

SUMMIT CHRISTIAN COLLEGE  
FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

SUMMIT CHRISTIAN COLLEGE  
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**DANA F. COLE  
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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Summit Christian College  
Gering, Nebraska

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Summit Christian College (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Summit Christian College as of June 30, 2022 and 2021, 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.

#### ***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 Summit Christian College 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 Summit Christian 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 Summit Christian 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 Summit Christian 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 Composite Score 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 is 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 October 18, 2022, on our consideration of Summit Christian 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 Summit Christian 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 Summit Christian College's internal control over financial reporting and compliance.

Dana J Cole + Company, LLP

Scottsbluff, Nebraska  
October 18, 2022

SUMMIT CHRISTIAN COLLEGE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021

|   | ASSETS | 2022                  | 2021                    |
|---|--------|-----------------------|-------------------------|
| <b>CURRENT ASSETS</b>                               |        |                       |                         |
| Cash and cash equivalents                           |        | 17,741                | 159,764                 |
| Accounts receivable                                 |        | 6,290                 | 4,998                   |
| Contributions receivable                            |        |                       | 4,600                   |
| Deposits receivable                                 |        | 1,150                 | 1,150                   |
| Prepaid expenses                                    |        | 3,991                 | 3,225                   |
| Total current assets                                |        | <u>29,172</u>         | <u>173,737</u>          |
| <b>PROPERTY AND EQUIPMENT</b>                       |        |                       |                         |
| Land  |        | 21,250                | 21,250                  |
| Buildings and improvements                          |        | 613,198               | 613,198                 |
| Furniture and fixtures                              |        | 60,697                | 55,197                  |
| Equipment   |        | 87,751                | 87,751                  |
| Vehicles  |        | 46,253                | 60,153                  |
| Library   |        | 301,377               | 301,377                 |
| Total property and equipment                        |        | <u>1,130,526</u>      | <u>1,138,926</u>        |
| Less accumulated depreciation                       |        | <u>(321,821)</u>      | <u>(301,518)</u>        |
| Total property and equipment<br>net of depreciation |        | <u>808,705</u>        | <u>837,408</u>          |
| <b>OTHER ASSETS</b>                                 |        |                       |                         |
| Investments   |        | <u>150,783</u>        | <u>141,028</u>          |
| <b>TOTAL ASSETS</b>                                 |        | <u><u>988,660</u></u> | <u><u>1,152,173</u></u> |

See accompanying notes to financial statements.

SUMMIT CHRISTIAN COLLEGE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021

|   | 2022               | 2021                 |
|---|--------------------|----------------------|
| <b>LIABILITIES AND NET ASSETS</b>           |                    |                      |
| <b>CURRENT LIABILITIES</b>                  |                    |                      |
| Accounts payable                            | 7,554              | 13,354               |
| Accrued expenses                            | 9,519              | 9,440                |
| Other current liabilities                   | 3,538              | 4,543                |
| Unearned grant revenue                      |                    | 80,323               |
| Current portion of long-term liabilities    | <u>10,638</u>      | <u>10,012</u>        |
| Total current liabilities                   | <u>31,249</u>      | <u>117,672</u>       |
| <br><b>LONG-TERM LIABILITIES</b>            |                    |                      |
| Notes payable (net of current maturities)   | <u>117,926</u>     | <u>128,615</u>       |
| <br><b>TOTAL LIABILITIES</b>                | <br><u>149,175</u> | <br><u>246,287</u>   |
| <br><b>NET ASSETS</b>                       |                    |                      |
| Net assets without donor restrictions       |                    |                      |
| Board-designated                            | 1,313              | 1,385                |
| Undesignated                                | 682,560            | 753,086              |
| Net assets with donor restrictions          |                    |                      |
| Restricted by purpose or time               | 9,828              | 14,971               |
| Restricted in perpetuity                    | <u>145,784</u>     | <u>136,444</u>       |
| Total net assets                            | <u>839,485</u>     | <u>905,886</u>       |
| <br><b>TOTAL LIABILITIES AND NET ASSETS</b> | <br><u>988,660</u> | <br><u>1,152,173</u> |

SUMMIT CHRISTIAN COLLEGE  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

|  | 2022            | 2021             |
|--|-----------------|------------------|
| NET ASSETS WITHOUT DONOR RESTRICTIONS              |                 |                  |
| REVENUE AND SUPPORT                                |                 |                  |
| Student revenues                                   |                 |                  |
| Tuition and fees                                   | 108,915         | 148,972          |
| Room and board                                     | 26,075          | 24,144           |
| Less student aid                                   | <u>(28,158)</u> | <u>(140,234)</u> |
| Total student revenues                             | <u>106,832</u>  | <u>32,882</u>    |
| Other revenues                                     |                 |                  |
| Private contributions                              | 439,995         | 290,168          |
| Grants   |                 | 386,387          |
| Fundraising events                                 | 138,314         | 125,437          |
| Miscellaneous income                               | 23,033          | 5,083            |
| Investment income                                  | <u>2,030</u>    | <u>548</u>       |
| Total other revenues                               | <u>603,372</u>  | <u>807,623</u>   |
| Net assets released from restrictions              | <u>8,186</u>    | <u>436</u>       |
| Total revenue and support                          | <u>718,390</u>  | <u>840,941</u>   |
| EXPENSE  |                 |                  |
| Program services                                   |                 |                  |
| Instruction  | 156,569         | 195,319          |
| Academic support                                   | 28,826          | 41,642           |
| Student services                                   | 24,824          | 26,019           |
| Auxiliary expense                                  | <u>9,190</u>    | <u>6,664</u>     |
| Total program services                             | <u>219,409</u>  | <u>269,644</u>   |
| Other expense                                      |                 |                  |
| Management and general                             | 401,502         | 426,029          |
| Fundraising  | 125,722         | 75,335           |
| Depreciation                                       | 34,203          | 23,972           |
| Interest expense                                   | <u>8,152</u>    | <u>9,456</u>     |
| Total other expense                                | <u>569,579</u>  | <u>534,792</u>   |
| CHANGE IN NET ASSETS WITHOUT<br>DONOR RESTRICTIONS | <u>(70,598)</u> | <u>36,505</u>    |



SUMMIT CHRISTIAN COLLEGE  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

|   | 2022                  | 2021                  |
|---|-----------------------|-----------------------|
| NET ASSETS WITH DONOR RESTRICTIONS              |                       |                       |
| Contributions                                   | 9,340                 | 104,985               |
| Investment income                               | 3,043                 | 1,184                 |
| Net assets released from restrictions           | <u>(8,186)</u>        | <u>(436)</u>          |
| <br>  |                       |                       |
| CHANGE IN NET ASSETS WITH<br>DONOR RESTRICTIONS | <u>4,197</u>          | <u>105,733</u>        |
| <br>  |                       |                       |
| TOTAL CHANGE IN NET ASSETS                      | (66,401)              | 142,238               |
| <br>  |                       |                       |
| NET ASSETS, beginning of year                   | <u>905,886</u>        | <u>763,648</u>        |
| <br>  |                       |                       |
| NET ASSETS, end of year                         | <u><u>839,485</u></u> | <u><u>905,886</u></u> |

See accompanying notes to financial statements.

SUMMIT CHRISTIAN COLLEGE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

|                           | Instruction    | Academic<br>Support | Student<br>Services | Auxiliary<br>Expense | Management<br>and<br>Government | Fund-<br>Raising | Total          |
|---------------------------|----------------|---------------------|---------------------|----------------------|---------------------------------|------------------|----------------|
| Personnel expense         | 143,056        | 18,610              | 13,904              | 5,006                | 225,275                         | 81,387           | 487,238        |
| Education and training    | 719            | 2,754               |                     |                      | 150                             |                  | 3,623          |
| Purchased services        | 1,797          | 5,916               | 7,608               |                      | 95,575                          |                  | 110,896        |
| Advertising and promotion |                |                     |                     |                      | 11,148                          | 606              | 11,754         |
| Supplies and materials    | 52             | 453                 |                     |                      | 13,163                          |                  | 13,668         |
| Activities and events     |                |                     | 3,312               |                      | 9,907                           | 36,346           | 49,565         |
| Repairs and maintenance   |                |                     |                     | 4,184                | 34,242                          | 2,075            | 40,501         |
| Other expense             | <u>10,945</u>  | <u>1,093</u>        | <u>          </u>   | <u>          </u>    | <u>12,042</u>                   | <u>5,308</u>     | <u>29,388</u>  |
|                           | <u>156,569</u> | <u>28,826</u>       | <u>24,824</u>       | <u>9,190</u>         | <u>401,502</u>                  | <u>125,722</u>   | <u>746,633</u> |

See accompanying notes to financial statements.

SUMMIT CHRISTIAN COLLEGE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

|                           | Instruction    | Academic<br>Support | Student<br>Services | Auxiliary<br>Expense | Management<br>and<br>Government | Fund-<br>Raising | Total          |
|---------------------------|----------------|---------------------|---------------------|----------------------|---------------------------------|------------------|----------------|
| Personnel expense         | 142,698        | 19,288              | 14,883              | 4,860                | 223,229                         | 53,756           | 458,714        |
| Education and training    | 204            | 3,019               |                     |                      | 150                             |                  | 3,373          |
| Purchased services        | 990            | 6,020               | 7,422               |                      | 125,231                         |                  | 139,663        |
| Advertising and promotion |                |                     |                     |                      | 21,429                          | 2,169            | 23,598         |
| Supplies and materials    | 37,944         | 13,315              |                     |                      | 9,406                           |                  | 60,665         |
| Activities and events     |                |                     | 3,714               |                      | 8,451                           | 15,487           | 27,652         |
| Repairs and maintenance   |                |                     |                     | 1,804                | 28,261                          | 351              | 30,416         |
| Other expense             | <u>13,483</u>  | <u>          </u>   | <u>          </u>   | <u>          </u>    | <u>9,872</u>                    | <u>3,572</u>     | <u>26,927</u>  |
|                           | <u>195,319</u> | <u>41,642</u>       | <u>26,019</u>       | <u>6,664</u>         | <u>426,029</u>                  | <u>75,335</u>    | <u>771,008</u> |

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See accompanying notes to financial statements.

SUMMIT CHRISTIAN COLLEGE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021

|  | 2022             | 2021             |
|--|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                  |                  |
| Change in net assets   | <u>(66,401)</u>  | <u>142,238</u>   |
| Adjustments to reconcile change in net assets to<br>net cash provided by (used in) operating activities: |                  |                  |
| Depreciation and amortization  | 34,203           | 23,972           |
| Permanently restricted contributions   | (9,340)          |                  |
| (Increase) decrease in:  |                  |                  |
| Accounts receivable  | (1,292)          | (2,206)          |
| Contributions receivable   | 4,600            | (4,600)          |
| Prepaid expense  | (766)            | (150)            |
| Increase (decrease) in:  |                  |                  |
| Accounts payable   | (5,800)          | 2,378            |
| Accrued expenses   | 79               | (117)            |
| Other current liabilities  | (1,005)          | 2,316            |
| Unearned grant revenue   | <u>(80,323)</u>  | <u>80,323</u>    |
| Total adjustments  | <u>(59,644)</u>  | <u>101,916</u>   |
| Net cash provided by (used in) operating activities  | <u>(126,045)</u> | <u>244,154</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                  |                  |
| Cash paid for the purchase of property and<br>equipment  | (5,500)          | (60,069)         |
| Cash paid for investments  | <u>(9,755)</u>   | <u>(101,430)</u> |
| Net cash used in investing activities  | <u>(15,255)</u>  | <u>(161,499)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                  |                  |
| Permanently restricted contributions   | 9,340            |                  |
| Net cash received (paid) on short-term debt  |                  | (109,758)        |
| Cash paid on long-term debt  | <u>(10,063)</u>  | <u>(9,375)</u>   |
| Net cash provided by (used in) financing activities  | <u>(723)</u>     | <u>(119,133)</u> |
| <b>NET INCREASE (DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</b>  | <u>(142,023)</u> | <u>(36,478)</u>  |
| CASH AND CASH EQUIVALENTS, beginning of year   | <u>159,764</u>   | <u>196,242</u>   |
| CASH AND CASH EQUIVALENTS, end of year   | <u>17,741</u>    | <u>159,764</u>   |
| <b>SUPPLEMENTARY INFORMATION</b>   |                  |                  |
| Cash paid for interest expense   | <u>8,152</u>     | <u>12,533</u>    |

See accompanying notes to financial statements.

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Summit Christian College (the College) was founded in March 1951, and is a 4-year institution providing spiritual education. The general purpose of the College is to conduct education and evangelistic and benevolent work. The College is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes.

Financial Statement Presentation

The financial statements report amounts by class of net assets, as required by ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, as well as net assets for annuity reserves, donor-advised funds, or invested in property and equipment.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

Basis of Accounting

The College uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Contributions

The College utilizes FASB ASC 958-605, Not-for-Profit Entities Revenue Recognition. This standard requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the College to distinguish asset category in accordance

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Materials and Services

The College records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the College with their operations. Management estimates that it receives the equivalent in volunteer hours of two full time workers. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

Investments

The College has adopted FASB ASC 958-320, Not-for-Profit Entities, Investments - Debt and Equity Securities. FASB ASC 958-320 establishes standards of reporting at fair value certain investments, debt and equity securities, held by not-for-profit organizations.

Therefore, investments in equity securities that have a readily determinable fair value and all investments in debt securities are stated at fair value, with gains and losses included in the statements of activities. Fair value is determined by quoted market values. Investments in certificates of deposit are recorded at cost, which approximates fair value.

Accounts and Notes Receivable

The College extends unsecured credit to its students in the ordinary course of business but mitigates the associated credit risk by actively pursuing past-due accounts. Accounts receivable includes amounts due from students for tuition, room, and board. Uncollectible accounts receivable is expected to be insignificant. As such, no provision for doubtful accounts have been recorded.

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory values are insignificant. As such, inventory is recorded as an expense when purchased.

Property and Equipment

Property and equipment are stated at cost, if purchased or fair value, if donated. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

The College capitalizes and depreciates property and equipment acquired at recognized cost or fair market value amount of \$2,500 or more.

Depreciation

Depreciation on property and equipment is recorded on a straight-line basis over the following useful lives:

|                                    |               |
|------------------------------------|---------------|
| Buildings and improvements         | 10 - 50 years |
| Furniture, fixtures, and equipment | 5 - 15 years  |
| Equipment                          | 3 - 10 years  |
| Vehicles                           | 3 - 8 years   |

Income Taxes

The College is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the College's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the College qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The College utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The College continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the College considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase. Excluded from this definition of cash equivalents are such amounts that represent funds that have been designated by the Board of Directors for investment.

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Compensated Absences

Employees of the College are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. Compensated absences are recognized in the year earned.

Functional Expenses Cost Allocation

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; and supplies and telephone costs, which are allocated based on usage studies conducted annually.

Advertising

Advertising costs of the College are expensed as incurred. For the years ended June 30, 2022 and 2021, advertising costs were \$11,754 and \$23,599, respectively.

NOTE 2. CASH AND INVESTMENTS

For the following disclosures, deposits; including checking accounts, savings accounts, money market accounts, and certificates of deposit; are all classified as cash or cash and cash equivalents on the financial statements.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2022, all of the College's deposits with financial institutions were fully insured.



SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS

Investments consist of certificates of deposit. These investments are carried at cost.

Investments consist of the following at June 30, 2022 and 2021:

|                                       | 2022           |                | 2021           |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | Fair<br>Value  | Cost           | Fair<br>Value  | Cost           |
| Investment in certificates of deposit | <u>150,783</u> | <u>150,783</u> | <u>141,028</u> | <u>141,028</u> |

NOTE 4. LONG-TERM DEBT

On September 15, 2011, the College entered into a mortgage loan agreement for \$320,000 with First State Bank on the purchase of the new College building. The note was rewritten February 15, 2013 and July 24, 2015. The mortgage bears interest at 6.0% and requires monthly payments of principal and interest of approximately \$1,511 through September 15, 2031. The mortgage is secured by a deed of trust on the College real estate. The balance of this loan as of June 30, 2022 and 2021, was \$128,564 and \$138,627, respectively.

The following is a summary of changes in long-term debt for the years ended June 30, 2022 and 2021.

|                                  | Beginning<br>Balance | Additions         | Repay-<br>ments | Ending<br>Balance |
|----------------------------------|----------------------|-------------------|-----------------|-------------------|
| For the year ended June 30, 2022 |                      |                   |                 |                   |
| Note payable                     | <u>138,627</u>       | <u>          </u> | <u>(10,063)</u> | <u>128,564</u>    |
| For the year ended June 30, 2021 |                      |                   |                 |                   |
| Note payable                     | <u>148,002</u>       | <u>          </u> | <u>(9,375)</u>  | <u>138,627</u>    |

Future scheduled maturities of long-term debt are as follows:

| Years Ended<br>June 30, | Principal      | Interest      |
|-------------------------|----------------|---------------|
| 2023                    | 10,638         | 7,494         |
| 2024                    | 11,285         | 6,847         |
| 2025                    | 12,010         | 6,122         |
| 2026                    | 12,761         | 5,371         |
| 2027                    | 13,559         | 4,573         |
| 2028 - 2032             | 68,310         | 9,320         |
| Total                   | <u>128,564</u> | <u>39,727</u> |

The total amount of interest expense for the years ended June 30, 2022 and 2021, was \$8,152 and \$9,456, respectively.

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. OTHER LIABILITIES

Other liabilities consist of amounts payable to students for tuition, deposits, and other items.

NOTE 6. BOARD-DESIGNATED NET ASSETS

Designated Net Assets

The College has designated amounts for intended future use. Net assets at June 30, 2022 and 2021, were designated for the following purposes:

|              | 2022         | 2021         |
|--------------|--------------|--------------|
| Scholarships | <u>1,313</u> | <u>1,385</u> |

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Restricted by Purpose or Time

The College has received donations for the various College purposes in which the use of is prescribed by the donor, for which the conditions or use has not yet been satisfied. Net assets at June 30, 2022 and 2021, were temporarily restricted for the following purposes:

|                        | 2022         | 2021          |
|------------------------|--------------|---------------|
| Dormitory improvements | 6,453        | 14,041        |
| Scholarships           | <u>3,375</u> | <u>930</u>    |
|                        | <u>9,828</u> | <u>14,971</u> |

Restricted in Perpetuity

The College has received donations for the various College purposes in which the use of the principal contribution is permanently restricted and earnings may be unrestricted or temporarily restricted for a specified use. Net assets at June 30, 2022 and 2021, for permanently restricted principal balances and which earnings may be utilized for the following purposes:

|              | 2022           | 2021           |
|--------------|----------------|----------------|
| Scholarships | <u>145,784</u> | <u>136,444</u> |

NOTE 8. CONCENTRATION OF CREDIT RISK

Accounts receivable potentially subject the College to concentrations of credit risk and consist primarily with several students. The College generally does not require collateral from its students. Such credit risk is considered by management to be limited due to the College's broad student base.

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

The College participates in the Christian Church Pension Plan (the Plan) to provide benefits for all full-time faculty staff that choose to become part of the Plan. The College will make an annual contribution of \$375 to the Plan for each participating employee. Pension expense was \$750 for the years ended June 30, 2022 and 2021, respectively.

NOTE 10. ENDOWMENT FUNDS

The College's endowment consists of approximately two individual funds established for scholarship purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Investments must protect the interest of the corporation in the fulfillment of its mission, purposes and objectives, and nonprofit and tax-exempt status. Investment practices must be in accord with biblical principles.

The President is responsible for the investment of all contributions to the College. The President is responsible for the management of investments under \$100,000. The Finance Committee is responsible for the management of investments over \$100,000.

Changes in endowment net assets, are as follows:

|                                       | Beginning<br>of Year  | Investment<br>and Contribution<br>Income | Utilizations          | End<br>of Year        |
|---------------------------------------|-----------------------|--|-----------------------|-----------------------|
| For the year ended June 30, 2022      |                       |  |                       |                       |
| Net Assets Without Donor Restrictions |                       |  |                       |                       |
| Board-designated                      | 1,385                 |  | (72)                  | 1,313                 |
| Net Assets With Donor Restrictions    |                       |  |                       |                       |
| Restricted in perpetuity              | <u>136,444</u>        | <u>9,340</u>                             | <u>      </u>         | <u>145,784</u>        |
| Total endowment net assets            | <u><u>137,829</u></u> | <u><u>9,340</u></u>                      | <u><u>(72)</u></u>    | <u><u>147,097</u></u> |
| For the year ended June 30, 2021      |                       |  |                       |                       |
| Net Assets Without Donor Restrictions |                       |  |                       |                       |
| Board-designated                      | 4,838                 |  | (3,453)               | 1,385                 |
| Net Assets With Donor Restrictions    |                       |  |                       |                       |
| Restricted in perpetuity              | <u>35,459</u>         | <u>100,985</u>                           | <u>      </u>         | <u>136,444</u>        |
| Total endowment net assets            | <u><u>40,297</u></u>  | <u><u>100,985</u></u>                    | <u><u>(3,453)</u></u> | <u><u>137,829</u></u> |

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The College's financial assets available to meet cash needs for general expenditures within one year of June 30, 2022 and 2021, excluding financials assets not available for general use because of contractual or donor-imposed restrictions are as follows:

|  | 2022              | 2021               |
|--|-------------------|--------------------|
| Cash and cash equivalents  | 17,741            | 159,764            |
| Investments, at cost   | <u>1,313</u>      | <u>1,385</u>       |
| <br>Financial assets available to meet cash needs<br>for general expenditures within on year | <br><u>19,054</u> | <br><u>161,149</u> |

As part of the College's liquidity management, the College has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the College invests cash in excess of daily requirements in short-term investments.

NOTE 12. ZONE ALTERNATIVE REQUIREMENTS

On March 5, 2019, the College was notified by the U.S. Department of Education of special requirements known as Zone Alternative Requirements for continued participation in federal Title IV student financial aid programs. The College has made necessary changes to comply, and believes it is in full compliance with the provisions of the Zone Alternative Requirements.

NOTE 13. SUBSEQUENT EVENT

In preparing the financial statements, the College has evaluated events and transactions for potential recognition or disclosure through October 18, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**SUMMIT CHRISTIAN COLLEGE  
COMPOSITE SCORE SUPPLEMENTAL SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2022**

|  |   |              |
|--|---|--------------|
| <b>Primary Reserve Ratio:</b>                              |   | <b>0.0</b>   |
|  | <b><u>Expendable Net Assets:</u></b>  |              |
| Statement of Financial Position                            | Net assets without donor restrictions   | \$ 683,873   |
| Statement of Financial Position                            | Net assets with donor restrictions  | 155,612      |
| Not Applicable   | Secured and unsecured related party receivable  |              |
| Not Applicable   | Unsecured related party receivable  |              |
| Statement of Financial Position                            | Property and equipment, net (includes construction in progress)                           | 808,705      |
| Statement of Financial Position                            | Property and equipment pre-implementation   | 808,705      |
| Not Applicable   | Property and equipment post-implementation with outstanding debt for original purchase    |              |
| Statement of Financial Position                            | Property and equipment post-implementation without outstanding debt for original purchase |              |
| Statement of Financial Position                            | Construction in progress  |              |
| Not Applicable   | Lease right-of-use asset, net   |              |
| Not Applicable   | Lease right-of-use asset, pre-implementation  |              |
| Not Applicable   | Lease right-of-use asset, post-implementation   |              |
| Not Applicable   | Intangible assets   |              |
| Not Applicable   | Post-employment and pension liabilities   |              |
| Statement of Financial Position,<br>Notes of the Financial | Long-term debt - for long term purposes   | 117,926      |
| Not Applicable   | Long-term debt - for long term purposes pre-implementation                                |              |
| Not Applicable   | Long-term debt - for long term purposes post-implementation                               |              |
| Not Applicable   | Line of credit for construction in progress   |              |
| Not Applicable   | Lease right-of-use asset liability  |              |
| Not Applicable   | Pre-implementation right-of-use asset liability   |              |
| Not Applicable   | Post-implementation right-of-use asset liability  |              |
| Not Applicable   | Annuities with donor restrictions   |              |
| Not Applicable   | Term endowments with donor restrictions   |              |
| Not Applicable   | Life income funds with donor restrictions   |              |
| Statement of Financial Position                            | Net assets with donor restrictions: restricted in perpetuity                              | 145,784      |
|  | <b><u>Total Expenses and Losses:</u></b>  |              |
| Statement of Activities                                    | Total expenses without donor restrictions   | 788,988      |
| Statement of Activities                                    | Net investment gains (operating and non-operating)  |              |
| Statement of Activities                                    | Net investment gains (operating and non-operating)  |              |
| Not Applicable   | Pension - related changes other than net periodic costs                                   |              |
| <b>Equity Ratio:</b>                                       |   | <b>1.2</b>   |
|  | <b><u>Modified Net Assets:</u></b>  |              |
| Statement of Financial Position                            | Net assets without donor restrictions   | 683,873      |
| Statement of Financial Position                            | Net assets with donor restrictions  | 155,612      |
| Not Applicable   | Intangible assets   |              |
| Not Applicable   | Secured and Unsecured related party receivables   |              |
| Not Applicable   | Unsecured related party receivables   |              |
|  | <b><u>Modified Assets:</u></b>  |              |
| Statement of Financial Position                            | Total assets  | 988,660      |
| Not Applicable   | Lease right-of-use asset pre-implementation   |              |
| Not Applicable   | Pre-implementation right-of-use asset liability   |              |
| Not Applicable   | Intangible assets   |              |
| Not Applicable   | Secured and unsecured related party receivables   |              |
| Not Applicable   | Unsecured related party receivables   |              |
| <b>Net Income Ratio:</b>                                   |   | <b>(0.2)</b> |
| Statement of Activities                                    | <b><u>Change in Net Assets Without Donor Restrictions</u></b>                             | (70,598)     |
| Statement of Activities                                    | <b><u>Total Revenues and Gains</u></b>  | 711,219      |
| <b>Total Composite Score</b>                               |   | <b>1.0</b>   |



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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 Directors  
Summit Christian College  
Gering, Nebraska

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 Summit Christian 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, and have issued our report thereon dated October 18, 2022.

**Reports on Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Summit Christian College's internal control over financial reporting (internal control) to determine the 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 Summit Christian College's internal control. Accordingly, we do not express an opinion on the effectiveness of Summit Christian 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. However, material weaknesses may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Summit Christian College's financial statements are free of 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 statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana F Cole + Company, LLP

Scottsbluff, Nebraska  
October 18, 2022



SUMMIT CHRISTIAN COLLEGE  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2022

There are no current year findings.

SUMMIT CHRISTIAN COLLEGE  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2022

There were no prior year findings