AQUINAS COLLEGE

FINANCIAL STATEMENTS

Years Ended June 30, 2018 and 2017

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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 statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grannis & Associates, P. C.

Murfreesboro, Tennessee
November 16, 2018

AQUINAS COLLEGE

STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

ASSETS

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash	$ 260,219	$ 1,286,094	$ -	$ 1,546,313
Accounts receivable, net	12,851	-	-	12,851
Unconditional promises to give, net	-	200,402	-	200,402
Prepaid expenses	58,687	-	-	58,687
Investments	287,226	1,754,251	2,580,547	4,622,024
Property and equipment, net	12,803,641	-	-	12,803,641
Total Assets	$ 13,422,624	$ 3,240,747	$ 2,580,547	$ 19,243,918

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Liabilities				
Accounts payable and accrued expenses	$ 99,229	$ -	$ -	$ 99,229
Deferred revenues and student deposits	98,072	-	-	98,072
Note payable	1,135,054	-	-	1,135,054
Total Liabilities	1,332,355	-	-	1,332,355
Net Assets	12,090,269	3,240,747	2,580,547	17,911,563
Total Liabilities and Net Assets	$ 13,422,624	$ 3,240,747	$ 2,580,547	$ 19,243,918

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

ASSETS

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash	$ 490,241	$ 1,416,702	$ -	$ 1,906,943
Accounts receivable, net	64,292	-	-	64,292
Unconditional promises to give, net	-	393,197	-	393,197
Prepaid expenses	71,332	-	-	71,332
Investments	265,690	1,937,509	2,779,963	4,983,162
Property and equipment, net	13,731,610	-	-	13,731,610
Total Assets	$ 14,623,165	$ 3,747,408	$ 2,779,963	$ 21,150,536

LIABILITIES AND NET ASSETS

Liabilities				
Accounts payable and accrued expenses	$ 857,092	$ -	$ -	$ 857,092
Deferred revenues and student deposits	66,397	-	-	66,397
Note payable	400,000	-	-	400,000
Total Liabilities	1,323,489	-	-	1,323,489
Net Assets	13,299,676	3,747,408	2,779,963	19,827,047
Total Liabilities and Net Assets	$ 14,623,165	$ 3,747,408	$ 2,779,963	$ 21,150,536

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

AQUINAS COLLEGE

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2018 and 2017

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, and Reclassifications				
Gross tuition and fees	$ 1,673,456	$ -	$ -	$ 1,673,456
Less: scholarship allowance	(858,120)	-	-	(858,120)
Net Tuition and Fees	815,336	-	-	815,336
Private gifts and grants	722,502	291,247	6,554	1,020,303
Catechetical formation and workshops	193,485	-	-	193,485
Investment income, net	34,598	358,723	-	393,321
Sales and services of auxiliary enterprises	2,617	-	-	2,617
Scholarship transferred	-	(66,571)	(205,970)	(272,541)
Loss on disposal of fixed assets	(424,896)	-	-	(424,896)
Other revenue	16,538	-	-	16,538
Total Revenues and Gains	1,360,180	583,399	(199,416)	1,744,163
Net assets released from restrictions	1,090,060	(1,090,060)	-	-
Total Revenues, Gains and Reclassifications	2,450,240	(506,661)	(199,416)	1,744,163
Expenses				
Programs:				
Education and general				
Instruction	951,721	-	-	951,721
Academic support	591,528	-	-	591,528
Student services	53,067	-	-	53,067
Auxiliary enterprises	5,340	-	-	5,340
Institutional support	1,020,424	-	-	1,020,424
Operation and maintenance of physical plant	1,037,567	-	-	1,037,567
Total Expenses	3,659,647	-	-	3,659,647
Change in Net Assets	(1,209,407)	(506,661)	(199,416)	(1,915,484)
Net Assets, Beginning of Year	13,299,676	3,747,408	2,779,963	19,827,047
Net Assets, End of Year	$ 12,090,269	$ 3,240,747	$ 2,580,547	$ 17,911,563

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

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, and Reclassifications				
Gross tuition and fees	$ 6,117,265	$ -	$ -	$ 6,117,265
Less: scholarship allowance	(2,542,313)	-	-	(2,542,313)
Net Tuition and Fees	3,574,952	-	-	3,574,952
Private gifts and grants	1,205,238	459,734	6,700	1,671,672
Catechetical formation and workshops	186,974	-	-	186,974
Government grants	389,525	-	-	389,525
Investment income, net	59,900	585,341	-	645,241
Sales and services of auxiliary enterprises	613,207	-	-	613,207
Loss on disposal of fixed assets	(655,007)	-	-	(655,007)
Other revenue	176,779	-	-	176,779
Total Revenues and Gains	5,551,568	1,045,075	6,700	6,603,343
Net assets released from restrictions	2,262,247	(2,262,247)	-	-
Total Revenues, Gains and Reclassifications	7,813,815	(1,217,172)	6,700	6,603,343
Expenses				
Programs:				
Education and general				
Instruction	3,533,437	-	-	3,533,437
Academic support	1,368,837	-	-	1,368,837
Student services	1,354,454	-	-	1,354,454
Auxiliary enterprises	453,998	-	-	453,998
Institutional support	1,998,126	-	-	1,998,126
Operation and maintenance of physical plant	1,434,304	-	-	1,434,304
Total Expenses	10,143,156	-	-	10,143,156
Change in Net Assets	(2,329,341)	(1,217,172)	6,700	(3,539,813)
Net Assets, Beginning of Year	15,629,017	4,964,580	2,773,263	23,366,860
Net Assets, End of Year	$ 13,299,676	$ 3,747,408	$ 2,779,963	$ 19,827,047

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

AQUINAS COLLEGE

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2018 and 2017

Cash Flows from Operating Activities	2018	2017
(Decrease) Increase in net assets	$ (1,915,484)	$ (3,539,813)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	525,890	542,615
Non-cash contribution	(91,543)	-
Note premium amortized	26,597	-
Loss on disposal of fixed assets	424,896	655,007
Change in allowance for doubtful accounts	(82,721)	158,725
Change in pledge discount	6,050	12,855
Net realized (gains) losses on investments	(561,660)	(202,922)
Net unrealized (gains) losses on investments	231,683	(311,054)
Change in assets and liabilities:		
(Increase) Decrease in accounts receivable	71,407	(85,666)
(Increase) Decrease in unconditional promises to give	249,500	(499,317)
(Increase) Decrease in prepaid expenses	12,645	(6,152)
(Decrease) Increase in accounts payable and accrued expenses	(757,863)	610,633
(Decrease) Increase in deferred revenues	31,675	(91,862)
Contributions restricted for long-term purposes	(6,554)	(6,700)
Net Cash Used By Operating Activities	(1,835,482)	(2,763,651)
Cash Flows from Investing Activities		
Purchases of property and equipment	(54,282)	(5,340,782)
Proceeds on sales of property and equipment	31,465	-
Purchases of investments	(3,507,782)	(2,088,487)
Proceeds on sales of investments	4,198,897	3,040,773
Net Cash Provided (Used) By Investing Activities	668,298	(4,388,496)
Cash Flows from Financing Activities		
Borrowings on note payable	800,000	400,000
Contributions restricted for long-term purposes	6,554	6,700
Net Cash Provided By Financing Activities	806,554	406,700
Net Increase (Decrease) in Cash	(360,630)	(6,745,447)
Cash at Beginning of Year	1,906,943	8,652,390
Cash at End of Year	$ 1,546,313	$ 1,906,943
Supplemental Disclosure of Cash Flow		
Interest paid	$ 15,740	$ 11,136

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

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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. See Note U regarding the reconfiguration of the College.

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.

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 three classes: permanently restricted, temporarily restricted or unrestricted.

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:

Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purpose by actions of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted net assets 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.

Permanently restricted net assets are subject to donor-imposed stipulations that the funds 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 permanent 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 fund-raising 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 years ended June 30, 2018 and 2017 was $525,890 and $542,615, respectively.

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.

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.

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 $2,293 and $96,117 for the years ended June 30, 2018 and 2017, respectively.

Auxiliary Enterprise

The College's auxiliary enterprise exists primarily to furnish goods and services to students. The College's auxiliary enterprise consists of the College housing, bookstore, and cafeteria through August 2017. The majority of textbooks are purchased by students online. Auxiliary enterprise revenues and expenses are reported in the statement of activities in unrestricted net assets.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

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:		
June 30, 2018		
Cash	$ 1,546,313	$ 1,546,313
Unconditional promises to give, net	200,402	200,402
June 30, 2017		
Cash	$ 1,906,943	$ 1,906,943
Unconditional promises to give, net	393,197	393,197

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.

Accounts receivable consists of the following at June 30:	2018	2017
Student accounts receivable	$ 2,991	$ 22,957
Other accounts receivable	12,851	64,292
Allowance for doubtful accounts - student accounts receivable	(2,991)	(22,957)
Net accounts receivable	$ 12,851	$ 64,292

Included in other accounts receivable is $0 and $42,683 due from the Dominican Campus at June 30, 2018 and 2017, respectively.

NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises for which payment has not been received are included in the financial statements as pledges receivable and revenue in the appropriate net asset classification. The College has discounted long-term pledges to their estimated net present value, using a discount rate of 3.25%.

NOTE C - UNCONDITIONAL PROMISES TO GIVE (continued)

Temporarily restricted promises to give expected to be collected in:	2018	2017
Less than one year	$ 205,160	$ 502,200
One to five years	53,540	6,000
	258,700	508,200
Less allowance for uncollectible promises to give	(51,740)	(101,640)
Less discount on promises to give	(6,558)	(13,363)
Net unconditional promises to give	$ 200,402	$ 393,197

The College has one unconditional promises to give which totals 99% and 99% of the unpaid balance as of June 30, 2018 and 2017, respectively.

NOTE D - 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 at June 30, 2018 and 2017 of the fund is $858,176 and $849,497, respectively.

NOTE E - RETIREMENT PLAN

Aquinas College maintains a defined contribution 403(b) Plan (the Plan) for all eligible employees. All full time employees, upon completing one year of service, are eligible to participate in the Plan and be enrolled during quarterly entry points. Effective September 1, 2015, all full-time employees are eligible to participate in the 403(b) 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 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 2018 and 2017 fiscal years, $12,925 and $71,880 was deposited into participants accounts from unrestricted College resources, respectively. Deposits of $12,925 and $65,380 were made to the Plan and $0 and $6,500 was sent directly to The Archdiocese of Philadelphia Plan on behalf of an eligible employee for fiscal years 2018 and 2017, respectively. 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 F - CONTRIBUTED SERVICES

For the fiscal years ended June 30, 2018 and 2017, the services contributed to the College by the religious members of the faculty and staff had a fair value of $502,654 and $565,527, respectively. The calculation of contributed services is based on comparable compensation obtained from surveys of area schools less actual cash stipends paid on behalf of the religious members of the College.

NOTE G - 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, 2018 and 2017, the College's uninsured cash balances total $1,304,382 and $1,787,221, respectively.

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

NOTE H - 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 unrestricted net assets unless their use is temporarily or permanently 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.

NOTE H - INVESTMENTS (continued)

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, 2018 and 2017:

June 30, 2018	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level I)
Cash	$ 115,760	$ 115,760
Fixed Income	1,644,234	1,644,234
Mutual Funds	2,862,030	2,862,030
Total Assets	$ 4,622,024	$ 4,622,024
June 30, 2017		
Cash	$ 625,008	$ 625,008
Fixed Income	1,097,964	1,097,964
Mutual Funds	3,260,190	3,260,190
Total Assets	$ 4,983,162	$ 4,983,162

Investments have been allocated to the net asset classification for presentation in the statements of financial position. Investments consist of the following as of June 30, 2018 and 2017:

	2018 Fair Value	2017 Fair Value
Unrestricted	$ 287,226	$ 265,690
Temporarily Restricted	1,754,251	1,937,509
Permanently Restricted	2,580,547	2,779,963
	$ 4,622,024	$ 4,983,162

Investment income, net is composed of the following:

Unrealized gains (losses) on marketable securities	$ (231,683)	$ 311,054
Realized gains (losses) on marketable securities	561,660	202,922
Dividends and interest income	72,170	161,297
Investment fees	(8,826)	(30,032)
	$ 393,321	$ 645,241

NOTE I - 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 years ended June 30, 2018 and 2017, the total copier expense was approximately $14,940 and $35,690, respectively.

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2019	$ 11,055
2020	11,055
2021	11,055
2022	3,685
	$ 36,850

The College had a lease for student housing with a monthly lease payment of $9,103 which expired on July 31, 2017. For the years ended June 30, 2018 and 2017, the total lease expense was approximately $0 and $109,017, respectively.

On December 1, 2014, the College entered into an agreement to lease 8,122 square feet for a simulation lab. The lease calls for base rent of $1 for the entire term. The lease expired on August 31, 2017. Estimated fair value of the lease for the years ended June 30, 2018 and 2017 was approximately $0 and $171,211, respectively and is included in private gifts and grants. The College will no longer utilize this space due to the reconfiguration as disclosed in Note U.

The College entered into a facility use agreement for the Villaggio Betania, owned by the Dominican Sisters of St. Cecilia Congregation, in Bracciano, Italy for the purpose of a study abroad program at the current rate of 50 euros per guest per night. For the years ended June 30, 2018 and 2017 the total expense was approximately $0 and $32,867, respectively. As a result of the reconfiguration of the College (Note U), the College will no longer offer a study abroad program.

NOTE J - OPERATING EXPENSES

Operating expenses, by natural classification, for the years ended June 30, 2018 and 2017 were:

	2018	2017
Salaries and Wages	$ 1,977,588	$ 6,376,413
Depreciation	525,890	542,615
Payroll Taxes and Benefits	237,982	890,526
Repairs and Maintenance	207,044	345,918
Utilities	168,428	217,508
Supplies	145,427	339,625
Contracted Services	87,959	204,058
Other	70,488	170,413
Insurance	63,497	63,543
Interest	42,337	11,136
Legal and Professional	39,987	35,670
Security	32,783	63,854
Membership Dues and Subscriptions	21,003	42,225
Travel and Entertainment	14,871	143,789
Meals and Foodservice	14,277	240,255
Conferences and Speakers	7,430	45,980
Advertising	2,293	96,117
Rental Fees	363	313,511
Total Expenses	$ 3,659,647	$ 10,143,156

NOTE K - RESTRICTIONS ON NET ASSETS

Unrestricted net assets at June 30, 2018 and 2017 consist of:	2018	2017
Operations	$ (713,372)	$ (431,934)
Plant Assets	12,803,641	13,731,610
	$ 12,090,269	$ 13,299,676

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following purposes:

	2018	2017
Financial Aid	$ 991,097	$ 1,567,928
Scholarship Endowments	1,024,782	1,017,562
General Endowment	729,471	653,314
Time Restriction	194,050	387,137
Capital Campaign		
Nursing Simulation Lab	2,906	2,906
General Campaign	154	200
Study of Ethics	50,000	50,750
Catechetical Program	2,694	44,476
New Roof	230,000	-
Other	15,593	23,135
	$ 3,240,747	$ 3,747,408

As part of the reconfiguration (Note U), the College will be unable to use the remaining $2,906 that is temporarily restricted for the nursing simulation lab.

Permanently restricted net assets consist of the following at June 30, 2018 and 2017:

	2018	2017
General Endowment	$ 1,096,179	$ 1,096,179
Scholarship Endowments	1,484,368	1,683,784
	$ 2,580,547	$ 2,779,963

NOTE K - RESTRICTIONS ON NET ASSETS (continued)

Net assets released from restrictions during the years were comprised of the following:

	2018	2017
General Endowment	$ 76,366	$ 106,735
Financial Aid		
Scholarship Endowments	132,409	458,675
Institutional Aid	580,373	1,579,107
Nursing Program	-	7,500
General Campaign	100	56,655
Nursing Simulation Lab	-	27,247
Adoration Chapel	-	500
Catechetical Program	41,881	3,733
Time Restriction	250,000	-
Other	8,931	22,095
	$ 1,090,060	$ 2,262,247

NOTE L - PROPERTY AND EQUIPMENT

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

	2018	2017
Buildings	$ 14,710,117	$ 15,331,408
Buildings and Land Improvements	933,695	938,910
Construction in Progress	27,857	-
Equipment and Furnishings	1,443,082	1,641,692
Library	707,139	707,139
	17,821,890	18,619,149
Less: Accumulated Depreciation	5,018,249	4,887,539
	$ 12,803,641	$ 13,731,610

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

Included in property and equipment at June 30, 2017 are two modular buildings that have been temporarily idled due to the reconfiguration as discussed in Note U. The net book value of the two modular buildings at June 30, 2017 was $222,144. The two modular buildings were scrapped during the year ended June 30, 2018. Also included in property and equipment is the new dorm that, as a result of the reconfiguration, the College presently does not have plans for full utilization subsequent to the year ended June 30, 2017. The net book value of the dorm at June 30, 2018 and 2017 was $11,144,070 and $11,443,910, respectively.

NOTE M - SCHOLARSHIP ALLOWANCE

Scholarship allowances by classification, for the years ended June 30, 2018 and 2017 were as follows:

	2018	2017
Pell Grants	$ -	$ 354,167
Supplemental Education Opportunity Grants	-	17,495
Scholarships - Dominican Sisters	619,910	582,081
- Students	238,210	1,588,570
	$ 858,120	$ 2,542,313

NOTE N - CONCENTRATION OF CONTRIBUTIONS

The College received in the years ended June 30, 2018 and 2017 approximately 50% and 24% of its unrestricted revenues and gains from private gifts and grants, respectively. A change in the amount of gifts and grants received would ultimately affect operating results.

NOTE O - GOVERNMENT GRANTS AND OTHER PROGRAMS OF STUDENT FINANCIAL ASSISTANCE

The College did not participate in Federal financial aid for the year ended June 30, 2018.

Federal financial aid by classification for the year ended June 30, 2017 is as follows:

	FSEOG	FWS	PELL	TOTAL
Government Funds Received	$ 17,495	$ 17,863	$ 354,167	$ 389,525
Institutional Match	5,832	5,954	-	11,786
Administrative Cost Allowance	-	-	-	-
Student Financial Awards	$ 23,327	$ 23,817	$ 354,167	$ 401,311

The College received 0.0% and 7.0% of its total unrestricted revenues from federal financial aid programs in the years ended June 30, 2018 and 2017, respectively.

NOTE P - 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.

NOTE P - RELATED PARTY (continued)

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 $399,138 and $501,614 during the years ended June 30, 2018 and 2017 for contracted services, landscaping, waste removal, utilities and bank fees, respectively.

In accounts payable is $3,092 and $414 due to related schools at June 30, 2018 and 2017, respectively.

NOTE Q - FUNDRAISING COSTS

Fundraising costs incurred by the College in 2018 and 2017 totaled $134 and $75,606, respectively.

NOTE R - NOTE PAYABLE

The College's obligation under notes payable consists of the following:	2018	2017
1.5% note payable dated June 2017, interest only payable monthly through June 20, 2020. The College can draw a maximum of $2,500,000 under the terms of the note. No later than June 20, 2020 the loan converts from interest only at 1.5% (unamortized discount based on imputed interest rate of 4%) to fixed monthly payments at 4% annual interest amortized over a 30 year period. The unamortized balance and any accrued interest is due July 1, 2037. The note is guaranteed by St. Cecilia Congregation and secured by a Deed of Trust on certain real property owned by St. Cecilia Congregation in Washington, DC.		
Principal amount	$ 1,200,000	$ 400,000
Less unamortized discount	(64,946)	-
Note payable less unamortized discount	$ 1,135,054	$ 400,000

The future scheduled maturities of long-term debt are as follows:

Years Ending June 30,	Amount
2019	$ -
2020	-
2021	23,580
2022	21,948
2023	22,842
Thereafter	1,131,630
	$ 1,200,000

Amortized discount of $26,597 is shown as interest expense for the year ended June 30, 2018. Subsequent to year end the College borrowed an additional $300,000 under this note. The schedule of maturities above does not include the effect of this subsequent event.

NOTE S - 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. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The net accumulated appreciation of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence described in UPMIFA.

NOTE S - ENDOWMENT (continued)

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, 2018, in total and by type of endowment fund, showing donor-restricted endowment funds separately from board designated endowment funds are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted general endowment funds	$ -	$ 729,471	$ 1,096,179	$ 1,825,650
Donor-restricted scholarship endowment funds	-	1,024,782	1,484,368	2,509,150
Total funds	$ -	$ 1,754,253	$ 2,580,547	$ 4,334,800

The College's endowments by net asset class at June 30, 2017, in total and by type of endowment fund, showing donor-restricted endowment funds separately from board designated endowment funds are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted general endowment funds	$ -	$ 653,314	$ 1,096,179	$ 1,749,493
Donor-restricted scholarship endowment funds	-	1,017,562	1,683,784	2,701,346
Total funds	$ -	$ 1,670,876	$ 2,779,963	$ 4,450,839

NOTE S - ENDOWMENT (continued)

Changes in endowment assets for the years ended June 30, 2018 and 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, June 30, 2016	$ 243,640	$ 1,685,897	$ 2,773,263	$ 4,702,800
Reclassification	(263,946)	-	-	(263,946)
Dividend and interest income (during year)	7,918	105,094	-	113,012
Net appreciation (depreciation) (realized and unrealized)	24,979	445,295	-	470,274
Contributions and additions to endowments	-	-	6,700	6,700
Appropriation of endowment assets for expenditure	-	(106,735)	-	(106,735)
Appropriation of scholarship endowment assets for expenditure	(12,591)	(458,675)	-	(471,266)
Endowment assets, June 30, 2017	-	1,670,876	2,779,963	4,450,839
Scholarship transferred	-	(66,571)	(205,970)	(272,541)
Dividend and interest income (during year)	-	56,889	-	56,889
Net appreciation (depreciation) (realized and unrealized)	-	301,834	-	301,834
Contributions and additions to endowments	-	-	6,554	6,554
Appropriation of endowment assets for expenditure	-	(76,366)	-	(76,366)
Appropriation of scholarship endowment assets for expenditure	-	(132,409)	-	(132,409)
Endowment assets, June 30, 2018	$ -	$ 1,754,253	$ 2,580,547	$ 4,334,800

Permanently Restricted Net Assets	2018	2017
(1) The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulation	$ 2,580,547	$ 2,779,963
Total endowment funds classified as permanently restricted net assets	$ 2,580,547	$ 2,779,963

NOTE S - ENDOWMENT (continued)

	2018	2017
Temporarily Restricted Net Assets		
(1) Term endowment funds	$ -	$ -
(2) The portion of perpetual endowment funds subject to a time restriction:		
Without purpose restrictions	729,471	653,314
With purpose restrictions	1,024,782	1,017,562
Total endowment funds classified as temporarily restricted net assets	$ 1,754,253	$ 1,670,876

Endowment and Other Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. No deficiencies of this nature are reported in unrestricted net assets as of June 30, 2018 or 2017.

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 calendar year 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 $76,366 and $106,735 to be applied to the operating budget for fiscal years 2018 and 2017, respectively.

The College also has a policy of transferring from its board-designated endowment funds an amount equal to the operating loss, if any, of the previous fiscal year. In fiscal year 2017 the remaining board-designated endowment funds were transferred to operations.

NOTE S - 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 endowments. 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 $132,409 and $471,266 from the scholarship endowments for the fiscal years 2018 and 2017, respectively.

NOTE T - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 16, 2018, which is the date the financial statements were available to be issued.

NOTE U - RECONFIGURATION

During the year ended June 30, 2017 the Dominican Sisters of St. Cecilia Congregation decided to reconfigure the College with a view of serving the Church and the mission of Catholic education. The College will center its academic program on the School of Education and arts and sciences. With this reconfiguration, Aquinas will no longer offer four-year degrees in business and nursing, nor traditional residential and student life.

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

As part of the reconfiguration the College provided severance pay to terminated employees. Total severance pay and related payroll taxes was $885,633. Included in accrued expenses at June 30, 2017 was $759,727 in accrued severance pay and related accrued payroll taxes. In addition, the College provided job search services in the amount of $33,815 for terminated employees.

Also, as part of the reconfiguration, the College agreed to reimburse students for the cost of certain credit hours that would not transfer to a qualifying educational institution. Included in accrued expenses at June 30, 2017 was $39,311 of authorized tuition reimbursements.

Also, as part of the reconfiguration, an endowed scholarship for the School of Business was identified that the College will no longer be able to award. The donor was contacted explaining the reconfiguration and the donor redirected the endowment from the College to another outside charitable purpose. The funds were transferred on October 10, 2017 in the amount of $272,541 which included the unspent earnings on the original gift through the date of transfer.

Also, as part of the reconfiguration, included in loss on disposal of fixed assets are $424,896 and $654,452 of fixed assets written off that will no longer be utilized for the fiscal years 2018 and 2017, respectively.

As a result of the reconfiguration the College will no longer participate in Government Student Financial Aid after June 30, 2017.