AQUINAS COLLEGE

FINANCIAL STATEMENTS

Year Ended June 30, 2020

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GRANNIS
& ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Aquinas College
Nashville, Tennessee

We have audited the accompanying financial statements of Aquinas College (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Aquinas College as of June 30, 2020, 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.

Grannis & Associates, P. C.

Murfreesboro, Tennessee
September 10, 2020

AQUINAS COLLEGE

STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets:			
Cash	$ 242,189	$ 740,632	$ 982,821
Accounts receivable, net	599	-	599
Prepaid expenses	39,686	-	39,686
Total Current Assets	282,474	740,632	1,023,106
Property and equipment, net	12,204,789	-	12,204,789
Long-term investments	321,338	4,535,767	4,857,105
Total Assets	$ 12,808,601	$ 5,276,399	$ 18,085,000

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
Current Liabilities:			
Accounts payable and accrued expenses	$ 240,334	$ -	$ 240,334
Deferred revenues and student deposits	81,240	-	81,240
Total Current Liabilities	321,574	-	321,574
Long-Term Liabilities:			
Note payable	117,049	-	117,049
Total Liabilities	438,623	-	438,623
Net Assets	12,369,978	5,276,399	17,646,377
Total Liabilities and Net Assets	$ 12,808,601	$ 5,276,399	$ 18,085,000

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

AQUINAS COLLEGE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Reclassifications			
Gross tuition and fees	$ 1,439,695	$ -	$ 1,439,695
Less: scholarship allowance	(342,679)	-	(342,679)
Net Tuition and Fees	1,097,016	-	1,097,016
Private gifts and grants	1,031,803	1,529,840	2,561,643
Catechetical formation and workshops	101,499	-	101,499
Investment income, net	18,138	252,711	270,849
Other revenue	942	-	942
Total Revenues and Gains	2,249,398	1,782,551	4,031,949
Net assets released from restrictions	1,996,605	(1,996,605)	-
Total Revenues, Gains and Reclassifications	4,246,003	(214,054)	4,031,949
Expenses			
Program:			
Educational activities	2,004,331	-	2,004,331
Student services	36,761	-	36,761
Support:			
Support activities	1,231,851	-	1,231,851
Total Expenses	3,272,943	-	3,272,943
Change in Net Assets	973,060	(214,054)	759,006
Net Assets, Beginning of Year	11,396,918	5,490,453	16,887,371
Net Assets, End of Year	$ 12,369,978	$ 5,276,399	$ 17,646,377

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

AQUINAS COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Program		Support	
	Educational Activities	Student Services	Support Activities	Total Expenses
Salaries	$ 1,317,650	$ 11,237	$ 673,096	$ 2,001,983
Depreciation	316,971	4,803	158,486	480,260
Repairs and maintenance	109,072	750	62,269	172,091
Utilities	81,987	1,242	51,917	135,146
Payroll taxes and benefits	64,209	547	55,388	120,144
Supplies	44,293	302	14,305	58,900
Contracted services	-	-	48,515	48,515
Interest expense	-	-	66,225	66,225
Insurance	38,412	582	24,992	63,986
Other	31,737	17,298	76,658	125,693
	$ 2,004,331	$ 36,761	$ 1,231,851	$ 3,272,943

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

AQUINAS COLLEGE

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

Cash Flows from Operating Activities	
(Decrease) Increase in net assets	$ 759,006
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	480,260
Change in allowance for doubtful accounts	(5,594)
Change in pledge discount	(6)
Net realized (gains) losses on investments	(25,828)
Net unrealized (gains) losses on investments	(140,316)
Change in assets and liabilities:	
(Increase) Decrease in accounts receivable	5,080
(Increase) Decrease in unconditional promises to give	700
(Increase) Decrease in prepaid expenses	(8,099)
(Decrease) Increase in accounts payable and accrued expenses	190,324
(Decrease) Increase in deferred revenues	(14,541)
Net Cash Provided By Operating Activities	1,240,986
Cash Flows from Investing Activities	
Purchases of property and equipment	(342,371)
Purchases of investments	(102,745)
Proceeds on sales of investments	200,000
Net Cash Used By Investing Activities	(245,116)
Cash Flows from Financing Activities	
Borrowings on note payable	117,049
Principal payments on note	(1,457,463)
Net Cash Used By Financing Activities	(1,340,414)
Net Increase (Decrease) in Cash and Restricted Cash	(344,544)
Cash and Restricted Cash at Beginning of Year	1,327,365
Cash and Restricted Cash at End of Year	$ 982,821
Supplemental Disclosure of Cash Flow	
Interest paid	$ 66,225

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

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Aquinas College (the "College") is a private Catholic institution of higher education. Chartered on June 24, 1970 in Tennessee as a nonprofit corporation, the College has been in continuous operations since that time. The College offers an academically challenging liberal arts and sciences curriculum, and is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

The College is part of the Dominican Campus and is located on 83 wooded acres in Nashville, Tennessee. The College is owned and administered by the Dominican Sisters of St. Cecilia Congregation. The Dominican Sisters have been educating children, youth and adults of Nashville for over 150 years, leading students to a deeper knowledge of their faith, their heritage, and their responsibilities as members of society.

The College focuses its academic program on the School of Education and arts and sciences. It offers programs, workshops and faculty formation for dioceses and schools through its centers.

The College estimates that 75% to 85% of the College's sources of revenues and cash flows are received from a single source, the Dominican Sisters of St. Cecilia Congregation.

This summary of significant accounting policies of the College is presented to assist in understanding the College's financial statements. The financial statements and notes are representations of the College's management who is responsible for their integrity and objectivity.

Basis of Presentation

The financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States of America. These financial statements, presented on the accrual basis of accounting, have been prepared to focus on the College as a whole, and present balances and transactions classified according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and activities into two classes: net assets without donor restrictions and net assets with donor restrictions.

Classification of Net Assets

The accompanying financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purpose by actions of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Net assets with donor restrictions are subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time to be maintained permanently by the College. Generally, the donors of such assets permit the College to use all or part of the income earned on the assets. Such assets primarily include the College's general and scholarship endowments.

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less, except for investments purchased with endowment assets, which are classified as long-term investments.

Donated Services

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

Unemployment Compensation

The College is exempt for unemployment compensation purposes.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Income taxes

The College qualifies as a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the College qualifies for the charitable contribution deduction and has been classified by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

The Financial Accounting Standards Board issued ASC 740-10, which prescribed a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The College believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The College's federal Returns of Organization Exempt From Income Tax (Form 990) are subject to examination by the IRS, generally for three years after they were filed.

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Equipment, buildings, and improvements are recorded at cost or at estimated fair market value at date of gift if donated. Depreciation is computed on the straight-line method over the estimated useful lives of the assets (5 to 40 years). Depreciation expense for the year ended June 30, 2020 was $480,260.

The College capitalizes all expenditures for equipment, buildings, and improvements when the purchase price is greater than $3,500 and have a useful life of more than 2 years. In addition, items that are part of a group purchase with a useful life greater than 2 years may also be capitalized even though individually the items may fall under the $3,500 threshold.

Investments

Investments in marketable equity and debt securities are stated at published market quotations. Investments in certificates of deposit or money market accounts are stated at cost, which approximates fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investment earnings are presented net of investment fees.

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with investments, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statement of financial position.

Dividends and interest earned on investments are recorded on the accrual basis.

The College maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowments based on the relationship of the fair value of the interest of each individual endowment fund to the total fair value of the pooled investments, as computed using a weighted average that reflects additions to or deductions from those accounts.

Revenue Recognition

Revenue from tuition and fees is reported in the fiscal year in which the related academic services are rendered.

Advertising

The College follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $10,953 for the year ended June 30, 2020.

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The cost of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time spent performing assigned duties in each functional category. Other expense items are allocated on the basis of estimates of actual usage within each functional category.

Educational activities include expenses for all activities that are part of the institution's instructional program such as expenses for academic, vocational, and technical instruction; tutorial instruction; regular, special, and extension sessions, and academic support.

Student services are considered programmatic and include activities that, as their primary purpose, contribute to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. This category also includes expenses incurred for offices of admissions, student financial services, and the registrar.

Support activities include centralized expenses incurred to provide support services for the institution's primary mission and program functions. This category includes the College's fundraising activities as well as executive management, fiscal operations, general administration and central technology.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and unconditional promises to give to be received in less than one year approximate fair value because of the short maturity of those financial instruments. The fair value of unconditional promises to give to be received in more than one year is determined based on future cash flows discounted at 3.25%.

The College's financial instruments are summarized as follows:

	Carrying Amount	Fair Value
Financial assets:		
Cash	$ 982,821	$ 982,821

NOTE B - ACCOUNTS RECEIVABLE

The majority of the College's accounts receivable are due from students of the College for tuition and fees and are non-interest bearing. Credit is extended based on evaluation of a student's financial condition and collateral is not required. Student accounts receivables are stated at amounts due, net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. The College determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the College's previous loss history, and the individual student's current ability to pay its obligation to the College.

NOTE B - ACCOUNTS RECEIVABLE (continued)

Accounts receivable consists of the following:

Student accounts receivable	$	266
Other accounts receivable		333
Net accounts receivable	$	599

NOTE C - COMMUNITY FOUNDATION FUND

The College is the beneficiary of a fund created by a donor, the assets of which are not in the possession of the College. The Community Foundation has ultimate authority and control over the fund. The donor suggests that the return on the fund as determined under The Foundation's Total Return Concept and Spending Policy be paid to the College no less often than annually. In the event that Aquinas College ceases to exist or discontinues its provision of training for an undergraduate degree in education, the Foundation, should redirect the proceeds of this fund to the closest charitable program. The fair value of the fund at June 30, 2020, is $825,939.

NOTE D - RETIREMENT PLAN

Aquinas College maintains a defined contribution 403(b) Plan (the Plan) for all eligible employees. All full-time employees are eligible to participate in the Plan regardless of years of service. The Plan encompasses eligible employees of the affiliated entities of St. Cecilia Congregation, Saint Cecilia Academy, Overbrook School, Saint Rose Academy and The Dominican Campus. Participants may make voluntary contributions up to the maximum amount allowable by law under the terms of the Plan. Aquinas College is required to make a mandatory matching contribution to the Plan of up to 1% for those eligible employees with 1 year of service, up to 2% for 2 years and up to 3% for those with 3 or more years of service. During the 2020 fiscal year, $8,195 was deposited into participants accounts from unrestricted College resources. The Plan is a non electing church plan; therefore, as defined under section 4(b)(2) of ERISA, the Plan is exempt from ERISA Title 1 disclosure requirement.

NOTE E - CONTRIBUTED SERVICES

For the fiscal year ended June 30, 2020, the services contributed to the College by the religious members of the faculty and staff had a fair value of $749,575. The calculation of contributed services is based on comparable compensation obtained from surveys from the Chronicle of Higher Education of similar colleges and universities less actual cash stipends paid on behalf of the religious members of the College.

NOTE F - CONCENTRATION OF CREDIT RISK

The College maintains its operating cash balances in various financial institutions and brokerage accounts. Some account balances at the financial institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2020, the College's uninsured cash balances total $718,941.

Promises to give have concentrations of credit risk as they are due from individuals and organizations primarily from Tennessee.

NOTE G - INVESTMENTS

Equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the statement of financial position. Gains and losses are included in the change in net assets in the accompanying statement of activities. Investments in stocks and bonds, which are listed on national securities exchanges, quoted on NASDAQ or on the over-the-counter market are valued at the last reported sales price, or in the absence of a recorded sale, at the value between the most recent bid and asked prices. Investments without readily determinable fair values are carried at estimated fair value. Gains and losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations.

FASB ASC 820-10 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market prices observability used in measuring fair value.

This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level I - Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

Level II - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level II input could result in the Level II measurement becoming a Level III measurement.

Level III - Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following is the fair value measurement of investments measured on a recurring basis at June 30, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level I)
Cash	$ 141,744	$ 141,744
Fixed income	1,868,673	1,868,673
Mutual funds	2,846,688	2,846,688
Total assets	$ 4,857,105	$ 4,857,105

NOTE G - INVESTMENTS (continued)

Investments have been allocated to the net asset classification for presentation in the statement of financial position. Investments consist of the following as of June 30, 2020:

	Fair Value
Without donor restrictions	$ 321,338
With donor restrictions	4,535,767
	$ 4,857,105

Investment income, net is composed of the following:	
Unrealized gains (losses) on marketable securities	$ 140,316
Realized gains (losses) on marketable securities	25,828
Dividends and interest income	104,705
	$ 270,849

NOTE H - OPERATING LEASE OBLIGATIONS

The College has a lease agreement for copier equipment. The lease currently calls for monthly rental payments with additional charges per copy.

For the year ended June 30, 2020, the total copier expense was approximately $8,735.

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2021	$ 11,055
2022	3,685
	$ 14,740

NOTE I - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2020, consist of:

Operations	$ 361,293
Plant assets	12,008,685
	$ 12,369,978

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods:

Subject to expenditure for specific purpose:	
New roof and other capital expenses	$ 85,239
Programs through the Centers	25,568
Financial aid	500,503
Other education-related	129,323
Investments in perpetuity, which once appropriated, are expendable for the following endowments:	
General endowment (original gift $1,096,179)	1,895,897
Scholarship endowment (original gift $1,494,668)	2,639,869
	$ 5,276,399

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors during fiscal year ended June 30, 2020, are as follows:

Purpose restrictions accomplished:	
Catechetical program	$ 1,589
Capital campaign - general	145,060
Gift restricted for Knights of Columbus loan payment	1,500,000
Other	57,787
Financial aid - institutional aid	91,842
Release of appropriated endowment amounts with purpose restrictions:	
General endowment	88,759
Scholarship endowment	111,568
	$ 1,996,605

The College received an anonymous donation of $1,500,000 from a related party which they used specifically for the repayment of the Knights of Columbus loan.

NOTE K - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment - at cost, less accumulated depreciation:

Buildings	$ 14,788,007
Building and land improvements	933,695
Construction in progress	322,136
Equipment and furnishings	1,274,993
Library	681,582
	18,000,413
Less accumulated depreciation	5,795,624
	$ 12,204,789

Legal title in all land occupied by the College is vested in St. Cecilia Congregation.

Included in property and equipment is Siena Hall that the College uses for seminars, workshops and other events as needed. The net book value of Siena Hall at June 30, 2020, was $10,544,389.

NOTE L - SCHOLARSHIP ALLOWANCE

Scholarship allowance by classification, for the year ended June 30, 2020, was as follows:

Scholarships:	
Dominican Sisters	$ 217,848
Lay Students	124,831
	$ 342,679

NOTE M - CONCENTRATION OF CONTRIBUTIONS

The College received in the year ended June 30, 2020, approximately 46% of its revenues without donor restrictions and gains from private gifts and grants. A change in the amount of gifts and grants received would ultimately affect operating results.

NOTE N - RELATED PARTY

The Dominican Sisters of St. Cecilia Congregation are a Catholic pontifical congregation located in Nashville, Tennessee, founded in 1860. The Congregation owns and administers various academic institutions and administers and staffs other diocesan or independent schools across the United States and overseas providing students an education based in Christian principles and tradition. The St. Cecilia Congregation owns and operates certain educational institutions and convents which it both controls and has an economic interest. These financial statements only include the activities of the College.

The St. Cecilia Congregation operates three schools (Overbrook School, St. Cecilia Academy and Aquinas College) located on the Dominican Campus. The Congregation has determined that certain administration functions should be shared by all three schools. Aquinas College paid $263,564 during the year ended June 30, 2020, for contracted services, landscaping, waste removal, utilities and bank fees.

NOTE O - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The College manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The College has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The College has a policy to target a year-end balance of reserves of net assets without donor restrictions and undesignated net assets to meet 15 to 30 days of expected expenditures. To achieve these targets, the College forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually. During the year ended June 30, 2020, the level of liquidity and reserves was managed within the policy requirements.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020, comprise the following:

	Reported Amount
Financial Assets:	
Cash and cash equivalents	$ 982,821
Accounts receivable, net	599
Long-term investments	4,857,105
	5,840,525
Less amounts that are not available for general expenditure:	
Donor-restricted endowments	(4,535,767)
Restricted by donor, for various purposes	(740,632)
Financial assets available to meet cash needs for general expenditures within one year	$ 564,126

NOTE P - ENDOWMENT

The College's endowment consists of approximately 22 donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Tennessee, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. UPMIFA provides legal guidance and authority concerning the management and investment of endowment funds and imposes fiduciary duties on those who manage and invest endowment funds. UPMIPA states that in the absence of a statement to the contrary in the gift instrument that establishes an endowment fund, the assets in the endowment fund are donor-restricted assets until appropriated for expenditure by the Board of Directors. Therefore, the College classifies the net assets of endowment funds created by donors as net assets with donor restrictions because those net assets are time restricted until appropriated. Most of the endowment funds are also restricted as to use because the donors specified purposes for which the endowment must be used.

The law assumes that endowment funds will be managed to exist and grow in perpetuity and to provide a distribution each year for the donor's stipulated purpose(s), unless the donor stipulates to the contrary. As a result, if the fair value of an individual fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the donor stipulations in the gift instrument, the College considers the fund to be underwater. The College does not spend from underwater funds; instead it reinvests the income of the fund until the fund is no longer underwater. No deficiencies of this nature are reported as of June 30, 2020.

In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the College 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 available to the College
(7) The investment policies of the College

The College's endowments by net asset class at June 30, 2020, in total and by type of endowment fund, showing donor-restricted endowment funds separately from board designated endowment funds are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted general endowment funds	$ -	$ 1,895,898	$ 1,895,898
Donor-restricted scholarship endowment funds	-	2,639,869	2,639,869
Total funds	$ -	$ 4,535,767	$ 4,535,767

NOTE P - ENDOWMENT (continued)

Changes in endowment assets for the year ended June 30, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, June 30, 2019	$ -	$ 4,479,382	$ 4,479,382
Dividend and interest income (during year)	-	97,484	97,484
Net appreciation (depreciation) (realized and unrealized)	-	155,228	155,228
Contributions and additions to endowments	-	4,000	4,000
Appropriation of endowment assets for expenditure	-	(88,759)	(88,759)
Appropriation of scholarship endowment assets for expenditure	-	(111,568)	(111,568)
Endowment assets, June 30, 2020	$ -	$ 4,535,767	$ 4,535,767

At June 30, 2020, the endowment fund is composed of:

Amounts required to be invested in perpetuity (including amounts above the original gift amount of $1,096,179, which once appropriated, are expendable to support any activities of the organization).	$ 1,895,898
Amounts required to be invested in perpetuity (including amounts above the original gift amount of $1,494,668 which once appropriated, are expendable for scholarships).	2,639,869
	$ 4,535,767

Endowment - Return Objectives and Risk Parameters

The College 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. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period(s) as well as board designated funds. The College expects its endowment funds, over time, to provide an average rate of return of approximately 7 percent annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the College 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 College targets a diversified asset allocation that normally places an emphasis on equity-based and income-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy - General Endowment

The College’s policy for its general endowment spending is 5 percent based upon a three year average of the previous 12 calendar quarter end market values. Accordingly, over the long term, the College expects the current spending policy to allow its general endowment to grow at least 2 percent annually. In establishing this policy, the College considered the long-term expected return on its general endowment. This is consistent with the College's objective to maintain the purchasing power of the general endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Under the College's spending policy on the general endowment and quasi-endowment, the Board approved $88,759 to be applied to the operating budget for fiscal year 2020.

NOTE P - ENDOWMENT (continued)

Endowment Spending Policy - Scholarship Endowment

The College has adopted a policy of appropriating for distribution each year a maximum of 5 percent of the scholarship endowment fund's average fair value over the 3 preceding calendar year end fund values. In establishing this policy, the College considered the long-term expected return on its scholarship endowment. Accordingly, over the long term, the College expects the current spending policy to allow its scholarship endowment to grow at an average of at least 2 percent annually. This is consistent with the College's objective to maintain the purchasing power of the scholarship endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The College appropriated $111,568 from the scholarship endowment for the fiscal year 2020.

NOTE Q - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 10, 2020, which is the date the financial statements were available to be issued.

NOTE R - NOTE PAYABLE

The Note dated May 4, 2020 issued by the Borrower, matures on May 4, 2022 and bears interest at a rate of 1% per annum. Maturity of the loan may be extended up to 5 years if the lender and borrower agree. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the loan will be available to the Borrower to fund designated expenses, including certain payroll costs, group health care benefits and other permitted expenses, in accordance with the Payroll Protection Program (PPP). The Company intends to use the entire loan amount for qualifying expenses and to apply for loan forgiveness.

Under the terms of the loan, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The College expects to apply for loan forgiveness on or before the deadline for the forgiveness application, and be granted forgiveness for the full amount of the loan. No assurance can be given that the Borrower will obtain forgiveness of the loan in whole or in part. In accordance with the Paycheck Protection Program Flexibility Act, the College is not required to make any payments of principal or interest on this note before the date on which the SBA either remits the loan forgiveness amount on the loan to the Bank or notifies the Bank that no loan forgiveness is allowed. Interest will continue to accrue during the deferment period.

Note payable	$ 117,049
Less: current portion	-
Long-term portion	$ 117,049

Principal payments are due as follows:

Year ending June 30,	
2021	$ -
2022	117,049
Total	$ 117,049

NOTE S - CONSEQUENCES OF COVID-19

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic, and the College expects their operations to be affected as the virus continues to proliferate. The College has adjusted certain aspects of their operations to protect their employees and those the College serves while still meeting the needs of the College. The College will continue to monitor the situation closely and it is possible that the College will implement further measurers. In light of the uncertainty as to the severity and duration of the pandemic, the impact on their revenues, support, and financial position is uncertain at this time.

NOTE T - FUNDRAISING COSTS

Fundraising costs incurred by the College for the year ended June 30, 2020, totaled $3,888.