

Benton Hall Corporation
Statement of Financial Position

<i>June 30,</i>	2020 (Reviewed)		
	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash	\$ 508,135	\$ 16,466	\$ 524,601
Accounts receivable	11,172	-	11,172
Inventory	726	-	726
Prepaid expenses	1,399	-	1,399
Property and equipment	43,495	-	43,495
TOTAL ASSETS	\$ 564,927	\$ 16,466	\$ 581,393
LIABILITIES			
Accounts payable	\$ 7,474	\$ -	\$ 7,474
Accrued liabilities	50,104	-	50,104
Deferred revenue	16,665	-	16,665
Paycheck Protection Program loan	130,497	-	130,497
Note payable	150,000	-	150,000
TOTAL LIABILITIES	354,740	-	354,740
NET ASSETS			
Without donor restrictions			
Undesignated	86,061	-	86,061
Designated by the Board for long term reserves	124,126	-	124,126
Total without donor restrictions	210,187	-	210,187
With donor restrictions	-	16,466	16,466
TOTAL NET ASSETS	210,187	16,466	226,653
TOTAL LIABILITIES AND NET ASSETS	\$ 564,927	\$ 16,466	\$ 581,393

See independent accountants' review report and notes to financial statements.

Benton Hall Corporation
Statement of Financial Position

<i>June 30,</i>	<i>2019 (Audited)</i>		
	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash	\$ 298,470	\$ 11,466	\$ 309,936
Accounts receivable	8,040	-	8,040
Inventory	726	-	726
Prepaid expenses	21,286	-	21,286
Property and equipment	60,629	-	60,629
TOTAL ASSETS	\$ 389,151	\$ 11,466	\$ 400,617
LIABILITIES			
Accounts payable	\$ 4,063	\$ -	\$ 4,063
Accrued liabilities	55,109	-	55,109
Deferred revenue	20,714	-	20,714
Note payable	7,690	-	7,690
TOTAL LIABILITIES	87,576	-	87,576
NET ASSETS			
Without donor restrictions			
Undesignated	177,449	-	177,449
Designated by the Board for long term reserves	124,126	-	124,126
Total without donor restrictions	301,575	-	301,575
With donor restrictions	-	11,466	11,466
TOTAL NET ASSETS	301,575	11,466	313,041
TOTAL LIABILITIES AND NET ASSETS	\$ 389,151	\$ 11,466	\$ 400,617

See independent accountants' review report and notes to financial statements.

Benton Hall Corporation
Statement of Activities

<i>For the Year Ended June 30,</i>	2020 (Reviewed)		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Tuition and fees	\$ 786,079	\$ -	\$ 786,079
Less: financial aid and discounts	(42,226)	-	(42,226)
Service fees	12,500	-	12,500
TUITION AND FEES, NET	756,353	-	756,353
Other income	20,603	-	20,603
Contributions	62,160	8,900	71,060
Special events revenues, net of direct costs	22,196	-	22,196
Other income	317	-	317
Net assets released from restrictions	3,900	(3,900)	-
TOTAL SUPPORT AND REVENUE	865,529	5,000	870,529
EXPENSES			
Program services	700,054	-	700,054
Management and general	230,017	-	230,017
Fundraising	26,846	-	26,846
TOTAL EXPENSES	956,917	-	956,917
CHANGE IN NET ASSETS	(91,388)	5,000	(86,388)
NET ASSETS AT BEGINNING OF YEAR	301,575	11,466	313,041
NET ASSETS AT END OF YEAR	\$ 210,187	\$ 16,466	\$ 226,653

See independent accountants' review report and notes to financial statements.

Benton Hall Corporation
Statement of Activities

<i>For the Year Ended June 30,</i>	<i>2019 (Audited)</i>		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Tuition and fees	\$ 926,189	\$ -	\$ 926,189
Less: financial aid and discounts	(83,753)	-	(83,753)
Service fees	8,816	-	8,816
TUITION AND FEES, NET	851,252	-	851,252
Other income	30,999	-	30,999
Contributions	26,876	5,600	32,476
Special events revenues, net of direct costs	37,561	-	37,561
Other income (expenses)	416	-	416
Net assets released from restrictions	18,883	(18,883)	-
TOTAL SUPPORT AND REVENUE	965,987	(13,283)	952,704
EXPENSES			
Program services	736,113	-	736,113
Management and general	221,008	-	221,008
Fundraising	30,662	-	30,662
TOTAL EXPENSES	987,783	-	987,783
CHANGE IN NET ASSETS	(21,796)	(13,283)	(35,079)
NET ASSETS AT BEGINNING OF YEAR	323,371	24,749	348,120
NET ASSETS AT END OF YEAR	\$ 301,575	\$ 11,466	\$ 313,041

See independent accountants' review report and notes to financial statements.

Benton Hall Corporation
Statement of Functional Expenses

For the Year Ended June 30,

2020 (Reviewed)

	Program Services	Management and General	Fundraising	Total
Outside labor and services	\$ 7,025	\$ -	\$ -	\$ 7,025
Salaries and wages	458,826	129,045	15,790	603,661
Employee benefits	29,424	5,489	-	34,913
Payroll taxes	30,990	9,779	1,180	41,949
Fees for services	2,045	60,935	-	62,980
Supplies	7,451	675	2,400	10,526
Dues and subscriptions	5,124	711	-	5,835
Taxes and insurance	9,280	5,955	-	15,235
Student activities	5,196	-	-	5,196
Public relations and marketing	3,790	9,800	6,054	19,644
Bank charges	1,662	-	303	1,965
Telecommunications	6,427	-	-	6,427
Postage and shipping	3,129	393	-	3,522
Occupancy	89,440	2,795	932	93,167
Equipment rental and maintenance	4,891	-	-	4,891
Travel and vehicle	558	-	-	558
Meetings	2,078	-	16	2,094
Interest	137	-	-	137
Depreciation	12,851	4,112	171	17,134
Other expenses	2,241	328	-	2,569
Bad debts and collection costs	3,285	-	-	3,285
Costs of goods sold	14,204	-	-	14,204
TOTAL EXPENSES	\$ 700,054	\$ 230,017	\$ 26,846	\$ 956,917

See independent accountants' review report and notes to financial statements.

Benton Hall Corporation
Statement of Functional Expenses

For the Year Ended June 30,

2019 (Audited)

	Program Services	Management and General	Fundraising	Total
Outside labor and services	\$ 20,949	\$ -	\$ -	\$ 20,949
Salaries and wages	439,521	136,811	16,735	593,067
Employee benefits	39,457	6,218	230	45,905
Payroll taxes	31,369	10,224	1,237	42,830
Fees for services	2,800	36,708	-	39,508
Supplies	8,632	183	2,098	10,913
Dues and subscriptions	3,692	2,396	-	6,088
Taxes and insurance	8,976	5,435	-	14,411
Student activities	18,838	-	-	18,838
Public relations and marketing	511	10,606	9,100	20,217
Bank charges	91	-	55	146
Telecommunications	3,811	-	-	3,811
Postage and shipping	2,463	471	-	2,934
Occupancy	89,865	2,808	936	93,609
Equipment rental and maintenance	6,153	-	-	6,153
Travel and vehicle	1,643	-	-	1,643
Meetings	1,000	2,001	67	3,068
Interest	427	135	-	562
Depreciation	15,353	4,913	204	20,470
Other expenses	2,147	2,099	-	4,246
Bad debts and collection costs	19,440	-	-	19,440
Costs of goods sold	18,975	-	-	18,975
TOTAL EXPENSES	\$ 736,113	\$ 221,008	\$ 30,662	\$ 987,783

See independent accountants' review report and notes to financial statements.

Benton Hall Corporation
Statement of Cash Flows

<i>For the Year Ended June 30,</i>	2020 (Reviewed)		
	Without Donor Restrictions	With Donor Restrictions	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ (91,388)	\$ 5,000	\$ (86,388)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities			
Depreciation	17,134	-	17,134
Bad debts	3,285	-	3,285
Changes in assets and liabilities:			
Accounts receivable	(6,417)	-	(6,417)
Prepaid expenses	19,887	-	19,887
Accounts payable	3,411	-	3,411
Accrued liabilities	(5,005)	-	(5,005)
Deferred revenue	(4,049)	-	(4,049)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(63,142)	5,000	(58,142)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Paycheck Protection Program loan	130,497		130,497
Principal borrowings of note payable	150,000	-	150,000
Principal repayments of note payable	(7,690)	-	(7,690)
NET CASH PROVIDED BY FINANCING ACTIVITIES	272,807	-	272,807
NET INCREASE IN CASH	209,665	5,000	214,665
CASH AT BEGINNING OF YEAR	298,470	11,466	309,936
CASH AT END OF YEAR	\$ 508,135	\$ 16,466	\$ 524,601

See independent accountants' review report and notes to financial statements.

Benton Hall Corporation
Statement of Cash Flows

<i>For the Year Ended June 30,</i>	2019 (Audited)		
	Without Donor Restrictions	With Donor Restrictions	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ (21,796)	\$ (13,283)	\$ (35,079)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities			
Depreciation	20,470	-	20,470
Bad debts	19,440	-	19,440
Changes in assets and liabilities:			
Accounts receivable	(19,242)	-	(19,242)
Inventory	(226)	-	(226)
Prepaid expenses	(10,586)	-	(10,586)
Accounts payable	2,838	-	2,838
Accrued liabilities	4,182	-	4,182
Deferred revenue	9,998	-	9,998
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	5,078	(13,283)	(8,205)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(17,048)	-	(17,048)
NET CASH USED BY INVESTING ACTIVITIES	(17,048)	-	(17,048)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayments of note payable	(9,073)	-	(9,073)
NET CASH USED BY FINANCING ACTIVITIES	(9,073)	-	(9,073)
NET DECREASE IN CASH	(21,043)	(13,283)	(34,326)
CASH AT BEGINNING OF YEAR	319,513	24,749	344,262
CASH AT END OF YEAR	\$ 298,470	\$ 11,466	\$ 309,936

See independent accountants' review report and notes to financial statements.

Benton Hall Corporation

Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Benton Hall Corporation (the Academy) is a Tennessee non-profit corporation which operates as Benton Hall Academy. The Academy is located in Nashville, Tennessee, and serves students in the Middle Tennessee area. It is a private co-educational school for grades three through twelve. The Academy is dedicated to the education of students with learning differences who may not thrive in a traditional educational setting. The Academy's operations are supported primarily through tuition and fees collected for services.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying 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). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivable

Tuition and fees are due from July through May, depending on the type of deferred payment plan chosen. Carrying amounts of receivables for tuition, fees, and pledges are reduced by a valuation allowance, if necessary, which reflects the Academy's best estimate of the amounts that will not be collected. The allowances are estimated based on the Academy's knowledge of its supporters, students, historical loss experience, and existing economic conditions. It is the Academy's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Benton Hall Corporation
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

The Academy reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Academy, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition and Deferred Revenue

Tuition is recognized as revenue pro-rata over the school year. Deposits received for tuition for future school years are shown as deferred revenue until earned.

Benton Hall Corporation
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from restrictions. Contributions receivable are recorded at the time a promise is made. For the years ended June 30, 2020 and 2019, one donor comprised 14% and 11% of contributions received, respectively.

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 Academy. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to program, management and general, or fundraising services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Advertising and Promotion

The Academy uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 2020 and 2019, advertising costs totaled \$19,644 and \$20,217, respectively.

Income Taxes

Under section 501(c)(6) of the Internal Revenue Code, the Academy is exempt from taxes on income other than unrelated business income. The Academy does not have any significant sources of unrelated business income. In addition, the Academy qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is a not private foundation under Section 509(a)(2).

Benton Hall Corporation
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Academy utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2020 and 2019, the Academy has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. The Academy believes it is no longer subject to income tax examinations for years prior to **2017**.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance.

Due to the COVID pandemic, in June 2020, the FASB issued ASU 2020-05 that delayed the effective date of ASC 606 for all privately-held companies and private not-for-profit organizations that have not issued their financial statements or made their financial statements available to be issued for annual periods beginning after December 15, 2019 and interim reporting periods beginning after December 15, 2020. As such the Academy continues to report under the revenue recognition requirements in Topic 605, *Revenue Recognition*.

The Academy is adopting this new guidance for its 2021 annual reporting period and anticipates applying the modified retrospective method, which may result in a cumulative-effect adjustment to opening net assets with an insignificant change to revenue on a go-forward basis.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted, but has not been elected by the Academy. The Academy is currently evaluating the impact of the guidance on its financial statements.

Benton Hall Corporation
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 12, 2021 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Contingencies

The Academy has elected to be a reimbursing employer for unemployment claims, rather than paying Tennessee state unemployment insurance premiums. Reimbursing employers pay actual approved claims as they occur, plus an administrative fee. The Academy is not aware of any pending unemployment claims.

Note 3: FINANCIAL ASSET AVAILABILITY

The Academy maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Academy's expenditures come due. The following reflects the Academy's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

	2020	2019
Financial assets, at year end		
Cash	\$ 524,601	\$ 309,936
Accounts receivable, net	11,172	8,040
Total financial assets	535,773	317,976
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	(16,466)	\$ 11,466
Financial assets available to meet general expenditures within one year	\$ 519,307	\$ 329,442

Financial assets at year-end as noted in the above schedule exclude property and equipment and prepaid expenses.

Benton Hall Corporation
Notes to Financial Statements

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

<i>June 30,</i>	2020	2019
Tuition receivable	\$ 13,565	\$ 30,454
Allowance for doubtful accounts	(2,393)	(22,414)
	\$ 11,172	\$ 8,040

Bad debt expense totaled \$3,285 and \$19,440 for 2020 and 2019, respectively.

Note 5: PROPERTY AND EQUIPMENT

Property and equipment - net consist of the following:

<i>June 30,</i>	2020	2019
Furniture and fixtures	\$ 24,297	\$ 24,297
Equipment	235,137	235,137
Transportation equipment	59,869	59,869
Leasehold improvements	18,425	18,425
Website development costs	7,230	7,230
	344,958	344,958
Accumulated depreciation	(301,463)	(284,329)
	\$ 43,495	\$ 60,629

Depreciation expense for the years ended June 30, 2020 and 2019 was \$17,134 and \$20,470, respectively.

Note 6: PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act. One component of the CARES Act was the Paycheck Protection Program ("PPP") which provides small business with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration ("SBA") with support from the Department of the Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. The Academy applied for and was accepted to participate in this program. On April 17, 2020 the Academy received funding for approximately \$130,497.

Benton Hall Corporation
Notes to Financial Statements

Note 6: PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

The loan is a two-year loan with a maturity date of April 17, 2022. The loan bears an annual interest rate of 1%. The loan shall be payable monthly with the first six monthly payments deferred. It is the Academy's intent to apply for loan forgiveness under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the sole approval of the SBA. The Academy is eligible for loan forgiveness in an amount equal to payments made during the 24-week period beginning on the loan date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses. The Academy used all loan proceeds to partially subsidize direct payroll expenses. If the loan is not forgiven the principal maturities will be \$57,392 and \$73,105 for the years ended June 30, 2021 and 2022, respectively.

Note 7: NOTES PAYABLE

Notes payable debt consists of the following:

<i>June 30,</i>	2020	2019
Note payable to US Government with interest of 2.75%, principal and interest totaling \$641 due monthly through maturity date of May 24, 2050, and secured by all property.	\$ 150,000	\$ -
Note payable to Pinnacle Bank, with interest at 5.00%, principal and interest totaling \$876 due monthly through maturity date of February 28, 2020, and secured by transportation equipment.	\$ -	\$ 7,690
	\$ 150,000	\$ 7,690

Interest expense was \$137 and \$562 for the years ended June 30, 2020 and 2019, respectively.

Principal maturities for each of the next five years and thereafter, excluding the PPP loan discussed above, follow:

<i>Years Ending June 30,</i>	
2021	\$ -
2022	596
2023	3,631
2024	3,732
2025	3,836
Thereafter	138,205
	\$ 150,000

Benton Hall Corporation
Notes to Financial Statements

Note 8: LINE OF CREDIT

The Academy maintains a line of credit agreement with a financial institution. Available borrowings related to the agreement are \$25,000, with an interest rate at the bank's prime rate (3.25% at June 30, 2020) plus 475 basis points subject to a floor rate of 5.0%. The line of credit is unsecured. The credit line expires on June 11, 2025. There was no outstanding balance as of June 30, 2020 and 2019.

Note 9: NET ASSETS

A summary of net assets with donor restrictions follows:

<i>June 30,</i>		2020		2019
Financial aid	\$	1,889	\$	1,889
Behavioral testing		2,500		2,500
Technology		6,761		6,761
Other		316		316
Modular classroom		5,000		-
	\$	16,466	\$	11,466

Net assets released from net assets with donor restrictions are as follows:

<i>For the Year Ended June 30,</i>		2020		2019
Financial aid	\$	1,000	\$	1,100
Sports		-		2,000
Technology		-		4,394
Playground		-		2,272
Science department		-		9,117
Teacher bonuses		2,700		-
Other		200		-
	\$	3,900	\$	18,883

Note 10: COMMITMENTS

The Academy leases its facility, located in Nashville, Tennessee, under an operating lease that matures on July 31, 2027. The lease agreement requires monthly lease payments of \$6,500 along with monthly payments of \$1,000 for the Academy's share of operating expenses. Monthly lease payments remain fixed until August 1, 2022, when the monthly lease payment increases to \$7,150. The Academy has a tenant's right of first refusal in the event that the landlord enters into a binding contract to sell the property to an unaffiliated third party.

Benton Hall Corporation
Notes to Financial Statements

Note 10: COMMITMENTS (CONTINUED)

In the event that the tenant does not exercise the right of first refusal, the landlord has the option to terminate the lease as of the early termination date. The early termination date is defined as follows:

If a sales contract has a closing date between:	The early termination date shall be the last day of:
January and May	May of the following calendar year
June and August	August of the following calendar year
September and June	June of the following calendar year.

Rent expense for the years ended June 30, 2020 and 2019 was \$96,699 and \$97,269, respectively.

Minimum lease payments under operating leases that are noncancelable by the Academy are as follows:

For the Years Ended June 30,

2021	\$	90,000
2022		90,000
2023		97,150
2024		97,800
2025		97,800
		\$ 472,750

Note 11: CONCENTRATIONS OF CREDIT RISK

The Academy maintains cash with a financial institution in excess of the FDIC limit of \$250,000 by \$272,000 and \$60,000 at June 30, 2020 and 2019, respectively.

Note 12: RETIREMENT PLAN

Employees of the Academy are eligible to participate in a SIMPLE IRA retirement plan. Under the plan, the Academy matches 100% of the amount the employee elects to contribute to the plan up to a maximum of 3% of the employee's eligible compensation. Retirement expense totaled \$10,351 and \$10,675 for the years ended June 30, 2020 and 2019, respectively.

Benton Hall Corporation
Notes to Financial Statements

Note 13: EFFECT OF COVID-19 PANDEMIC

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Academy and financial results will depend on future developments, including the duration and spread of the outbreak within markets in which the Academy operates and the related impact on our students and their families, all of which are highly uncertain. The Academy is in the process of applying for forgiveness of its Paycheck Protection Program loan. The Academy expects to recognize \$120,497 of debt forgiveness income during the fiscal year ended June 30, 2021.