

Combined Financial Statements

August 31, 2022 and 2021



**The Association for Biblical Higher
Education, Inc.
(A Not-For-Profit Corporation)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Association for Biblical Higher Education, Inc.

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of The Association for Biblical Higher Education, Inc. (the "Association"), which comprise the combined statements of financial position as of August 31, 2022 and 2021, and the related combined statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of The Association for Biblical Higher Education, Inc. as August 31, 2022 and 2021, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 The Association for Biblical Higher Education, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Association for Biblical Higher Education, Inc.'s ability to continue as a going concern for one year after the date that the combined financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the combined 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 GAAS 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 combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 The Association for Biblical Higher Education, Inc.'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Association for Biblical Higher Education, Inc.'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 audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental combining information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

McDiernit Davis

Orlando, Florida
January 23, 2023

Combined Statements of Financial Position

August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 758,965	\$ 731,556
Accounts receivable, net	76,106	16,805
Prepaid expenses	<u>130,680</u>	<u>114,270</u>
Total current assets	965,751	862,631
Property and equipment, net	125,533	82,210
Other assets	<u>10,006</u>	<u>10,006</u>
Total assets	<u>\$ 1,101,290</u>	<u>\$ 954,847</u>
Liabilities		
Accounts payable and accrued expenses	\$ 160,858	\$ 112,927
Deferred revenue	<u>196,510</u>	<u>98,555</u>
Total current liabilities	357,368	211,482
Deferred rent payable	<u>19,027</u>	<u>25,272</u>
Total liabilities	<u>376,395</u>	<u>236,754</u>
Net Assets:		
Net assets without donor restrictions	695,341	593,627
Net assets with donor restrictions	<u>29,554</u>	<u>124,466</u>
Total net assets	<u>724,895</u>	<u>718,093</u>
Total liabilities and net assets	<u>\$ 1,101,290</u>	<u>\$ 954,847</u>

Combined Statements of Activities
 Years Ended August 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in Net Assets						
Support and revenue:						
Membership assessments	\$ 1,117,780	\$ -	\$ 1,117,780	1,110,860	\$ -	\$ 1,110,860
Evaluation and consultation fees	273,200	-	273,200	241,250	-	241,250
Annual meeting charges	452,165	-	452,165	261,360	-	261,360
Publications and literature sales	2,390	-	2,390	3,508	-	3,508
Contributions	100,910	317,267	418,177	80,422	218,546	298,968
Other income	6,192	-	6,192	1,678	-	1,678
Net assets released from restrictions	412,179	(412,179)	-	191,621	(191,621)	-
Total support and revenue	2,364,816	(94,912)	2,269,904	1,890,699	26,925	1,917,624
Expenses						
Program services	1,734,880	-	1,734,880	1,421,284	-	1,421,284
General and administrative	528,222	-	528,222	491,911	-	491,911
Total expenses	2,263,102	-	2,263,102	1,913,195	-	1,913,195
Increase (decrease) in net assets	101,714	(94,912)	6,802	(22,496)	26,925	4,429
Net assets, beginning of year	593,627	124,466	718,093	616,123	97,541	713,664
Net assets, end of year	\$ 695,341	\$ 29,554	\$ 724,895	\$ 593,627	\$ 124,466	\$ 718,093

Combined Statements of Cash Flows

Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Cash received from members and customers	\$ 1,890,381	\$ 1,684,466
Contributions received	418,177	298,968
Payments to employees and suppliers	<u>(2,211,634)</u>	<u>(2,019,539)</u>
Net cash provided (used) by operating activities	<u>96,924</u>	<u>(36,105)</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	<u>(69,515)</u>	<u>(42,266)</u>
Net cash used for investing activities	<u>(69,515)</u>	<u>(42,266)</u>
Net increase (decrease) in cash and cash equivalents	27,409	(78,371)
Cash and cash equivalents, beginning of year	<u>731,556</u>	<u>809,927</u>
Cash and cash equivalents, end of year	<u><u>\$ 758,965</u></u>	<u><u>\$ 731,556</u></u>

Combined Statement of Functional Expenses

Year Ended August 31, 2022

	Program Services			General and Administrative			Total Expenses
	Association	Commission	Subtotal	Association	Commission	Subtotal	
Salaries and benefits	\$ 339,885	\$ 298,701	\$ 638,586	\$ 183,014	\$ 160,839	\$ 343,853	\$ 982,439
Leadership development	379,027	-	379,027	-	-	-	379,027
Annual meeting	311,797	-	311,797	-	-	-	311,797
Rent	76,162	52,926	129,088	19,040	13,231	32,271	161,359
Health insurance	47,476	18,198	65,674	28,213	9,799	38,012	103,686
Travel	37,067	18,539	55,606	-	-	-	55,606
Miscellaneous	11,949	14,286	26,235	17,976	5,587	23,563	49,798
Resource development	-	-	-	34,522	-	34,522	34,522
Office expense	17,523	9,551	27,074	3,736	-	3,736	30,810
Depreciation and amortization	12,362	10,739	23,101	3,091	-	3,091	26,192
Commission on Accreditation	-	25,976	25,976	-	-	-	25,976
Dues and subscriptions	22,802	1,439	24,241	-	-	-	24,241
Insurance	-	6,818	6,818	15,176	-	15,176	21,994
Telephone and utilities	11,170	5,642	16,812	2,792	1,410	4,202	21,014
Professional fees	-	2,316	2,316	10,547	3,774	14,321	16,637
Board/Executive Committee	-	-	-	6,470	-	6,470	6,470
Equipment rental	-	1,722	1,722	3,833	-	3,833	5,555
Postage and printing	-	-	-	2,767	1,243	4,010	4,010
Repairs and maintenance	-	807	807	1,162	-	1,162	1,969
Total expenses	\$ 1,267,220	\$ 467,660	\$ 1,734,880	\$ 332,339	\$ 195,883	\$ 528,222	\$ 2,263,102

Combined Statement of Functional Expenses

Year Ended August 31, 2021

	Program Services			General and Administrative			Total Expenses
	Association	Commission	Subtotal	Association	Commission	Subtotal	
Annual meeting	\$ 168,893	\$ -	\$ 168,893	\$ -	\$ -	\$ -	\$ 168,893
Board/Executive Committee	-	-	-	10,568	-	10,568	10,568
Commission on Accreditation	-	17,562	17,562	-	-	-	17,562
Depreciation and amortization	9,482	9,313	18,795	2,370	-	2,370	21,165
Dues and subscriptions	16,975	2,169	19,144	-	-	-	19,144
Equipment rental	-	1,820	1,820	3,532	-	3,532	5,352
Health insurance	38,633	34,289	72,922	23,565	18,464	42,029	114,951
Insurance	-	9,355	9,355	18,159	-	18,159	27,514
Leadership development	267,004	-	267,004	-	-	-	267,004
Miscellaneous	18,440	27,165	45,605	14,203	10,948	25,151	70,756
Office expense	18,578	10,645	29,223	2,088	-	2,088	31,311
Postage and printing	-	-	-	3,306	1,704	5,010	5,010
Professional fees	-	-	-	8,900	4,585	13,485	13,485
Rent	70,787	55,619	126,406	17,697	13,905	31,602	158,008
Repairs and maintenance	-	-	-	354	278	632	632
Resource development	-	-	-	15,532	-	15,532	15,532
Salaries and benefits	323,193	266,147	589,340	174,027	143,309	317,336	906,676
Telephone and utilities	10,716	6,953	17,669	2,679	1,738	4,417	22,086
Travel	29,245	8,301	37,546	-	-	-	37,546
Total expenses	\$ 971,946	\$ 449,338	\$ 1,421,284	\$ 296,980	\$ 194,931	\$ 491,911	\$ 1,913,195

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Nature of Activities

The Association for Biblical Higher Education, Inc. (the Association) was established in 1947. The mission of the Association is to enhance the quality and credibility of postsecondary educational institutions that distinctively engage students in biblical, transformational, experiential, and missional higher education. The Association seeks to fulfill its mission by: (a) articulating biblical higher education's distinctives and communicating the excellence and effectiveness of its members to internal and external stakeholders, including prospective students and parents, donors, students, alumni, faculty, the higher education community, the church, governmental and regulatory entities, and society, (b) providing professional resources and services that exemplify and stimulate excellence among administrators, trustees, faculty, and students at member and affiliate institutions, (c) fostering networking and synergy among member and affiliate institutions and with the broader higher education community, and (d) supporting the work of a separate and independent Commission on Accreditation (the Commission) to assure quality and integrity among biblical higher education institutions and programs through accreditation standards and peer review processes.

The Commission exercises independent authority over accreditation decisions, policies, procedures and peer review processes. Through its *standards* and peer review accreditation process, the Commission is responsible to ensure institutional quality and integrity and to serve as a catalyst toward excellence among institutions in accord with the Association's educational distinctives. The Commission establishes its own annual budget, including a schedule of fees related to its accreditation services. The Association budget includes allocation of fair market value expenses that the Commission pays to the Association for its joint proportional share of Association personnel, services, equipment and facilities.

Basis of Accounting

The Association's combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America.

Combination

The accompanying combined financial statements include the accounts of the Association for Biblical Higher Education and the Commission on Accreditation, which are under common control. All significant intercompany accounts and transactions have been eliminated in the preparation of these combined financial statements.

Financial Statement Presentation

The Association follows the standards of accounting and financial reporting prescribed for certain non-for-profit organizations as adopted by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (FASB ASC) 958-605, *Accounting for Contributions Received and Contributions Made*, and FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*.

Under FASB ASC 958-205, net assets and revenue, expenses, gains and losses are classified as with or without donor restrictions based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified as follows:

Net assets without donor restrictions

Net assets available for the support of the Association's operations. The net assets without donor restrictions may be used at the discretion of the Association's management and the Board of Directors.

Net assets with donor restrictions

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association or the passage of time. Net assets subject to donor-imposed stipulations may also be maintained permanently by the Association. In those situations, donors permit the Association to use all or part of the earnings on related investments for the general or specific purposes.

Revenue is reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed or contractual restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by contract. Expirations of the donor imposed or contractual restrictions on net assets are reported as reclassifications to net assets without donor restrictions in the period in which the restriction expires. A restriction expires when the stipulated time period has elapsed and/or the stipulated purpose has been fulfilled.

Notes to Combined Financial Statements

August 31, 2022 and 2021

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Membership assessments are recognized as revenue ratably over the membership period and dues collected, but not yet earned, are recorded as deferred revenue. Annual meeting charges are recognized at the time of the meeting. Revenue from evaluations and consultations are recognized in the period the evaluation or consultation occurred.

Use of Estimates

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

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The costs of providing the various services the Association offers have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on systematic methods and estimates made by management.

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. No amounts have been reflected in the accompanying combined financial statements for such services since they do not meet the criteria for recognition under FASB ASC 958-605.

Contributions

Contributions, including unconditional promises (pledges) to give, are recorded when made, which may be when cash is received, unconditionally promised, or ownership of donated assets is transferred. Contributions are recorded as net assets with donor restrictions or net assets without donor restriction support, depending on the existence and/or nature of any donor restrictions. When a 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 received with donor-imposed restrictions that are met in the same reporting period in which the contributions are received are classified as contributions without donor restrictions. As of August 31, 2022 and 2021, net assets with donor restrictions were restricted for various projects and individuals (see Note 5).

Cash and Cash Equivalents

Cash and cash equivalents include demand deposit and money market accounts, certificates of deposit, and other highly liquid investments with an original maturity of three months or less.

Accounts Receivable

Accounts receivable is stated at the amount of the uncollected balance less an allowance for doubtful accounts, if needed. Management's periodic evaluation of the adequacy of the allowance is based on past experience and adverse situations that may affect the member's ability to pay. Receivables are written off when deemed uncollectible. The allowance for doubtful accounts amounted to \$2,800 and \$2,000 for the years ended August 31, 2022 and 2021, respectively.

Fair Value of Financial Instruments

FASB ASC 825-10, *Accounting Financial Instruments*, provides guidance on financial instruments with off-balance sheet credit risk. The fair value of the Association's cash and cash equivalents, accounts receivable, other current assets, accounts payable and accrued expenses approximate their carrying values due to the short-term maturities of these instruments.

Notes to Combined Financial Statements

August 31, 2022 and 2021

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is stated at cost if purchased or, if acquired by contribution, at the estimated fair market value on the date of contribution, less accumulated depreciation. The Association provides for depreciation on property and equipment over the estimated useful lives of the related assets using the straight-line method. The Association follows the practice of capitalizing all expenditures for property and equipment in excess of \$500 with an estimated useful life of greater than one year. The useful lives of the various classes of assets are as follows:

Leasehold improvement	15 years
Furniture and fixtures	7 - 10 years
Office equipment	5 - 10 years

Income Taxes

The Association is exempt from federal and State income taxes as a Not-for-Profit corporation under Internal Revenue Section 501(c)(3). Income from activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income at statutory corporate tax rates. For the years ended August 31, 2022 and 2021, the Association did not incur any unrelated business income.

The Association has adopted the application of the uncertain tax position provisions of FASB ASC 740, *Income Taxes*. It prescribes an evaluation process for the financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. The provisions related to uncertainty in income taxes were applied to all tax positions upon adoption. This adoption had no impact on the Association's combined financial statements. As of August 31, 2022, the Association has accrued no interest and penalties related to uncertain tax positions. It is the Association's policy to recognize interest and penalties related to income tax matters in other expense. In general, the Association is no longer subject to examinations by tax authorities for U.S. federal or state income tax returns before fiscal year ended August 31, 2019.

New Accounting Pronouncements

FASB and other entities issued new or modifications to, or interpretations of, existing accounting guidance during the year ended August 31, 2022. The Association has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in these notes to financial statements, does not believe that any new or modified principles will have a material impact on the Association's reported financial position or operations in the near term.

In February 2016, FASB issued Accounting Standards Update 2016-02: Leases, which requires entities to recognize lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements. The new standard is effective for the year beginning after December 15, 2021. The Association is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

Risk and Uncertainties

The Association is continually evaluating various risks, including changes in the economy, supply chain disruptions, labor shortages, and the COVID-19 global pandemic, and has concluded that while it is reasonably possible that the Association could experience a negative financial effect, no specific impact is readily determinable as of the date of the financial statements nor as of the date they were available to be issued. The financial statements do not include any adjustment that might result from the outcome of any uncertainty.

Evaluation of Subsequent Events

The Association has evaluated subsequent events through date of the independent auditor's report, the date at which the accompanying combined financial statements were available to be issued. Based on such evaluation, no events have occurred that in the opinion of management warrant disclosures in or adjustments to the combined financial statements.

Notes to Combined Financial Statements

August 31, 2022 and 2021

NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As of August 31, 2022 and 2021, the following reflects the Association's financial assets, including cash, donor restrictions for program operations, board designations and amounts set aside for operating reserves within one year of August 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 758,965	\$ 731,556
Accounts receivable, net	76,106	16,805
Total	<u>\$ 835,071</u>	<u>\$ 748,361</u>

As part of the Association's liquidity management, the Association's policy is to make financial assets available as expenses and other liabilities become due. The Association keeps assets and investments in the related investment strategy until expenses or other liabilities become due. The Association uses checking and savings accounts to manage its daily cash needs.

NOTE 3 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 104,450	\$ 81,235
Construction in progress	32,363	-
Furniture and fixtures	131,606	150,686
Office equipment	176,905	187,823
	445,324	419,744
Less: accumulated depreciation	(319,791)	(337,534)
Property and equipment, net	<u>\$ 125,533</u>	<u>\$ 82,210</u>

Depreciation totaled \$26,192 and \$21,165 for the years ended August 31, 2022 and 2021, respectively.

NOTE 4 COMMITMENTS AND CONTINGENCIES

Operating Leases

Effective August 1, 2010, the Association entered into a lease agreement for certain office space pursuant to an operating lease agreement which expired in 2017. The Association renewed the lease during 2017 extending the term to 2024. The Association is also obligated under non-cancelable operating leases for various equipment. The Association recognizes rent expense for operating leases with rent escalation clauses on a straight-line basis over the applicable lease term. Deferred rent payable of \$19,027 and \$25,272 represents the difference between the straight-line rent expense and the actual rent paid as of August 31, 2022 and 2021. Total rentals under operating leases amounted to \$165,192 and \$161,540 for the years ended August 31, 2022 and 2021, respectively.

Notes to Combined Financial Statements

August 31, 2022 and 2021

NOTE 4 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The following table presents future minimum lease payments due under operating leases with initial or remaining non-cancelable lease terms in excess of one year at August 31, 2022:

Year Ending August 31,

2023	\$	167,625
2024		101,039
2025		1,450
2026		-
	<u>\$</u>	<u>270,114</u>

Purchases

The Association has contracted with hotels in Florida to hold conferences in 2023 and 2024. These conferences have minimum commitments for room, food and beverage and cancelation penalties of approximately \$279,000.

The Association has a four-year contract with a company for website usage through March 2026 of approximately \$63,000.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at August 31, 2022 and 2021 are available to support following funds:

	<u>2022</u>	<u>2021</u>
Leadership development	\$ -	\$ 97,357
Legacy fund	29,554	27,109
Total	<u>\$ 29,554</u>	<u>\$ 124,466</u>

Net assets are released from donor restrictions by incurring costs or expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors. Net assets were released from restrictions during the years ended August 31, 2022 and 2021, for the following grants and projects:

	<u>2022</u>	<u>2021</u>
Leadership development	\$ 88,369	\$ 59,357
Legacy fund	555	966
Strategic plan	149,664	35,000
Board governance	173,591	-
3 Pillars Campaign	-	96,298
Total	<u>\$ 412,179</u>	<u>\$ 191,621</u>

NOTE 6 RETIREMENT PLAN

The Association sponsors a defined contribution (money purchase) plan for all full-time employees over age 25 that have completed one year of service. Participation is voluntary; plan contributions for employees other than the President are 5% of salary by the participant, and 5% of salary by the Association. Policy dictates that contributions for the President shall be established by special action of the Executive Committee, currently set at 5% of salary. Contributions are forwarded to Servant Solutions to be applied as premiums or regular retirement annuity contracts owned by the participants. Total Association contributions to the plan for the years ended August 31, 2022 and 2021 amounted to \$42,295 and \$38,828, respectively.

Notes to Combined Financial Statements

August 31, 2022 and 2021

NOTE 7 CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk principally of cash and investment balances in various financial institutions. The balances in these accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, such balances may be in excess of the FDIC limit. At August 31, 2022, there was approximately \$514,000 in excess of FDIC limits.

Supplemental Schedules

Combining Schedule - Statement of Financial Position

August 31, 2022

	<u>Association</u>	<u>Commission</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 472,830	\$ 286,135	\$ -	\$ 758,965
Accounts receivable, net	32,500	43,606	-	76,106
Prepaid expenses	111,878	18,802	-	130,680
Intercompany	-	236,135	(236,135)	-
Property and equipment, net	125,533	-	-	125,533
Other assets	10,006	-	-	10,006
Total assets	<u>\$ 752,747</u>	<u>\$ 584,678</u>	<u>\$ (236,135)</u>	<u>\$ 1,101,290</u>
Liabilities and Net Assets				
Accounts payable and accrued expenses	\$ 112,614	\$ 48,244	\$ -	\$ 160,858
Deferred revenue	196,510	-	-	196,510
Intercompany	236,135	-	(236,135)	-
Deferred rent payable	19,027	-	-	19,027
Total liabilities	<u>564,286</u>	<u>48,244</u>	<u>(236,135)</u>	<u>376,395</u>
Net Assets:				
Net assets without donor restrictions	158,907	536,434	-	695,341
Net assets with donor restrictions	29,554	-	-	29,554
Total net assets	<u>188,461</u>	<u>536,434</u>	<u>-</u>	<u>724,895</u>
Total liabilities and net assets	<u>\$ 752,747</u>	<u>\$ 584,678</u>	<u>\$ (236,135)</u>	<u>\$ 1,101,290</u>

Combining Schedule - Statement of Activities

Year Ended August 31, 2022

	Association			Commission			Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in Net Assets									
Support and Revenue:									
Membership assessments	\$ 663,530	\$ -	\$ 663,530	\$ 454,250	\$ -	\$ 454,250	\$ 1,117,780	\$ -	\$ 1,117,780
Evaluation and consultation fees	-	-	-	273,200	-	273,200	273,200	-	273,200
Annual meeting charges	452,165	-	452,165	-	-	-	452,165	-	452,165
Publications and literature sales	2,390	-	2,390	-	-	-	2,390	-	2,390
Contributions	100,910	317,267	418,177	-	-	-	100,910	317,267	418,177
Other income, net	931	-	931	5,261	-	5,261	6,192	-	6,192
Net assets released from restrictions	412,179	(412,179)	-	-	-	-	412,179	(412,179)	-
Total support and revenue	1,632,105	(94,912)	1,537,193	732,711	-	732,711	2,364,816	(94,912)	2,269,904
Expenses									
Program services	1,267,220	-	1,267,220	467,660	-	467,660	1,734,880	-	1,734,880
General and administrative	332,339	-	332,339	195,883	-	195,883	528,222	-	528,222
Total expenses	1,599,559	-	1,599,559	663,543	-	663,543	2,263,102	-	2,263,102
Increase (decrease) in net assets	32,546	(94,912)	(62,366)	69,168	-	69,168	101,714	(94,912)	6,802
Net assets, beginning of year	126,361	124,466	250,827	467,266	-	467,266	593,627	124,466	718,093
Net assets, end of year	\$ 158,907	\$ 29,554	\$ 188,461	\$ 536,434	\$ -	\$ 536,434	\$ 695,341	\$ 29,554	\$ 724,895