ***Subsequent Events***
  For the fiscal year ended June 30, 2016, the Jesuit Center has evaluated subsequent events for potential recognition or disclosure through September 9, 2016, the date the financial statements were available for issuance.

## 3. Promises to Give

The Jesuit Center commenced its "Generations to Come" capital campaign during fiscal 2007 in order to fund certain capital improvement projects and add to its endowment. At June 30, 2016, outstanding promises from this campaign were $45,000. During fiscal 2016, the Jesuit Center commenced its "Our Turn" capital campaign to assist in funding significant renovations to the Retreat House. The Campaign has a goal of raising $3,000,000, which includes a Challenge Match of $1,000,000 from the USA Northeast Province which has not been met by the Jesuit Center as of June 30, 2016. Aggregate promises to give for the Our Turn campaign recorded in fiscal 2016 were $983,500 of which $250,000 is to be settled through the rendering of interior design services over a three-year period. Approximately $76,000 of such services was received during the year ended June 30, 2016.

Promises to give, less an estimated allowance for potentially uncollectible promises, are recorded at their estimated fair value with amounts due later than one year at the present value of estimated future cash flows. Promises to give receivable at June 30 are as follows:

| | 2016 | 2015 |
|---|---|---|
| Promises to give receivable due | | |
| Less than one year | $ 241,700 | $ 10,000 |
| One to five years | 671,601 | 42,600 |
| Over five years | - | 27,500 |
| | 913,301 | 80,100 |
| Less - Discount to present value | (57,000) | (8,000) |
| Allowance for uncollectible promises | (50,000) | (25,000) |
| Promises to give receivable, net | $ 806,301 | $ 47,100 |

LOYOLA JESUIT CENTER
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

## 4. Investments

Investments at June 30 consisted of the following:

**2016**

| | Cost | Fair Value | Fair Value Over Cost |
|---|---|---|---|
| U.S. Treasury money market mutual fund | $ 107,346 | $ 107,346 | $ - |
| Common stocks | 836,591 | 1,400,442 | 563,851 |
| International equity mutual funds | 651,721 | 706,897 | 55,176 |
| | $ 1,595,658 | $ 2,214,685 | $ 619,027 |

**2015**

| | Cost | Fair Value | Fair Value Over Cost |
|---|---|---|---|
| U.S. Treasury money market mutual fund | $ 10,340 | $ 10,340 | $ - |
| Common stocks | 911,109 | 1,601,096 | 689,987 |
| International equity mutual funds | 651,695 | 700,993 | 49,298 |
| | $ 1,573,144 | $ 2,312,429 | $ 739,285 |

### Investment Return

Net investment income for the year ended June 30 consisted of:

| | 2016 | 2015 |
|---|---|---|
| Dividends and interest | $ 43,733 | $ 41,542 |
| Realized gains | 65,284 | 41,976 |
| Unrealized gains (losses) | (133,101) | 3,686 |
| Investment fees | (10,897) | (12,015) |
| Total | $ (34,981) | $ 75,189 |

## 5. Land, Buildings and Equipment

Land, buildings and equipment at June 30 consisted of the following:

| | 2016 | 2015 |
|---|---|---|
| Land | $ 232,000 | $ 232,000 |
| Land improvements | 419,352 | 419,352 |
| Building | 1,479,885 | 1,479,885 |
| Building improvements | 882,457 | 867,082 |
| Furniture and equipment | 256,130 | 177,581 |
| Transportation equipment | 91,600 | 34,700 |
| Construction in progress | 2,137,028 | 824,503 |
| | 5,498,452 | 4,035,103 |
| Less - accumulated depreciation | (1,979,182) | (1,922,098) |
| Total | $ 3,519,270 | $ 2,113,005 |

The Jesuit Center is currently undergoing significant renovations to its facilities through use of its own endowment resources and significant contributions from the USA Northeast Province of the Society of Jesus (the Province). During fiscal 2016 and 2015, the Jesuit Center received contributions from the Province aggregating $1,101,240 and $742,400, respectively, (see Note 9) for facilities improvements and strategic planning efforts.

## 6. Pension Plan

Through June 30, 2016, lay employees of the Jesuit Center who work at least 20 hours per week have been eligible to participate in a multi-employer pension plan sponsored by the R.C. Diocese of Paterson. The total cost (6% of base earnings) is paid by the Jesuit Center. Amounts charged to expense for the plan were $38,186 and $41,127 for the years ended June 30, 2016 and 2015, respectively.

In March 2016, the Jesuit Center was informed that the current Diocesan defined benefit plan will be terminated effective June 30, 2016 and all vested benefits will be frozen as of that date. Although a new Diocesan plan commenced on July 1, 2016, the Jesuit Center chose not to participate and has joined the retirement plan of the USA Northeast Province of the Society of Jesus. In connection with the termination of the Diocesan plan, the Jesuit Center was informed that they will have to make certain payments toward the unfunded liability of the 8 vested Jesuit Center employees. Through discussions with Diocesan management, such amount is in process of actuarial determination and is currently estimated to be approximately $100,000. Such amount is recorded in accrued retirement liabilities in the accompanying financial statements with an offsetting prepaid pension asset which, after final determination, will be amortized to expense over the average remaining service life (12 years) of the current employee participants commencing in fiscal 2017.

## 7. Retirement Liability

The Jesuit Center provides a monthly retirement payment to a former employee aggregating $18,000 per year. Such obligation is recorded in the accompanying statements of financial position at its present value using a 6% discount rate and the estimated mortality of the recipient. The retirement liability recognized in the accompanying statements of financial position was $108,000 and $110,000 at June 30, 2016 and 2015, respectively.

## 8. Contingencies

From time to time, the Jesuit Center may become involved in legal claims arising in the ordinary course of its activities. In the opinion of management, the outcome of any legal proceedings are either covered by the Jesuit Center's insurance policies, subject to normal deductibles, or would not have a material effect on its financial position or changes in net assets.

## 9. Temporarily Restricted Net Assets

As of June 30, temporarily restricted net assets consist of the following:

| | 2016 | 2015 |
|---|---|---|
| Generations to Come campaign - for facility improvements and additions to endowment | $ 83,006 | $ 109,445 |
| Our Turn capital campaign - renovation projects | 902,969 | 47,472 |
| USA Northeast Province - renovation projects | 617,900 | 153,000 |
| Retreatant financial assistance | 31,411 | 49,308 |
| Spiritual exercises seminar | - | 8,502 |
| Sunken garden renovation | - | 12,193 |
| Other | 2,897 | 5,155 |
| Total | $ 1,638,183 | $ 385,075 |

Amounts released from restrictions for the years ended June 30 were as follows:

| | 2016 | 2015 |
|---|---|---|
| USA Northeast Province restricted contributions spent for -- | | |
| Retreat House renovation projects | $ 483,812 | $ 532,000 |
| Strategic planning services | 152,528 | 57,400 |
| Our Turn campaign -- | | |
| Renovation projects | 118,011 | - |
| Consulting services | 12,500 | - |
| Generations to Come - capital projects | 26,439 | 132,200 |
| Construction / renovation of -- | | |
| Sunken garden | 16,559 | 16,583 |
| Gatehouse and entrance | 12,000 | - |
| Kitchen and other equipment | - | 6,419 |
| Spiritual exercises programs | 8,502 | - |
| Homeless retreatants assistance | 14,422 | 11,910 |
| Other | 2,258 | 674 |
| Total | $ 847,031 | $ 757,186 |

## 10. Endowment Fund and Permanently Restricted Net Assets

The Jesuit Center's endowment consists of two funds established to support various retreat programs, including financial assistance to retreatants. All such funds result from donor restrictions and consider state law requiring the preservation of the fair value of the original and subsequent gifts, absent explicit donor stipulations to the contrary. The Jesuit Center has communicated with its Generations to Come donors that 62.5% of their contributions are allocated to its endowment with the remainder being available for facility improvements.

As of June 30, the endowment net asset composition by type of fund is as follows:

| | 2016 | 2015 |
|---|---|---|
| Temporarily restricted | $ 114,417 | $ 158,753 |
| Permanently restricted | 440,262 | 435,575 |
| Total | $ 554,679 | $ 594,328 |

Permanently restricted net assets at June 30 are available for the following purposes:

| | 2016 | 2015 |
|---|---|---|
| Retreatant financial assistance | $ 75,000 | $ 75,000 |
| Generations to Come capital campaign - retreat programs and facilities improvements | 365,262 | 360,575 |
| Total | $ 440,262 | $ 435,575 |

Components of the endowment fund by asset category as of June 30 are as follows:

| | 2016 | 2015 |
|---|---|---|
| Promises to give receivable | $ 42,000 | $ 47,100 |
| Investment securities | 471,546 | 493,613 |
| Interfund receivable | 41,133 | 53,615 |
| Total | $ 554,679 | $ 594,328 |

The Jesuit Center continues to add to its endowment with the earnings accumulated on endowment assets being available for operations. The Jesuit Center's objective is to maintain the purchasing power of its endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

## 11. Fair Value Measurements

The Jesuit Center follows disclosure requirements for Fair Value Measurements which requirements apply to all assets and liabilities that are being measured and reported on a fair value basis. Fair Value Measurements require disclosures that establish a framework for measuring the value in accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. These measurements enable the reader of the financial statements to assess inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Fair Value Measurements require that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data

All investment securities aggregating $2,214,685 have been valued using level 1 standards indicated above.

The carrying amounts of cash and cash equivalents, receivables, inventories, prepaid expenses and other assets, as well as liabilities of a current maturity approximate fair value due to the short-term nature of these assets and liabilities.