

**HIGHLANDS COLLEGE, INC.
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Highlands College, Inc.
Birmingham, Alabama

We have audited the accompanying financial statements of Highlands College, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 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 Highlands College, Inc. as of June 30, 2021 and 2020 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.

Haynes Downard LLP

Haynes Downard LLP
Birmingham, Alabama

November 10, 2021



HIGHLANDS COLLEGE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 3,377,862	\$ 1,806,450
Accounts receivable	72,340	57,328
Contributions receivable, net	1,188,735	665,721
Investments	28,401,707	23,695,009
Prepaid expenses	392,125	352,785
Property and equipment, net	31,236,219	3,729,924
Contributed use of property, net	58,982,017	-
	Total Assets	Total Assets
	\$ 123,651,005	\$ 30,307,217
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 4,052,211	\$ 208,185
Deferred revenue	145,964	187,662
Construction loan payable	2,395,494	-
	Total liabilities	Total liabilities
	6,593,669	395,847
Net Assets		
Without donor restrictions	52,398,630	27,269,604
With donor restrictions	64,658,706	2,641,766
	Total net assets	Total net assets
	117,057,336	29,911,370
	Total Liabilities and Net Assets	Total Liabilities and Net Assets
	\$ 123,651,005	\$ 30,307,217



HIGHLANDS COLLEGE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Tuition and fees	\$ 3,477,522	\$ -	\$ 3,477,522
Less scholarships and discounts	(376,260)	-	(376,260)
Net tuition and fees	3,101,262	-	3,101,262
Contributions and support	26,560,616	2,682,186	29,242,802
In-kind contributions	1,347,500	62,077,183	63,424,683
Rental income	980,780	-	980,780
Net investment income	2,853,961	352,737	3,206,698
Other income	63,012	-	63,012
Releases from restrictions	3,095,166	(3,095,166)	-
Total revenues	38,002,297	62,016,940	100,019,237
Expenses			
Academic	7,167,627	-	7,167,627
Management and general	4,153,891	-	4,153,891
Advancement	1,551,753	-	1,551,753
Total expenses	12,873,271	-	12,873,271
Change in Net Assets	25,129,026	62,016,940	87,145,966
Net assets, beginning of year	27,269,604	2,641,766	29,911,370
Net assets, end of year	<u>\$ 52,398,630</u>	<u>\$ 64,658,706</u>	<u>\$ 117,057,336</u>



HIGHLANDS COLLEGE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Tuition and fees	\$ 4,092,336	\$ -	\$ 4,092,336
Less scholarships and discounts	(248,590)	-	(248,590)
Net tuition and fees	3,843,746	-	3,843,746
Contributions and support	8,529,337	2,005,474	10,534,811
In-kind contributions	1,347,500	-	1,347,500
Rental income	817,163	-	817,163
Net investment income	655,675	41,852	697,527
Other income	61,451	-	61,451
Releases from restrictions	24,160	(24,160)	-
Total revenues	15,279,032	2,023,166	17,302,198
Expenses			
Academic	5,084,784	-	5,084,784
Management and general	2,380,534	-	2,380,534
Advancement	809,592	-	809,592
Total expenses	8,274,910	-	8,274,910
Change in Net Assets	7,004,122	2,023,166	9,027,288
Net assets, beginning of year	20,265,482	618,600	20,884,082
Net assets, end of year	<u>\$ 27,269,604</u>	<u>\$ 2,641,766</u>	<u>\$ 29,911,370</u>



HIGHLANDS COLLEGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Academic</u>	<u>Management and General</u>	<u>Advancement</u>	<u>Total</u>
Rent expense in-kind	\$ 2,665,599	\$ 1,332,800	\$ 444,267	\$ 4,442,666
Salaries and related	1,378,855	2,298,093	449,903	4,126,851
Supplies, services, and other	569,916	341,949	597,233	1,509,098
Apartment leases	1,276,948	-	-	1,276,948
Student auxiliary	796,082	-	-	796,082
Interest expense	160,611	80,306	26,769	267,686
Professional fees	137,379	68,689	22,896	228,964
Bad debt expense	118,131	-	-	118,131
Depreciation	64,106	32,054	10,685	106,845
	<u>\$ 7,167,627</u>	<u>\$ 4,153,891</u>	<u>\$ 1,551,753</u>	<u>\$ 12,873,271</u>



HIGHLANDS COLLEGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Academic</u>	<u>Management and General</u>	<u>Advancement</u>	<u>Total</u>
Rent expense in-kind	\$ 1,212,750	\$ 94,325	\$ 40,425	\$ 1,347,500
Salaries and related	1,104,601	1,841,003	379,536	3,325,140
Supplies, services, and other	569,106	341,463	355,050	1,265,619
Apartment leases	1,141,938	-	-	1,141,938
Student auxiliary	663,749	-	-	663,749
Interest expense	-	-	-	-
Professional fees	159,121	79,561	26,520	265,202
Bad debt expense	185,154	-	-	185,154
Depreciation	48,365	24,182	8,061	80,608
	<u>\$ 5,084,784</u>	<u>\$ 2,380,534</u>	<u>\$ 809,592</u>	<u>\$ 8,274,910</u>



HIGHLANDS COLLEGE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 87,145,966	\$ 9,027,288
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Contributed use of property	(59,055,777)	-
Contributions for endowment	(2,053,461)	(1,315,593)
Net realized and unrealized gain on investments	(2,639,385)	(212,415)
Depreciation	106,845	80,608
Amortization - construction loan issuance costs	75,197	-
Amortization - discount of promised use of property	73,760	-
Increase in allowance for uncollectible contributions receivable	72,000	122,000
Decrease in allowance for doubtful accounts	-	(183)
Changes in assets and liabilities that (used) provided cash:		
Accounts receivable	(15,012)	36,928
Contributions receivable	(595,014)	(787,721)
Prepaid expenses	(39,340)	(27,067)
Accounts payable	3,844,026	186,856
Deferred revenues	(41,698)	65,499
Net cash provided by operating activities	<u>26,878,107</u>	<u>7,176,200</u>
Cash Flows from Investing Activities		
Purchase of investments	(2,067,313)	(4,985,111)
Purchase of property and equipment	<u>(27,613,140)</u>	<u>(2,686,881)</u>
Net cash (used in) investing activities	(29,680,453)	(7,671,992)
Cash Flows from Financing Activities		
Proceeds from construction loan	21,620,297	-
Payments on construction loan	(19,300,000)	-
Contributions received for endowment	<u>2,053,461</u>	<u>1,315,593</u>
Net cash provided by financing activities	<u>4,373,758</u>	<u>1,315,593</u>
Change in Cash and Cash Equivalents	1,571,412	819,801
Cash and cash equivalents, beginning of year	<u>1,806,450</u>	<u>986,649</u>
Cash and cash equivalents, end of year	<u>\$ 3,377,862</u>	<u>\$ 1,806,450</u>
Supplemental Disclosure of Cash Flow Information		
Non-cash financing of issuance costs on construction loan	<u>\$ 563,978</u>	<u>\$ -</u>

See notes to financial statements.



HIGHLANDS COLLEGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Highlands College, Inc., the ("College") is a tax exempt, non-profit educational institution and is affiliated with Church of the Highlands, Inc. The College was incorporated on November 18, 2015 and is located in Hoover, Alabama.

The College holds applicant status with Association for Biblical Higher Education Commission on Accreditation ("ABHE"). Applicant status is a pre-membership status granted to those institutions that meet the ABHE conditions of eligibility and that possess such qualities as may provide a basis for achieving candidate status within five years. The College provides accredited educational opportunities to its students through an agreement with Southeastern University.

Basis of Presentation and Use of Estimates

The financial statements of the College have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the statement of financial position date and the reported amounts of revenues and expenses during the period. Actual results could differ from the estimates used in the financial statements.

Classification of Net Assets

Resources are classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net assets categories and the types of transaction affecting each category are as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of gifts without restrictions, previously restricted gifts whose donor-imposed restrictions have been satisfied during the year, investment income and expenses associated with the core activities of the College.

With Donor Restrictions - Net assets subject to donor-imposed restrictions. This includes net assets that must be maintained in perpetuity, as well as net assets for which donor-imposed restrictions will be met by actions of the College or the passage of time. Satisfaction of restrictions are reported as net assets released from restrictions.

Cash and Cash Equivalents

The College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, except for money market and other cash equivalents held in investment accounts.



HIGHLANDS COLLEGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounts Receivable

Accounts receivable consist primarily of amounts due from students for tuition and fees, and are reported at the amount billed or accrued, net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on management's review of historical experience and current economic conditions. An allowance was not considered necessary as of June 30, 2021 and 2020.

Contributions Receivable

Contributions receivable with payments due in future periods are reported as increases in net assets with donor restrictions at the estimated present value of future cash flows. The College recognizes receivable balances net of an allowance for amounts estimated to be uncollectible based on past collection experience and other judgmental factors.

Investments

Investments of marketable securities are reported at fair value, all of which are measured using Level 1 inputs, which are defined as quoted market prices in active markets for identical investments. Net investment income includes gains and losses on investments bought and sold as well as held during the year.

Property and Equipment

Property and equipment, which are purchased, are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. The College capitalizes all property and equipment whose cost at time of purchase or market value at time of donation exceeds \$5,000. No limitations or restrictions have been placed on any property of the College. Depreciation is provided over the estimated useful lives using the straight-line method. Maintenance and repairs are charged as expenses when incurred. Property and equipment are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss will be recognized only if the carrying amount of a long-lived asset is not recoverable. The College did not recognize any impairment losses during the years ended June 30, 2021 and 2020.

Revenue Recognition

Tuition and fees are recognized in the amount that reflects the consideration expected for providing academic services in the period those services cover. Amounts collected by the College for future periods but are unearned at year end are reported as deferred revenue in the statements of financial position.

Contributions are recognized upon receipt of an unconditional commitment from the donor, and are classified based on the existence or nature of any donor restrictions. Contributions of non-cash assets are recorded at the estimated fair market value on the date of the contribution.



HIGHLANDS COLLEGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Classification of Expenses

Amounts reported as academic expenses are in direct support of the College's primary activity of providing educational opportunities. The costs of academic, management and general, and advancement have been summarized on a functional basis, based upon the function directly benefited. Certain costs have been allocated based on the function benefited, primarily based upon salary allocations.

Income Taxes

The College is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The College has no uncertain tax positions that qualify for recognition or disclosure in the financial statements as of June 30, 2021 and 2020.

Compensated Absences

Employees are entitled to paid vacations, sick days, and personal days, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recognized. It is the College's policy to recognize the cost of compensated absences when actually paid.

Prepaid Expenses

Prepaid expenses consist primarily of prepaid salaries and related expenses.

Endowment Interpretation of Relevant Law

The Board of Trustees of the College has interpreted the Alabama Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date, absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as net assets with donor restrictions, the original value of gifts to the permanent endowment. The remaining portion of the endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions (board designated endowment). Accumulated earnings on the permanent endowment are classified as net assets with donor restrictions until expended as described in the spending policy of this footnote.

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 of the College
- (7) The investment policies of the College

The College's endowment does not include contributions pending donor designation or contributions receivable.



HIGHLANDS COLLEGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Endowment 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 or UPMIFA requires the College to retain a fund of perpetual duration. There were no such deficiencies as of June 30, 2021 and 2020.

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, as well as funds that the Board has designated to function as an endowment.

Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of comparable recognized measures of performance, while assuming a moderate level of investment risk. The College expects its endowment funds, over time, to provide an average rate of return of approximately 6 percentage points higher than the rate of inflation as measured by the Consumer Price Index over the same period of time. Actual returns in any given year may vary from this amount.

Endowment Strategies Employed for Achieving Objectives

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 places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy

For the purposes of determining the annual distribution, the College plans to distribute 90% of realized and unrealized income unless otherwise authorized by the Board of Directors, but not to exceed 7% of the endowment fund value. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long-term, the College expects the current spending policy to allow its endowment to grow by an amount that would exceed expected inflation. This is consistent with the College's objective to maintain the purchasing power of the 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 did not appropriate funds during the years ended June 30, 2021 and 2020.

Concentrations of Credit Risk

Financial instruments that potentially are subject to concentrations of credit risk consist primarily of cash and cash equivalents, and investments held with financial institutions. The College has not experienced, nor does it anticipate, any credit-risk-related losses in such accounts.



HIGHLANDS COLLEGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Reclassifications

Certain items in the prior year presentation have been reclassified to conform to the current year presentation.

Evaluation of Subsequent Events

The College evaluates events occurring subsequent to the statement of financial position date to determine if recognition in the financial statements or disclosure is appropriate. The College has evaluated subsequent events through November 10, 2021, which is the date the financial statements were available to be issued.

NOTE 2. CONTRIBUTIONS RECEIVABLE

Contributions receivable, consisting of unconditional promises to give, have been discounted to present value at 5% and are expected to be collected as follows as of June 30, 2021:

Within one year	\$	808,318
Between one year and five years		612,446
Less: discount to present value		(38,029)
Less: allowance for uncollectible promises		(194,000)
		<u>1,188,735</u>
Contributions receivable, net	\$	<u>1,188,735</u>

NOTE 3. INVESTMENTS

Investments, all of which are measured at fair value using level 1 inputs, consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 1,321,664	\$ 2,741,797
Fixed income funds	18,068,010	13,402,686
Global equity funds	<u>9,012,033</u>	<u>7,550,526</u>
Investments	<u>\$ 28,401,707</u>	<u>\$ 23,695,009</u>

Net investment income consist of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 567,313	\$ 490,250
Net realized and unrealized gains	<u>2,639,385</u>	<u>207,277</u>
Net investment income	<u>\$ 3,206,698</u>	<u>\$ 697,527</u>



HIGHLANDS COLLEGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2021	2020
Furniture and equipment	\$ 927,170	\$ 585,044
Construction in progress	30,762,333	3,491,319
Less: accumulated depreciation	(453,284)	(346,439)
Property and equipment, net	\$ 31,236,219	\$ 3,729,924

NOTE 5. CONTRIBUTED USE OF PROPERTY

In July 2020, the College received an unconditional promise from Church of the Highlands, which provides the use of the Grandview property at no charge to the College through June, 2050. On the date of the commitment, the College recognized an in-kind contribution, net of a 5% discount to present value, in the amount of \$59,055,777. The value of contributed use of property was determined by the total amount of notional payments for the acquisition costs, less accumulated depreciation of the property on the date of the agreement. Payment amounts include an increase of 2% each year over the term of the agreement.

Contributed use of property consist of the following as of June 30, 2021:

Value of contributed use of property	\$ 122,469,775
Present value discount	(63,487,758)
Contributed use of property, net	\$ 58,982,017

Amortization of the present value discount in the amount of \$3,021,406 is included in restricted in-kind contributions in the statement of activities for the year ended June 30, 2021. Utilization of the contributed use of property in the amount of \$3,095,166 is included in rent expense in-kind in the statement of functional expenses for the year ended June 30, 2021.

NOTE 6. CONSTRUCTION LOAN

In November 2020, the College entered into a construction loan agreement with a financial institution for the purposes of financing construction and renovation projects at its Grandview campus. Under this agreement, interest is accrued at 4.0% on amounts advances, and is payable monthly during the construction period. The loan provides for a maximum borrowing amount of \$74,436,022 through November, 2025, with any unpaid balance due at that time. The loan is guaranteed by Church of the Highlands, Inc. and secured by the campus property.



HIGHLANDS COLLEGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7. ENDOWMENT

Endowment net assets consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Donor-restricted endowment		
Historical gift value	\$ 3,955,554	\$ 1,902,093
Appreciation	426,689	73,952
	<u>\$ 4,382,243</u>	<u>\$ 1,976,045</u>

Changes in endowment net assets are as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Beginning of year	\$ 1,976,045	\$ 618,600
Contributions received	2,053,461	1,315,593
Investment income	352,737	41,852
Appropriation for expenditure	-	-
	<u>\$ 4,382,243</u>	<u>\$ 1,976,045</u>

NOTE 8. NET ASSETS

Net assets consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 34,688,480	\$ 7,306,749
Board designated - Eternal Impact	17,710,150	19,962,855
	<u>\$ 52,398,630</u>	<u>\$ 27,269,604</u>
	<u>2021</u>	<u>2020</u>
Donor restricted endowment	\$ 4,382,243	\$ 1,976,045
Receivables to fund endowment	1,294,446	665,721
Contributed use of property	58,982,017	-
	<u>\$ 64,658,706</u>	<u>\$ 2,641,766</u>



HIGHLANDS COLLEGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8. NET ASSETS - Continued

Net assets were released from donor restrictions in satisfaction of the following purposes for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Utilization of contributed use of property	\$ 3,095,166	\$ -
Scholarships	-	24,160
	<u>\$ 3,095,166</u>	<u>\$ 24,160</u>
Releases from restrictions	<u>\$ 3,095,166</u>	<u>\$ 24,160</u>

NOTE 9. RELATED PARTIES

In addition to occupying the Grandview property, as described in Note 5, the College operates in other facilities provided by Church of the Highlands. The College has recognized \$1,347,500 and \$1,347,500 as revenue and expense to reflect the estimated rental value of the space for the years ended June 30, 2021 and 2020, respectively.

NOTE 10. LEASE OBLIGATIONS

The College leases apartment space and generally lease terms are one year.

NOTE 11. LIQUIDITY AND AVAILABILITY

As part of the College's liquidity management, it has a policy to structure financial assets to be available as its general expenditures, such as operating expenses and other obligations come due. The College's financial assets as of the financial reporting date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,377,862	\$ 1,806,450
Accounts receivable	72,340	57,328
Contributions receivable, current portion	808,318	665,721
Investments	<u>28,401,707</u>	<u>23,695,009</u>
Financial assets at year end	32,660,227	26,224,508
Less those unavailable within one year:		
Donor restricted endowment	(4,382,243)	(1,976,045)
Receivables to fund endowment	<u>(808,318)</u>	<u>(665,721)</u>
Financial assets available within one year	<u>\$ 27,469,666</u>	<u>\$ 23,582,742</u>

