
AMERICAN BAPTIST COLLEGE

**INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)



AMERICAN BAPTIST COLLEGE

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
American Baptist College
Nashville, Tennessee

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of *American Baptist College* (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of *American Baptist College* as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABC Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 American Baptist College'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 Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 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 and *Government Auditing Standards*, we:

- 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 American Baptist College'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Baptist College's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Financial Responsibility Supplemental Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and Financial Responsibility Supplemental Schedule are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022, on our consideration of American Baptist College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of American Baptist College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Baptist College's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the American Baptist College's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Hoskins & Company". The signature is written in a cursive, flowing style.

Hoskins & Company
Nashville, TN
November 15, 2022

AMERICAN BAPTIST COLLEGE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

(with comparative totals as of June 30, 2021) (Restated)

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,357,638	\$ 1,088,258
Investments - without donor restrictions (Note 2)	7,553	9,587
Investments - with board designated restrictions (Note 2)	510,164	553,995
Other investments -with donor restrictions with purpose (Note 2)	947,703	1,067,232
Student accounts receivable, net of allowance (Note 4)	-	355,914
Other current receivable (Note 5)	101,369	89,650
Other current assets (Note 6)	11,603	5,889
Total current assets	<u>2,936,030</u>	<u>3,170,525</u>
Endowment investments (Note 2)		
Cash	5,208	5,201
Investments	<u>966,181</u>	<u>1,092,670</u>
Total endowment investments	<u>971,389</u>	<u>1,097,871</u>
Property and equipment, net of accumulated		
Depreciation and amortization (Note 7)	<u>7,162,194</u>	<u>6,450,133</u>
Total assets	<u><u>\$ 11,069,613</u></u>	<u><u>\$ 10,718,529</u></u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and credit cards (Note 10)	\$ 478,346	\$ 1,620,791
Deferred revenue, net (Note 18)	578,963	251,153
Current portion of notes payable (Note 9)	100,648	2,974,573
Line of credit (Note 8)	64,703	64,703
PPP Loan (Note 11)	-	373,759
Total current liabilities	<u>1,222,660</u>	<u>5,284,979</u>
Long-term liabilities		
Notes payable (Note 9)	<u>2,787,885</u>	<u>17,553</u>
Total long-term liabilities	<u>2,787,885</u>	<u>17,553</u>
Total liabilities:	<u>4,010,545</u>	<u>5,302,532</u>
Net assets:		
Net assets without donor restrictions (Note 15)	5,415,715	3,521,484
Net assets with donor restrictions (Note 15)	<u>1,643,353</u>	<u>1,894,513</u>
Total net assets	<u>7,059,068</u>	<u>5,415,997</u>
Total liabilities and net assets	<u><u>\$ 11,069,613</u></u>	<u><u>\$ 10,718,529</u></u>

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

AMERICAN BAPTIST COLLEGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(with comparative totals as of June 30, 2021) (Restated)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2022 Total	2021 Totals
Revenues and Support				
Educational				
Tuition and fees	\$ 674,960	\$ -	\$ 674,960	\$ 695,987
Housing	16,960	-	16,960	-
Total educational	691,920	-	691,920	695,987
Private gifts and contributions	311,783	-	311,783	283,904
Church donations	-	-	-	95,367
Board of trustees	-	-	-	5,575
Scholarships	27,275	-	27,275	216,409
Endowment contributions	36,741	-	36,741	65,964
Fed grants	2,313,664	-	2,313,664	2,215,655
Fundraising	250	-	250	7,725
CARES Act Grant	4,764,741	-	4,764,741	1,058,983
Other income	67,669	-	67,669	35,386
Interest and investment income	51,959	-	51,959	533,398
Realized loss on sale of investments	(121,303)	-	(121,303)	(492,894)
Unrealized (loss) gain on investments	(289,403)	-	(289,403)	357,057
Net assets released from restriction	251,160	(251,160)	-	-
Total revenues and support	8,106,456	(251,160)	7,855,296	5,078,516
Expenses				
Program services	2,488,908	-	2,488,908	2,228,350
General and administrative	3,253,144	-	3,253,144	1,609,988
Institutional advancement	470,173	-	470,173	667,128
Total expenses	6,212,225	-	6,212,225	4,505,466
Change in net assets	1,894,231	(251,160)	1,643,071	573,050
Net assets at beginning of year	3,521,484	1,894,513	5,415,997	4,842,947
Net assets at end of year	<u>\$ 5,415,715</u>	<u>\$ 1,643,353</u>	<u>\$ 7,059,068</u>	<u>\$ 5,415,997</u>

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

AMERICAN BAPTIST COLLEGE
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2022
(with comparative totals as of June 30, 2021)

	Program Services	General and Administrative	Institutional Advancement	Total Expenses	2021 Total Expenses
Accounting fees	\$ -	\$ 31,199	\$ -	\$ 31,199	\$ 25,590
Amortization	2,332	-	-	2,332	30,251
Advertising and promotion	4,737	-	55,557	60,294	33,390
Bad debt	-	636,152	-	636,152	27,586
Cares Act Students Aid	-	170,532	-	170,532	-
Conference, conventions, and meetings	1,665	-	-	1,665	4,022
Contracted services	665,522	424,713	228,070	1,318,305	756,769
Depreciation	-	528,386	-	528,386	396,985
Employee benefits	91,270	60,387	3,740	155,397	35,886
Endowment(scholarship)	-	-	-	-	275,377
Equipment	32,194	9,236	25	41,455	9,642
Information technology	-	7,741	-	7,741	7,755
Interest	-	161,847	-	161,847	207,487
Legal fees	-	27,000	-	27,000	8,134
Occupancy	-	161,388	-	161,388	245,573
Office expense	9,722	20,093	6,124	35,939	75,505
Officers' compensation	-	398,734	77,750	476,484	333,708
Other expenses	66,453	113,280	13,399	193,132	60,388
Payroll taxes	85,578	32,765	11,093	129,436	137,418
Payments to affiliates	49,067	18,024	1,740	68,831	115,398
Salaries and wages	1,268,969	435,332	70,455	1,774,756	1,616,894
Special events	-	9,282	-	9,282	-
Sub-Grants	180,509	-	-	180,509	98,479
Travel	30,890	7,053	2,220	40,163	3,229
	<u>\$ 2,488,908</u>	<u>\$ 3,253,144</u>	<u>\$ 470,173</u>	<u>\$ 6,212,225</u>	<u>\$ 4,505,466</u>

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

**AMERICAN BAPTIST COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

(with comparative totals as of June 30, 2021) (restated)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase in net assets	\$ 1,643,071	\$ 573,050
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	528,386	396,985
Amortization of loan financing costs	-	12,113
Net unrealized loss from investment	289,403	135,837
Decrease (increase) in student accounts receivable	355,914	(134,619)
Increase in other current receivable	(17,433)	(261,277)
(Decrease) increase in accounts payable	(1,142,445)	1,601,599
Increase deferred revenue	327,810	(220,014)
(Decrease) increase in CARES Act payable	-	(32,573)
Net cash provided by operating activities	<u>1,984,706</u>	<u>2,071,101</u>
Cash flows from investing activities		
Purchase of fixed assets	(1,143,326)	(2,194,368)
Sale or Purchase of investments (net)	<u>2,474</u>	<u>(854,250)</u>
Net cash used in investing activities	<u>(1,140,852)</u>	<u>(3,048,618)</u>
Cash flows from financing activities		
Proceeds from (payments) to line of credit	-	64,703
Principal payments (proceeds) on notes	(103,593)	79,372
Proceeds from PPP Loan	<u>(373,759)</u>	<u>16,041</u>
Net cash (used in) provided by financing activities	<u>(477,352)</u>	<u>160,116</u>
Net change in cash equivalents	366,502	(817,401)
Cash and cash equivalents at beginning of year	<u>1,088,258</u>	<u>1,905,659</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,454,760</u></u>	<u><u>\$ 1,088,258</u></u>
 Cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 1,357,638	\$ 1,088,258
Restricted Cash	<u>-</u>	<u>-</u>
Cash, cash equivalents and restricted cash	<u><u>1,357,638</u></u>	<u><u>1,088,258</u></u>
 Interest Paid	<u><u>\$ 161,847</u></u>	<u><u>\$ 207,487</u></u>

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

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 1--- NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

American Baptist College (the “College”) was founded in 1924. Since 1971, the College has been an accredited member of the Association for Biblical Higher Education (ABHE); approved to award the Associate of Arts, Bachelor of Arts, and Bachelor of Theology degrees.

The mission statement of the College is to educate, graduate and prepare diverse students with a liberal arts emphasis for Christian leadership, service and social justice in the world. The College offers a quality educational program with a liberal arts emphasis, equipping diverse students intellectually, morally, spiritually, socially, and theologically. The College offers undergraduate and graduate degree programs at its Nashville, Tennessee campus and globally on-line. Its fields of study include a mandatory divisional major in Biblical-Theological Studies and additional majors in Pastoral Studies, Christian Education or Social Sciences.

Basis of Presentation

The College’s 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”). Based on the existence or absence of donor-imposed restrictions, the College classifies resources into two categories: without donor restrictions and with donor restrictions.

Without Donor Restrictions – Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions in accordance with donors’ stipulations results in the release of such restrictions.

With Donor Restrictions – Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of the College. Net assets with donor restrictions are designated by donors for specific purposes, and include unconditional pledges, split-interest agreements, interests in trusts held by others, and accumulated appreciation on donor-restricted endowments which have not been appropriated by the Board of Trustees (the “Board”) for distribution. Some net assets with donor restrictions are required by donors to be held in perpetuity. The donors of substantially all net assets to be held in perpetuity permit the College to use a portion of the income earned on the related investments for specified purposes.

Expirations of restrictions on net assets as the result of the passage of time and/or fulfilling donor-imposed stipulations are reported as net assets released from restrictions between the applicable classes of net assets in the statements of activities.

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 1--- NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Receivables

Student receivables consist of amounts due to the College related to tuition and fees. An allowance for uncollectible accounts has been recorded based upon management's judgment and historical bad debt experience. The College performs a periodic analysis of outstanding accounts receivable from students to assess the likelihood of collection. For balances on which full payment of amounts owed is not expected, the College establishes an allowance to adjust the balance of the receivable to reflect its best estimate of the amount that will ultimately be collected.

Revenue Recognition

Revenues from Contracts with Customers, the College identifies a contract for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance, and the collectability of the consideration is probable. The College evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. Performance obligations are determined based on the nature of the services provided by the College.

The College's primary source of revenues from contracts with customers are as follows:

Tuition and Fees - Tuition and fees are derived from academic services rendered by the College. The College recognizes revenue for academic services over the applicable academic terms. Scholarships provided to students by the College are reflected as a reduction of gross tuition and fees. Tuition and fees received in advance of services are reported as deferred revenue in the statement of financial position.

Auxiliary Enterprises - Sales and services of auxiliary enterprises primarily include housing, food services, a bookstore, and other events. The College recognizes revenue for housing and food services proportionally over the applicable academic term. Fees related to housing and food received in advance of services are reported as deferred revenue in the statement of financial position. The College recognizes revenue from other sales and services of auxiliary enterprises at the point in time sales occur or as services are rendered.

Other Revenue - The College recognizes revenue from other sources as the related services are provided and/or amounts are otherwise earned upon satisfaction of the performance obligation in accordance with the terms of the underlying agreements.

**AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 1--- NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The College's receivables represent unconditional rights to consideration from its contracts with customers. Payment is due immediately once a customer is invoiced for tuition, fees, auxiliary services, and other sources.

The College does not present information about outstanding performance obligations as of year-end because its contracts with customers all had original terms of less than one year. The College does not have any contract assets. The College had no costs that were capitalized to obtain or to fulfill a contract with a customer.

The College's contract liabilities are presented as a deferred revenue in the statement of financial position. Deferred revenue in any period represents the excess of customer payments received over amounts recognized as revenue on the statement of activities.

The College maintains an institutional tuitional refund policy, which provides for all, or a portion of, tuition and fees to be refunded if a student withdraws during the stated refund period. The College does not record revenue for amounts that may be refunded.

During March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which has continued to spread rapidly and significantly affects local and worldwide economic activity and well-being. The rapid development and fluidity of the situation has created uncertainties while the pandemic persists. Within the 2022 audit year, the College received and utilized grants under the COVID-19 related activities.

Contributions Receivable and Revenue

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until donor stipulations are met. Contributions of assets other than cash are recorded at their estimated fair value.

An allowance for uncollectible contributions receivable is provided based upon management's judgment of such factors as prior collection history, type of contribution, and other relevant factors.

Comparative Financial Statements

The summarized financial information shown for fiscal year 2021 in the accompanying statement of financial position, statement of activities, statement of functional expenses, and statement of cash flows is included to provide a basis for comparison with fiscal year 2022.

**AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 1--- NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contracts

The College records revenues related to grants and contracts in two portfolio categories based on the source of the funds:

Governmental Grants and Contracts - provide funding for the College largely to advance academic benefit in direct support of the College's mission. The College primarily considers these sponsored research agreements to be contributions (nonreciprocal transactions). The College recognizes grant and contract revenue associated with contributions from government sponsors as earned when the conditions are met (allowable expenses have been incurred). Additionally, occasionally a small portion of government-sponsored awards qualifies as exchange (reciprocal) transactions. The transaction price for exchange transactions is the stated amount of the award. The College recognizes grants and contracts revenue related to these exchange transactions at the time services are provided.

Private Gifts and Grants - consist of private agencies, professional associations, private foundations, corporate foundations and corporations and may be either donors or sponsors depending on the nature, intent, and expectations of the funding they are providing. The College recognizes revenue associated with contributions from private sponsors as the conditions are met. Additionally, some private sponsor awards qualify as exchange (reciprocal) transactions. The transaction price for exchange transactions is the stated amount of the award. The College recognizes grants and contracts revenue related to these exchange transactions at the time services are provided.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, to disclose contingent assets and liabilities at the date of the financial statements, and to report amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The College is operated as a tax-exempt organization as described under Section 501(c) (3) of the Internal Revenue Code and is therefore exempt from Federal and State income taxes. Accordingly, no provisions for income taxes have been recorded.

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 1--- NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include checking and savings accounts, money market accounts, and certificate of deposits with maturities of three months or less. (See Note 16 regarding the credit risk associated with cash and cash equivalents.) The College has classified as restricted, certain cash and cash equivalents that are not available for use in its operations. (See Note 2 and Note 8)

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Property, Plant and Equipment

Land, buildings, building improvements, library holdings, equipment and furniture acquisitions are recorded at cost, or if contributed, at fair market value at the date of gift. Depreciation, and amortization which is reflected as an expense in the statement of activities, is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	3—10
Building and grounds	10—39
Library books	3—10
Enrollment Software	5—10

Deferred Revenues

The College records receipts obtained before service is rendered as a liability.

Compensated Absences

Employees of the College are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. The College's policy is vacation time must be taken during the year and cannot be carried over to the next year ; accordingly no liability for compensated absences has been recorded in the accompanying financial statements.

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 1--- NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

Management allocates expenses among its various functional areas according to the purpose or function for which they are incurred. Expenses that are identifiable with a specific program are assigned directly to the specific program by natural expenditure classification. Other expenses that are common to several programs and supporting activities are allocated based on objective, reasonable, rational and systematic established methodology.

NOTE 2---INVESTMENTS

The College's investment as of June 30, 2022 and June 30, 2021, consists of the following:

Unrestricted Investment

	<u>2022</u>		<u>2021</u>	
	Fair Value	Cost	Fair Value	Cost
Certificate of Deposits and Mutual Funds	<u>\$ 7,553</u>	<u>\$ 9,587</u>	<u>\$ 9,587</u>	<u>\$ 9,587</u>

Board Designated Investments

	<u>2022</u>		<u>2021</u>	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	<u>\$ 510,164</u>	<u>\$ 337,706</u>	<u>\$ 553,995</u>	<u>\$ 337,706</u>

Donor Restricted- With a Purpose

	<u>2022</u>		<u>2021</u>	
	Fair Value	Cost	Fair Value	Cost
Mutual funds and Certificates of Deposit	<u>\$ 947,703</u>	<u>\$804,477</u>	<u>1,067,232</u>	<u>\$ 804,477</u>

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

**NOTE 2---INVESTMENTS WITH DONOR RESITRCTIONS WITH A PURPOSE
(CONTINUED)**

Endowment Investment

Boddie Chair of Excellence

The Boddie Chair of Excellence was established on September 12, 1989, as an independent corporation of the First Baptist Church Huntsville (*Huntsville, Alabama*) and First Baptist Church Capitol Hill (*Nashville, Tennessee*). The original corpus is to remain untouched and only the interest and dividends are used for the payment of salaries to the faculty member designated as the Chair of Excellence Scholar.

	<u>2022</u>		<u>2021</u>	
	Fair Value	Cost	Fair Value	Cost
Cash	\$ 5,208	\$ 5,201	\$ 5,201	\$ 5,201
Mutual funds	<u>716,474</u>	<u>328,909</u>	<u>799,276</u>	<u>328,909</u>
	\$721,682	\$334,110	\$ 804,477	\$ 334,110

Friends of American Baptist College Library

The Friends of American Baptist College Library was established in 1996, as an independent corporation. The original corpus is to remain untouched and only the interest and dividends are used to provide books, periodicals, supplies, software and equipment for the library.

	<u>2022</u>		<u>2021</u>	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ 126,811	\$ 134,243	\$ 151,382	\$ 134,243

**AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

(with comparative financial information as of and for the year ended June 30, 2021)

**NOTE 2---INVESTMENTS WITH DONOR RESTRICTIONS WITH A
PURPOSE(CONTINUED)**

The Wardin Scholarship Fund

The Wardin Scholarship Fund was established by Albert and Lucile Wardin for scholarships. Only income from the fund shall be paid to the College for scholarships. However, no income shall be drawn until the fund has reached a total of \$100,000.

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ 122,896	\$ 120,011	\$ 142,012	\$ 120,011
<u>Total Endowment Funds</u>				
	2022		2021	
	Fair Value	Cost	Fair Value	Cost
<i>Total Endowment Funds</i>	<u>\$971,389</u>	<u>\$ 588,364</u>	<u>\$1,097,871</u>	<u>\$ 588,364</u>

Investment revenues are reported net of related fees which were \$2,052 and \$2,052 for the years ended June 30, 2022 and June 30, 2021.

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 3---LIQUIDITY AND AVAILABILITY OF RESOURCES

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, comprise the following:

	June 30, 2022	June 30, 2021
Cash and cash equivalents	\$1,365,191	\$1,088,258
Students accounts receivable, net of allowance for doubtful accounts	-	355,914
Other current receivable	101,369	89,650
Donor restricted endowment funds held in perpetuity	971,389	1,097,871
Board designated investments	510,164	553,995
Other investments (with donor purpose restrictions)	947,704	1,067,232
Other current assets	<u>11,603</u>	<u>5,889</u>
Total financial assets	\$3,907,420	\$4,038,796
Less assets unavailable for general expenditures within one year:		
Donor restricted endowment funds held in perpetuity	971,389	1,097,871
Board designated investments	510,164	553,995
Restricted by donors with purpose restrictions	<u>671,964</u>	<u>796,642</u>
Total assets unavailable for general expenditures within one year	2,153,517	2,448,508
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,753,903</u>	<u>\$1,590,288</u>

NOTE 4---ACCOUNTS RECEIVABLE

Student accounts receivable is recorded as follows:

	2022	2021
Student accounts receivable	\$ -	\$ 619,813
Vision 100 Scholarships	-	(51,973)
Presidential Scholarships	-	(98,962)
Philanthropic	-	(2,752)
Less: allowance for doubtful accounts	<u>-</u>	<u>(110,212)</u>
Total	<u>\$ -</u>	<u>\$ 355,914</u>

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 5---OTHER CURRENT RECEIVABLES

Other receivables consist consisted of pledges receivable. The amount due at June 30, 2022 and June 30, 2021 was \$101,369 and \$85,434, respectively.

NOTE 6 – OTHER CURRENT ASSETS

The loan detailed in Note-10 incurred \$8,046 in loan fees, including origination fee and other charges. The College amortized the financing cost over the life of the loan which is 5 years, using the straight-line method. The outstanding balance of loan financing cost at June 30, 2022 and 2021, were \$11,603 and \$5,889 respectively.

NOTE 7---PROPERTY, PLANT AND EQUIPMENT

Fixed assets consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 20,000	\$ 20,000
Building and grounds	9,921,091	8,857,322
Equipment and furniture	1,579,074	1,414,001
Library books	1,076,587	1,064,982
Enrollment management software	322,523	322,523
Less: accumulated depreciation and amortization	<u>(5,757,081)</u>	<u>(5,228,695)</u>
	<u>\$ 7,162,194</u>	<u>\$ 6,450,133</u>

Depreciation and amortization expense for the years ended June 30, 2022 and June 30, 2021 was \$528,386 and \$396,985, respectively.

NOTE 8---LINE OF CREDIT

The College received a \$500,000 line of credit with Fourth Capital Bank on January 29, 2021 with an interest rate of 5% and a maturity date of February 4, 2022. The balance on the line of credit as of June 30, 2022 is \$64,703.

NOTE 9—BUSINESS LOAN NOTE PAYABLE

The College has a \$3,000,000 business loan with a financial institution with an interest rate of 5% and an maturity date of February 4, 2022. The loan is secured by all buildings, structures and improvements, including all equipment, machinery, fixtures, furnishings, goods and personal property. Additional security includes title and interest in all leases, tenant contracts rental agreements and other similar agreements. The loan is payable in monthly installments of \$19,932 beginning March 4, 2021, included principal and interest with final payment due on February 4, 2027.

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 9—BUSINESS LOAN NOTE PAYABLE (CONTINUED)

Future minimum payment on this note is as follows:

<u>Year Ended June 30</u>	<u>Payments</u>
2023	\$ 100,648
2024	105,534
2025	110,658
2026	116,030
2027	121,663
Thereafter	2,334,000
Total Loans and notes payable	<u>\$ 2,888,533</u>

The current portion of this loan as of June 30, 2022 is \$100,648 and non-current portion is \$2,787,885.

NOTE 10--- ACCOUNTS PAYABLE AND CREDIT CARDS

The College maintains five revolving credit plans with interest rates ranging from 10.99% to 29.99%. Five of the credit plans have a total credit limit of \$203,200. The balance of these plans at June 30, 2022 and June 30, 2021 was \$69,968 and \$42,372, respectively.

The accounts payable balance is \$408,378 which mostly consists of an invoice payable of \$306,266 for a current construction project and \$102,112 for invoices relating to addition of property.

NOTE 11---PPP LOAN

January 30, 2021, The Organization was granted a loan from Fourth Capital in the aggregate amount of \$373,759 pursuant to the Paycheck Protection Program (the “PPP”) under the Division A, Title of the CARES Act, which was enacted March 27, 2020.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The College intends to use the proceeds for purposes consistent with the PPP. While the College currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the College to be ineligible for forgiveness of the loan, in whole or in part.

NOTE 12—OPERATING LEASES

The College leases certain office equipment under the terms of an operating lease. Equipment rental expense for the year ended June 30, 2022 was \$19,300.

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 13---ENDOWMENT FUNDS

ASC 958 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and requires additional disclosures about an organization's endowment funds. The College's endowment consists of approximately 600 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The College has interpreted UPMIFA as the prudent 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 net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (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, and (d) the remaining portion of the donor-restricted endowment until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the College and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the College
- g. The College's investment policies

Changes in endowment and other net assets for the fiscal year ended June 30, 2022 are as follows:

	Purpose/Time Restrictions	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ -	\$ 1,097,871	\$ 1,097,871
Investment return:			
Investment income	-	5,208	5,208
Net appreciation	-	(131,690)	(131,690)
Total investment increase	-	(126,482)	(126,482)
Contributions	-	-	-
Less: Investment return used for operation	-	-	-
Endowment net assets, end of year	\$ -	\$ 971,389	\$ 971,389

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 13---ENDOWMENT FUNDS (CONTINUED)

Changes in endowment and other net assets for the fiscal year ended June 30, 2021 are as follows:

	Purpose/Time Restrictions	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ -	\$ 767,784	\$ 767,784
Investment return:			
Investment income	-	5,201	5,201
Net appreciation	-	324,886	324,886
Total investment increase	-	330,087	330,087
Contributions	-	-	-
Less: Investment return used for operation	-	-	-
Endowment net assets, end of year	\$ -	\$ 1,097,871	\$ 1,097,871
Funds with Deficiencies:			

The fair value of assets associated with individual donor-restricted endowment funds, from time to time, may fall below the level that the donor or UPMIFA (as enacted by the State of Tennessee) requires the College to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2022 and June 30, 2021.

NOTE 14---FAIR VALUE MEASUREMENT

Effective July 1, 2008, the College adopted the provisions of FASB ASC 820-10, Fair Value Measurement. FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. Fair value is the price that the College would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820-10 does not change existing guidance as to whether an asset or liability is carried at fair value or not. FASB ASC 820-10 also establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable (based on independent, observable market sources) or unobservable (reflecting the College's own assumptions about assumptions that market participants would use in pricing the asset or liability, based upon the best information available in the circumstances).

Each asset or liability is assigned a level based upon the observability of the significant inputs into its valuation, a summary of which is:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the College has the ability to access at measurement date.

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 14---FAIR VALUE MEASUREMENT (CONTINUED)

- Level 2 – Other significant observable inputs, including quoted prices for similar assets or liabilities.
- Level 3 – Significant unobservable inputs including the College’s own assumptions.

The following is a summarization of the College’s financial assets measures at fair value:

Fair Value Measurements at Reporting Date Using

	Total 2022	Quoted price in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	\$588,097	\$588,097	\$ -	\$ -
Fixed Income	362,889	362,889	-	-
Equities	1,115,953	1,115,953	-	-
Alternative Assets	369,872	369,872	-	-
Total investments	<u>\$ 2,436,811</u>	<u>\$ 2,436,811</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Measurements at Reporting Date

	Total 2021	Quoted price in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	\$ 662,069	\$ 662,069	\$ -	\$ -
Fixed Income	610,976	610,976	-	-
Equities	1,286,834	1,286,834	-	-
Alternative Assets	168,805	168,805	-	-
Total investments	<u>\$ 2,728,684</u>	<u>\$ 2,728,684</u>	<u>\$ -</u>	<u>\$ -</u>

The fair values of investments in publicly traded mutual funds and publicly traded securities are determined based upon quoted market closing prices, using a market approach.

AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 15---NET ASSETS COMPOSITION

The composition of net assets as of June 30, 2022 and June 30, 2021 consisted of the following:

	2022	2021
Net assets without donor restrictions:		
Board designated	\$ 510,164	\$ 553,995
Undesignated	4,905,551	2,747,476
Total net assets without donor restrictions	<u>\$ 5,415,715</u>	<u>\$ 3,301,471</u>
Net assets with donor restrictions:		
Perpetual in nature	\$ 971,389	\$ 1,097,871
Purpose restrictions	671,964	796,642
Total net assets with donor restrictions	<u>\$ 1,643,353</u>	<u>\$ 1,894,513</u>

NOTE 16--- SCHEDULE OF UNRESTRICTED NET ASSETS EXCLUSIVE OF PLANT AND PLANT RELATED DEBT

	2022	2021
Net assets without donor restrictions	\$ 5,558,830	\$ 3,301,471
Less: Property, plant and equipment, net	(7,162,194)	(6,450,132)
Add: Plant related debt	2,705,570	2,994,068
Net assets without donor restrictions exclusive of plan, net depreciation and plant related debt	<u>\$ 1,102,206</u>	<u>\$ (154,593)</u>

NOTE 17---CONCENTRATION OF CREDIT RISK

As of June 30, 2022, and June 30, 2021, the College had a total of \$1,097,878 and \$1,097,846 respectively in cash deposits and money market accounts and various financial institutions. The amounts that exceeded the Federal Deposit Insurance Corporation (FDIC) coverage limitation of \$250,000 for a financial institution were by \$985,820 and \$719,245, respectively.

NOTE 18---DEFERRED REVENUE

As of June 30, 2022, the College has deferred revenue of \$797,154 in connection with Title III funds and accrued revenue of \$218,191 in connection with FUTURE funds. The net deferred revenue is \$578,963.

NOTE 19---RELATED PARTIES

The College has no related parties that require disclosure.

**AMERICAN BAPTIST COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

(with comparative financial information as of and for the year ended June 30, 2021)

NOTE 20---SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure as of November 15, 2022, the date management evaluated such events. November 15, 2022, is the date the financial statements were available to be issued.

AMERICAN BAPTIST COLLEGE
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
REQUIRED BY THE U.S. DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2022

The Department of Education issued regulations regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV. These disclosures are not required by accounting principles generally accepted in the United States of America, but are intended for use by the Department of Education and to ensure compliance with Federal Title IV regulations.

Net Assets

1. Net assets with donor restrictions: restricted in perpetuity	\$ 971,389
2. Other net assets with donor restrictions (not restricted in perpetuity):	
a. Annuities with donor restrictions	-
b. Term endowments	-
c. Life income funds (trusts)	-
d. Total annuities, term endowments, and life income funds with donor restrictions	<u>-</u>

Property, Plant, and Equipment, net

3. Pre-implementation property, plant, and equipment, net (PP&E, net)	
a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2022 financial statements)	\$ 4,652,749
b. Less subsequent depreciation and disposals	<u>824,650</u>
c. Balance Pre-implementation property, plant, and equipment, net	3,828,099
4. Debt Financed Post-implementation property, plant, and equipment, net	
Long-lived assets acquired with debt subsequent to June 30, 2022	-
5. Construction in progress - acquired subsequent to June 30, 2022	-
6. Post-implementation property, plant, and equipment, net, acquired without debt:	
a. Long-lived assets acquired without use of debt subsequent to June 30, 2022	<u>3,334,095</u>
7. Total Property, Plant, and Equipment, net - June 30, 2022	<u>\$ 7,162,194</u>

Debt to be excluded from expendable net assets

8. Pre-implementation debt:	
a. Ending balance of debt used for long-term purposes in the last financial statements submitted to the Department of Education (June 30, 2022):	\$ 2,912,754
b. Less subsequent debt repayments (net of debt issuance costs)	<u>207,184</u>
c. Balance pre-implementation debt used for long term purposes	2,705,570
9. Pre-implementation debt not used for the purchase of property, plant, and equipment or liability greater than asset value	
a. Ending balance of debt not used for long-term purposes in the last financial statements submitted to the Department of Education (June 30, 2022):	\$ -
b. Less subsequent debt repayments	<u>-</u>
c. Total pre-implementation debt not used for long term purposes	-
d. Total pre-implementation debt	2,705,570
10. Allowable post-implementation debt used for capitalized long-lived assets	-
11. Construction in progress (CIP) financed with current year debt	-
12. Long-term debt not for the purchase of property, plant and equipment or liability greater than asset value	<u>182,963</u>
13. Total debt June 30, 2022	<u>\$ 2,888,533</u>

AMERICAN BAPTIST COLLEGE
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
REQUIRED BY U.S DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2022

Primary Reserve Ratio:		
Statement of Financial Position - Net assets without		
1 donor restrictions	Net assets without donor restrictions	5,415,715
Statement of Financial Position page 3 - Net assets	Net assets with donor restrictions	
2 with donor restrictions		1,643,353
3 None	Unsecured related party receivable	
Statement of Financial Position page 3 - Property	Property, plant, and equipment, net (includes	
and equipment, net and Supplemental Disclosures,	Construction in progress) - Total	
4 Property, Plant, and Equipment, net Line 7		7,162,194
Supplemental Disclosures, Property, Plant, and	Property, plant, and equipment pre-	
5 Equipment, net Line 3c	implementation	3,828,099
Supplemental Disclosures, Property, Plant, and	Property, plant, and equipment post-	
6 Equipment, net Line Line 4	implementation with outstanding debt for	
Supplemental Disclosures, Property, Plant, and	original purchase	-
7 Equipment, net Line Line 6a	Property, plant, and equipment post-	
Supplemental Disclosures, Property, Plant, and	implementation without outstanding debt for	3,334,095
8 Equipment, net Line Line 5	Construction in progress	-
9 None	Lease right-of-use asset, net - Total	-
None	Lease right-of-use asset, pre-implementation	
	(grandfather of leases option not chosen)	-
10		
None	Lease right-of-use asset, post-implementation	-
11		
12 None	Intangible assets	-
13 None	Postemployment and pension liabilities	
Supplemental Disclosures Debt Line 8c	Long-term debt - for long term purposes pre-	
14	implementation	2,705,570
Supplemental Disclosures Debt Line 10	Long-term debt - for long term purposes post-	
15	implementation	-
16 Supplemental Disclosures Debt Line 11	Line of Credit for Construction in progress	-
17 None	Lease right-of-use asset liability	-
None	Pre-implementation right-of-use asset	
18	liability (grandfather of leases option not	-
None	Post-implementation right-of-use asset	
19	liability	
Supplemental Disclosure Line 2d: Annuities, term	Annuities, term endowments, and life	
20 endowments and life income with donor restrictions	income with donor restrictions	-
21 Supplemental Disclosure Line 2a: Annuities	Annuities with donor restrictions	-
22 Supplemental Disclosure Line 2b: Term endowments	Term endowments with donor restrictions	-
23 Supplemental Disclosure Line 2c: Life income funds	Life income funds with donor restrictions	-
Supplemental Disclosure Line 1 - Net assets	Net assets with donor restrictions: restricted	
24 restricted in perpetuity	in perpetuity	971,389
Total Expenses and Losses:		
Statement of Activities - Total operating expenses	Total expenses without donor restrictions -	
25	taken directly from Statement of Activities	6,212,225
26 None	Non-Operating	-
27 None	Net investment losses	-
28 None	Pension-related changes other than net	
	periodic costs	

AMERICAN BAPTIST COLLEGE
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
REQUIRED BY U.S DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2022

Equity Ratio:

		Modified Net Assets:	
Statement of Financial Position - Net assets	Net assets without donor restrictions		5,415,715
29 without donor restrictions			
Statement of Financial Position - Net assets	Net assets with donor restrictions		
30 with donor restrictions			1,643,353
31 None noted	Intangible assets		-
32 None noted	Unsecured related party receivables		-

		Modified Assets:	
33 Statement of Financial Position - Total assets	Total assets		11,069,613
34 None	Lease right-of-use asset pre-implementation		-
35 None	Pre-implementation right-of-use asset liability		-
36 None	Intangible assets		-
37 None	Unsecured related party receivables		-

Net Income Ratio:

Statement of Activities - Change in net assets	Change in Net Assets Without Donor		
38 without donor restrictions	Restrictions		1,894,231
Statement of Activities- Without donor restrictions - Total operating revenues, Nonoperating net assets released from restriction, and Nonoperating other additions,			
39 gains (losses)	Total Revenues and Gains		8,106,456



CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of
American Baptist College
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of American Baptist College's (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, and have issued our report thereon dated November 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Baptist College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Baptist College's internal control. Accordingly, we do not express an opinion on the effectiveness of *American Baptist College's* internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control described in the accompanying schedule of findings and questioned costs as [2022-001] that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Baptist College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as [2022-002] that we consider to be significant deficiencies.

American Baptist College's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on American Baptist College's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. American Baptist College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Hoskins & Company". The signature is stylized and cursive.

Hoskins & Company
Nashville, TN
November 15, 2022