

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
FINANCIAL STATEMENTS
June 30, 2022 and 2021

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
Year ended June 30, 2022
TABLE OF CONTENTS

	<u>PAGE</u>
AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4-5
Statement of Functional Expenses	6-7
Statement of Cash Flows	8
Notes to Financial Statements	9-15

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Tennessee Higher Education Initiative, Inc.

Opinion

I have audited the accompanying financial statements of Tennessee Higher Education Initiative, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of Tennessee Higher Education Initiative, Inc. as of June 30, 2021, and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated November 19, 2021.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Higher Education Initiative, Inc. as of June 30, 2022 changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Tennessee Higher Education Initiative, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tennessee Higher Education Initiative, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 my 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 of Tennessee Higher Education Initiative, Inc.'s 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 financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tennessee Higher Education Initiative, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Other Information

The financial statements for the year ended June 30, 2021 were audited by a predecessor auditor, and those auditors expressed an unqualified opinion on those financial statements dated November 19, 2021. The predecessor auditor did include an Emphasis of Matter paragraph concerning the uncertainties that could affect results of operations as a result of the COVID-19 pandemic. They did not modify their opinion with respect to this matter.

John P. Young, P.C.
Hendersonville, Tennessee
January 18, 2023

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
(A Nonprofit Organization)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022 and 2021

	ASSETS		
	2022	2021	Increase (Decrease)
ASSETS			
Cash and Cash Equivalents	\$ 50,350	\$ 106,091	\$ (55,741)
Contributions Receivable	-	200,000	(200,000)
Prepaid Expenses	-	-	-
Property and equipment, net	9,252	12,712	(3,460)
Total Assets	<u>\$ 59,602</u>	<u>\$ 318,803</u>	<u>\$ (259,201)</u>
	LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES			
Accounts Payable and Accrued liabilities \$	10,785	\$ 4,839	\$ 5,946
Deferred Grant Revenue	-	62,500	(62,500)
Total Liabilities	<u>10,785</u>	<u>67,339</u>	<u>(56,554)</u>
NET ASSETS (DEFICIT)			
Without Donor Restrictions	48,817	51,464	(2,647)
With Donor Restrictions	-	200,000	(200,000)
Total Net Assets	<u>48,817</u>	<u>251,464</u>	<u>(202,647)</u>
Total Liabilities and Net Assets	<u>\$ 59,602</u>	<u>\$ 318,803</u>	<u>\$ (259,201)</u>

The accompanying notes are an integral part of these statements.

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
For the year ended JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Pledges and Contributions	\$ 281,166	\$ -	\$ 281,166
Net Assets Released from Restrictions	-	-	-
Grants and Contracts	523,750	-	523,750
PPP Loan Forgiveness	62,500	-	62,500
ERC Refund	17,709	-	17,709
Total Revenue, Gains, and Other Support	<u>885,125</u>	<u>-</u>	<u>885,125</u>
Expense:			
Program	759,232	-	759,232
Management and General	328,540	-	328,540
Total Expenses	<u>1,087,772</u>	<u>-</u>	<u>1,087,772</u>
Changes in net assets	(202,647)	-	(202,647)
Net assets, beginning of year	51,464	200,000	251,464
Net Assets Released from Restrictions	200,000	(200,000)	-
Net assets, end of year	<u>\$ 48,817</u>	<u>\$ -</u>	<u>\$ 48,817</u>

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

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
For the year ended JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Pledges and Contributions	\$ 590,479	\$ 200,000	\$ 790,479
Grants and Contracts	273,750	-	273,750
Fundraising Income	-	-	-
Total Revenue, Gains, and Other Support	<u>864,229</u>	<u>200,000</u>	<u>1,064,229</u>
Expense:			
Program	652,095	-	652,095
Managment and General	354,501	-	354,501
Total Expenses	<u>1,006,596</u>	<u>-</u>	<u>1,006,596</u>
Changes in net assets	(142,367)	200,000	57,633
Net assets, beginning of year	193,831	-	193,831
Net assets, end of year	<u><u>\$ 51,464</u></u>	<u><u>\$ 200,000</u></u>	<u><u>\$ 251,464</u></u>

The accompanying notes to the financial statements are an intergral part of these statements.

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended JUNE 30, 2022

	Program Services				Supporting Services	
	Policy Services	College Programs	Transitional Services	Total	Management and General	Total
Salaries and benefits	\$ 108,843	\$ 236,935	\$ 155,903	\$ 501,681	\$ 164,499	\$ 666,180
Tuition	-	87,349	-	87,349	-	87,349
Professional Fees	38,369	-	2,900	41,269	36,535	77,804
Rent and Utilities	-	-	-	-	61,566	61,566
Travel	-	4,082	47,627	51,709	1,224	52,933
Course Materials	-	22,840	-	22,840	1,207	24,047
Printing and Marketing	-	-	-	-	1,199	1,199
Meetings and Celebrations	8,224	13,486	831	22,541	8,093	30,634
Instructor Fees	4,720	11,050	-	15,770	1,320	17,090
Technology	-	-	715	715	7,169	7,884
Office Expenses	89	3,622	246	3,957	8,419	12,376
Insurance	-	-	-	-	7,633	7,633
Fundraising Expense	-	-	-	-	1,407	1,407
Supplies	-	89	7,760	7,849	80	7,929
Postage	-	491	555	1,046	738	1,784
Professional Development	64	881	-	945	18,716	19,661
Depreciation	-	-	-	-	3,460	3,460
Bank and Merchant fees	533	8	1,020	1,561	5,275	6,836
	<u>\$ 160,842</u>	<u>\$ 380,833</u>	<u>\$ 217,557</u>	<u>\$ 759,232</u>	<u>\$ 328,540</u>	<u>\$ 1,087,772</u>

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

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended JUNE 30, 2021

	Program Services				Supporting Services	
	Policy Services	College Programs	Transition al Services	Total	Management and General	Total
Salaries and benefits	\$ 118,163	\$ 176,477	\$ 120,114	\$ 414,754	\$ 220,964	\$ 635,718
Tuition	-	93,819	-	93,819	2,635	96,454
Professional Fees	51,230	7,500	2,088	60,818	40,582	101,400
Rent and Utilities	-	-	-	-	45,220	45,220
Travel	459	29,827	3,307	33,593	8,102	41,695
Direct service support	-	4,684	9,796	14,480	-	14,480
Course Materials	-	17,135	-	17,135	-	17,135
Printing and Marketing	8,223	35	-	8,258	1,376	9,634
Meetings and Celebration	1,895	143	1,016	3,054	6,741	9,795
Instructor Fees	-	1,000	-	1,000	2,760	3,760
Technology	198	-	-	198	7,811	8,009
Office Expenses	-	214	337	551	4,928	5,479
Insurance	-	-	-	-	5,391	5,391
Supplies	-	2,550	-	2,550	-	2,550
Postage	559	1,216	110	1,885	691	2,576
Subscriptions	-	-	-	-	4,164	4,164
Depreciation	-	-	-	-	3,136	3,136
	<u>\$ 180,727</u>	<u>\$ 334,600</u>	<u>\$ 136,768</u>	<u>\$ 652,095</u>	<u>\$ 354,501</u>	<u>\$ 1,006,596</u>

The accompanying notes to the financial statements are an intergral part of these statements.

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
(A Nonprofit Organization)
STATEMEN OF CASH FLOWS
For the year ended JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	\$ (202,647)	\$ 57,633
Adjustment to reconcile change in ent assets to net cash flows from operating activities:		
Depreciation	3,460	3,136
Changes in operating assets and liabilities:		
Contributions Receivable	200,000	(200,000)
Prepaid Expenses	-	3,400
Accounts Payable and accrued liabilities	5,946	(6,900)
Deferred grant revenue	(62,500)	62,500
Net Cash Flows from Operating Activities	<u>(55,741)</u>	<u>(80,231)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>-</u>	<u>(1,101)</u>
Net Cash Flows from Investing Activities	<u>-</u>	<u>(1,101)</u>
Net Change in Cash and Cash Equivalents	(55,741)	(81,332)
Cash and Cash Equivalents, beginning of year	106,091	187,423
Cash and Cash Equivalents, end of year	<u>\$ 50,350</u>	<u>\$ 106,091</u>

The accompanying notes to the financial statements are an intergral part of these statements.

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT EVENTS

Description of Business and Nature of Activities – Tennessee Higher Education Initiative, Inc. (the Organization) funds and coordinates onsite degree-bearing college programs to incarcerated individuals in Tennessee prisons. The Organization is a non-profit organization working to create opportunities by providing college access to people inside Tennessee prisons. The Organization was founded as a non-profit organization in January 2012, collaborating with the prisons and colleges in Tennessee to provide educational programs.

Financial Statement Presentation – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Contributions which are restricted for specific programs are reflected as revenues without donor restrictions if these funds are received and spent in the same fiscal year. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Expenses that are allocated consist primarily of salary and related expenses which have been allocated based on time and effort.

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that related to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and non-financial data or reasonable subjective methods determined by management. Expenses that are allocated consist primarily of salary and related expenses which have been allocated based on time and effort.

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT EVENTS (con'd)

Program and Supporting Services – The following program and supporting services are included in accompanying financial statements:

Policy Services – Expenses related to planning key policies and the development of tools and reports focused on sharing best practices across the state to advance the Organization's strategic priorities.

College Programs – Expenses related to tuition, course materials, and instructors at partner colleges for cohorts of classes in the prisons in the state of Tennessee.

Transitional Services – Expenses related to the successful transition for students who are returning to the community post incarceration.

Management and General – Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program or activity. Includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general recordkeeping, budgeting, and related purposes.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

Income Taxes – The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the IRC. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

The Organization follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) guidance related to unrecognized tax benefits. The guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization has no tax penalties of interest reported in the accompanying financial statements.

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT EVENTS (con'd)

Cash and Cash Equivalents – The Organization considers all cash funds, cash bank accounts, and highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured. The organization does not have any cash equivalents.

Unconditional Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization uses the allowance method to determine uncollectible unconditional promises to give.

Property and Equipment – Property and equipment are stated at acquisition cost, or estimated fair value if donated, less accumulated depreciation, which is computed by the straight-line method over an estimated useful life of the assets, generally five years.

Contributions – Contributions are recognized when received as contributions without restriction if specified for the current period and there are no donor-imposed restrictions. Contributions specified for future periods or with donor-imposed restrictions are recognized in the period received as contributions with restrictions. Contributions that are restricted by the donor are reported as increases to net assets without restrictions if the restrictions are satisfied in the year in which the contributions are recognized.

In- Kind Contributions – The Organization records various types of in-kind support. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are typically offset by like amounts included in expenses.

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization receives contributed time from volunteers which does not meet this recognition criteria. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT EVENTS (con'd)

Recently Adopted Accounting Pronouncement – In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted the standard effective July 1, 2020, noting no impact of adoption on the Organization's financial statements.

Forthcoming Accounting Pronouncement – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events – Management evaluated subsequent events through January 18, 2023 when these financial statements were available to be issued (see Note 4).

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of supporting prison education in Tennessee, as well as the conduct of services undertaken to support those activities to be general education in Tennessee, as well as the conduct of services undertaken to support those activities to be general expenditures. As a part of the Organization's liquidity management, it has a policy to structure its financial expenditures. As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, compromise the following at June 30, 2022 and 2021:

	2022	2021
Cash and Cash Equivalents	\$ <u>50,350</u>	\$ <u>106,091</u>
Financial assets available to meet cash needs for general expenditure within one year	\$ <u><u>50,350</u></u>	\$ <u><u>106,091</u></u>

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (con'd)

The Organization is substantially supported by contributions and grants. As part of the Organization's liquidity management, it structures financial assets to be available for general expenditures, liabilities, and other obligations as they come due.

NOTE 3: GRANT REVENUE

The Organization receives funding for tuition and general operation expenses for incarcerated individuals in Tennessee. The Tennessee Department of Correction provides a direct appropriation grant to the Organization to be used for programs and services that provide access to onsite degree-bearing higher education for individuals in Tennessee prisons. The amount of \$250,000 is a recurring grant each year, and an additional nonrecurring contribution of \$250,000 was provided during the fiscal year ended June 30, 2022 and June 30, 2021.

NOTE 4 – DEFERRED GRANT REVENUE

During the year ended June 30, 2021, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$62,500. The PPP loan is granted by the Small Business Administration (SBA) under the Coronavirus Aid Relief, and Economic Security Act (CARES Act). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Organization deferred recognition of grant revenue for the year ended June 30, 2021, because the conditions for forgiveness had not yet been substantially met.

Subsequent to June 30, 2021, the Organization completed the forgiveness application process and received notification that it was approved by the SBA.

NOTE 5 – PROPERTY AND EQUIPMENT

As of June 30, 2022 and 2021, property and equipment consists of furniture and fixtures of \$15,554 and \$15,554, respectively, and software of \$1,748, less accumulated depreciation of \$8,050 and \$4,590, respectively. Depreciation expense totaled \$3,460 and \$3,136 for the years ended June 30, 2022 and 2021.

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

NOTE 6 – CONCENTRATIONS

The Organization maintains cash and cash equivalents within institutions insured by the Federal Deposit Insurance Corporation. In management's opinion, risk related to each deposit is minimal. As of June 30, 2022 and 2021, there were no balances in excess of federal deposit limits.

The Organization received approximately 60% and 23% of total revenues, gains, and other support from two major grantors, respectively in fiscal year 2022 and approximately 29% and 23% of total revenues, gains, and other support from two major grantors, respectively, in fiscal year 2021 (see Note 3).

NOTE 7 – COMMITMENTS

The Organization leases office space under a three-year, non-cancelable agreement which expires May 31, 2022. Rental expense under this lease agreement was \$43,284 and \$41,007 for the years ended June 30, 2022 and 2021, respectively. When the lease expired in May 2022 the Organization entered into a month by month agreement.

NOTE 8 – RELATED PARTY TRANSACTIONS

The Organization receives voluntary contributions, and volunteer labor from various board members and their companies throughout the year.

NOTE 9 – RETIREMENT PLAN

The Organization maintains a SIMPLE IRA plan for certain eligible employees. Retirement plan expense for the years ended June 30, 2022 and 2021 totaled \$131 and \$9,894, respectively, and is included in salary and related expenses in the accompanying statements of functional expenses. Contributions to the retirement plan were suspended during the year ended June 30, 2022, but became available again in November 2022.

TENNESSEE HIGHER EDUCATION INITIATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

NOTE 10 – UNCERTAINTY

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant volatility in the financial markets. The coronavirus outbreak and government responses are creating disruptions and adversely impacting many industries. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.