

SUMMIT CHRISTIAN COLLEGE
FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019



**DANA F. COLE
& COMPANY^{LLP}**
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 Financial Statements

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, 2020 and 2019, 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 and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 auditors' judgment, including the assessment of 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 of 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 Summit Christian College as of June 30, 2020 and 2019, and changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Summit Christian College's basic financial statements. The composite score supplemental schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The composite score supplemental schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the composite score supplemental schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 2020, on our consideration of Summit Christian College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 F Cole + Company, LLP

Scottsbluff, Nebraska
November 6, 2020

SUMMIT CHRISTIAN COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	ASSETS		
		2020	2019
CURRENT ASSETS			
Cash and cash equivalents		196,242	24,806
Accounts receivable		2,792	3,412
Deposits receivable		1,150	1,150
Prepaid expenses		3,075	2,982
Total current assets		<u>203,259</u>	<u>32,350</u>
PROPERTY AND EQUIPMENT			
Land		21,250	21,250
Buildings and improvements		613,198	613,198
Furniture and fixtures		55,197	55,197
Equipment		41,740	41,740
Vehicles		46,095	46,095
Library		301,377	301,377
Total property and equipment		<u>1,078,857</u>	<u>1,078,857</u>
Less accumulated depreciation		<u>(277,546)</u>	<u>(262,047)</u>
Total property and equipment net of depreciation		<u>801,311</u>	<u>816,810</u>
OTHER ASSETS			
Investments		<u>39,598</u>	<u>38,404</u>
TOTAL ASSETS		<u>1,044,168</u>	<u>887,564</u>

See accompanying notes to financial statements.

SUMMIT CHRISTIAN COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	10,976	8,126
Accrued expenses	9,557	13,255
Accrued interest payable		545
Other current liabilities	2,227	3,863
Short-term note payable	109,758	50,000
Current portion of long-term liabilities	9,422	8,347
Total current liabilities	<u>141,940</u>	<u>84,136</u>
 LONG-TERM LIABILITIES		
Notes payable (net of current maturities)	<u>138,580</u>	<u>148,086</u>
 TOTAL LIABILITIES	 <u>280,520</u>	 <u>232,222</u>
 NET ASSETS		
Net assets without donor restrictions		
Board-designated	4,838	3,260
Undesignated	713,128	606,692
Net assets with donor restrictions		
Restricted by purpose or time	10,223	10,246
Restricted in perpetuity	35,459	35,144
Total net assets	<u>763,648</u>	<u>655,342</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>1,044,168</u>	 <u>887,564</u>

SUMMIT CHRISTIAN COLLEGE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Student revenues		
Tuition and fees	112,480	139,595
Room and board	15,082	16,525
Less student aid	<u>(32,793)</u>	<u>(43,047)</u>
Total student revenues	<u>94,769</u>	<u>113,073</u>
Other revenues		
Private contributions	542,622	434,251
Grants	10,212	
Fundraising events	109,038	132,543
Miscellaneous income	9,230	13,704
Investment income	751	875
Loss on sale of equipment		<u>(5,755)</u>
Total other revenues	<u>671,853</u>	<u>575,618</u>
Net assets released from restrictions	<u>264</u>	<u>681</u>
Total revenue and support	<u>766,886</u>	<u>689,372</u>
EXPENSE		
Program services		
Instruction	154,949	136,839
Academic support	22,964	24,734
Student services	20,450	23,555
Auxiliary expense	<u>6,294</u>	<u>6,559</u>
Total program services	<u>204,657</u>	<u>191,687</u>
Other expense		
Management and general	350,068	364,559
Fundraising	75,570	104,903
Depreciation	15,499	20,263
Interest expense	<u>13,078</u>	<u>14,065</u>
Total other expense	<u>454,215</u>	<u>503,790</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>108,014</u>	<u>(6,105)</u>

SUMMIT CHRISTIAN COLLEGE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
NET ASSETS WITH DONOR RESTRICTIONS		
Investment income (purpose or time)	241	77
Net assets released from restrictions	(264)	(681)
Investment income (perpetuity)	<u>315</u>	<u>712</u>
 CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	<u>292</u>	<u>108</u>
 TOTAL CHANGE IN NET ASSETS	 108,306	 (5,997)
 NET ASSETS, beginning of year	 <u>655,342</u>	 <u>661,339</u>
 NET ASSETS, end of year	 <u><u>763,648</u></u>	 <u><u>655,342</u></u>

See accompanying notes to financial statements.

SUMMIT CHRISTIAN COLLEGE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Instruction	Academic Support	Student Services	Auxiliary Expense	Management and Government	Fund- Raising	Total
Personnel expense	142,484	15,771	10,122	4,590	206,703	47,999	427,669
Education and training	192						192
Purchased services	4,944	5,400	5,830		88,487		104,661
Advertising and promotion					3,635	2,235	5,870
Supplies and materials	10	1,562			7,632		9,204
Activities and events			4,498		7,387	21,632	33,517
Repairs and maintenance				1,704	24,301	9	26,014
Other expense	<u>7,319</u>	<u>231</u>	<u>_____</u>	<u>_____</u>	<u>11,923</u>	<u>3,695</u>	<u>23,168</u>
	<u>154,949</u>	<u>22,964</u>	<u>20,450</u>	<u>6,294</u>	<u>350,068</u>	<u>75,570</u>	<u>630,295</u>

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See accompanying notes to financial statements.

SUMMIT CHRISTIAN COLLEGE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Instruction	Academic Support	Student Services	Auxiliary Expense	Management and Government	Fund- Raising	Total
Personnel expense	120,933	16,681	9,459	4,725	222,531	46,998	421,327
Education and training	374		250				624
Purchased services	2,670	5,522	6,801		94,281		109,274
Advertising and promotion					2,089	9,681	11,770
Supplies and materials	189	2,531			7,014		9,734
Activities and events	450		7,045		9,396	35,953	52,844
Repairs and maintenance				1,834	18,511	3,244	23,589
Other expense	<u>12,223</u>	<u> </u>	<u> </u>	<u> </u>	<u>10,737</u>	<u>9,027</u>	<u>31,987</u>
	<u>136,839</u>	<u>24,734</u>	<u>23,555</u>	<u>6,559</u>	<u>364,559</u>	<u>104,903</u>	<u>661,149</u>

See accompanying notes to financial statements.

SUMMIT CHRISTIAN COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>108,306</u>	<u>(5,997)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	15,499	20,263
Loss on sale of equipment		5,755
(Increase) decrease in:		
Accounts receivable	620	1,092
Contributions receivable		30
Prepaid expense	(93)	28
Increase (decrease) in:		
Accounts payable	2,850	(3,588)
Accrued expenses	(3,698)	3,672
Accrued interest payable	(545)	545
Deposits payable		45
Other current liabilities	<u>(1,636)</u>	<u>1,721</u>
Total adjustments	<u>12,997</u>	<u>29,563</u>
Net cash provided by operating activities	<u>121,303</u>	<u>23,566</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for the purchase of property and equipment		(16,174)
Cash paid for investments	<u>(1,194)</u>	<u>(1,302)</u>
Net cash used in investing activities	<u>(1,194)</u>	<u>(17,476)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash received on short-term debt	59,758	
Cash paid on long-term debt	<u>(8,431)</u>	<u>(8,165)</u>
Net cash provided by (used in) financing activities	<u>51,327</u>	<u>(8,165)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	171,436	(2,075)
CASH AND CASH EQUIVALENTS, beginning of year	<u>24,806</u>	<u>26,881</u>
CASH AND CASH EQUIVALENTS, end of year	<u>196,242</u>	<u>24,806</u>
SUPPLEMENTARY INFORMATION		
Cash paid for interest expense	<u>12,533</u>	<u>14,610</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.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The provisions of ASU 2014-09 apply to exchange transactions with customers that are bound by contracts or similar arrangements and establish a performance obligation approach to revenue recognition. The new standard also requires expanded disclosures regarding the qualitative and quantitative information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for annual reporting periods beginning after December 15, 2018, and permits the use of either a full retrospective or a modified retrospective approach.

The College adopted the new standard on July 1, 2019, using the modified retrospective method. Based on the College's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. The adoption of the ASU 2014-09 did not have an impact on the College's financial statements. Therefore, no cumulative adjustment was recognized in net assets upon adoption.

Effective July 1, 2019, the College adopted ASU 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. The ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The amendments in this ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The College has applied the provisions of ASU 2016-18 retrospectively to all periods presented with no effect on net assets or previously issued financial statements.

Effective July 1, 2019, the College adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is

SUMMIT CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (ASC Topic 606 - *Revenue Recognition*). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. ASU 2018-08 was implemented on a modified prospective basis. Therefore, in July 1, 2019, the new standard was applied to agreements that were either not completed as of July 1, 2019, or entered into after July 1, 2019. The June 30, 2019, financial statements were not restated and continue to be reported under the accounting standards in effect in that period. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

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.

SUMMIT CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 between contributions received for each net asset category in accordance 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.

SUMMIT CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are expected to be insignificant. As such, no provision for doubtful accounts has been recorded.

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.

SUMMIT CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2020 and 2019, advertising costs were \$5,869 and \$11,769, 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.

The College has investments in certificates of deposit only, none of which are held for trading purposes.

SUMMIT CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

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, 2020, all of the College's deposits with financial institutions were uninsured and uncollateralized by the amount of \$39,283.

NOTE 3. SHORT-TERM NOTE PAYABLE

On February 27, 2019, the College obtained an operating line of credit in the amount of \$50,000 with First State Bank for the purpose of providing operating resources for cash shortfalls. The line of credit accrues interest at a rate of 6% and is due February 27, 2020. The balance of this line of credit was \$38,625 as of June 30, 2020.

The College has a line of credit with First State Bank in the amount of \$57,750. The College obtained this line of credit to allow the U.S. Department of Education to draw upon as a condition of participation in the U.S. Department of Education's Title IV Higher Education Assistance programs. In the event of program administration errors results in overfunding of awards, the U.S. Department of Education may utilize this line of credit for repayment. The balance of this line of credit as of June 30, 2020 and 2019, is \$- 0 -, respectively.

On April 14, 2020, the College acquired a short-term note from First State Bank under the U.S. Small Business Administration's Paycheck Protection Program. Under this program, the loan may be forgivable upon satisfactory application. The College expects this loan to be fully forgiven in the near future. The note accrues interest at a rate of .99% and matures April 14, 2022. The balance of this note as of June 30, 2020, is \$71,133.

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, 2020 and 2019, was \$148,002 and \$156,433, respectively.

The following is a summary of changes in long-term debt for the years ended June 30, 2020 and 2019.

	Beginning Balance	Additions	Repay- ments	Ending Balance
For the year ended June 30, 2020				
Note payable	<u>156,433</u>	<u> </u>	<u>(8,431)</u>	<u>148,002</u>
For the year ended June 30, 2019				
Note payable	<u>164,598</u>	<u> </u>	<u>(8,165)</u>	<u>156,433</u>

SUMMIT CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT (Continued)

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

Years Ended June 30,	Principal	Interest
2021	9,422	8,710
2022	10,012	8,120
2023	10,638	7,494
2024	11,285	6,847
2025	12,010	6,122
2026 - 2030	72,292	18,368
2031 - 2033	<u>22,342</u>	<u>896</u>
Total	<u>148,002</u>	<u>56,557</u>

The total amount of interest expense for the years ended June 30, 2020 and 2019, was \$13,078 and \$14,065, respectively.

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, 2020 and 2019, were designated for the following purposes:

	2020	2019
Scholarships	<u>4,838</u>	<u>3,260</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, 2020 and 2019, were temporarily restricted for the following purposes:

	2020	2019
Dormitory improvements	9,639	9,903
Scholarships	<u>584</u>	<u>343</u>
	<u>10,223</u>	<u>10,246</u>

SUMMIT CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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, 2020 and 2019, for permanently restricted principal balances and which earnings may be utilized for the following purposes:

	2020	2019
Scholarships	<u>35,459</u>	<u>35,144</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.

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, 2020 and 2019, 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.

SUMMIT CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS

NOTE 10. ENDOWMENT FUNDS (Continued)

Changes in endowment net assets, are as follows:

	Beginning of Year	Investment Income	Utilizations	End of Year
For the year ended June 30, 2020				
Net Assets Without Donor Restrictions				
Board-designated	3,260	1,578		4,838
Net Assets With Donor Restrictions				
Restricted in perpetuity	<u>35,144</u>	<u>315</u>	<u> </u>	<u>35,459</u>
Total endowment net assets	<u>38,404</u>	<u>1,893</u>	<u> </u>	<u>40,297</u>
For the year ended June 30, 2019				
Net Assets Without Donor Restrictions				
Board-designated	2,670	590		3,260
Net Assets With Donor Restrictions				
Restricted in perpetuity	<u>34,432</u>	<u>712</u>	<u> </u>	<u>35,144</u>
Total endowment net assets	<u>37,102</u>	<u>1,302</u>	<u> </u>	<u>38,404</u>

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, 2020 and 2019, excluding financials assets not available for general use because of contractual or donor-imposed restrictions are as follows:

	2020	2019
Cash and cash equivalents	196,242	24,806
Investments, at cost	<u>4,838</u>	<u>3,260</u>
Financial assets available to meet cash needs for general expenditures within on year	<u>201,080</u>	<u>28,066</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.

SUMMIT CHRISTIAN COLLEGE
NOTES TO FINANCIAL STATEMENTS

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. ECONOMIC CONDITIONS

The College does not believe the current economic conditions caused by the spread of Coronavirus (COVID-19) has had any significant financial impact on the College's operations during the year ended June 30, 2020. Additionally, the College does not expect the economic conditions of COVID-19 to have any significant financial effect on future periods.

NOTE 14. SUBSEQUENT EVENTS

The COVID-19 (Coronavirus) outbreak has prompted global concern. Consequently, the College may experience a loss in revenue sources due to the economic impacts of the virus, or may experience an increase in costs to provide services. An estimate of the effect of the COVID-19 pandemic cannot be made at this time.

Subsequent to year end, the College received a grant under Section 18004(a)(3) of the CARES Act funding in the amount of \$395,577. The grant is to be used in any of the following ways: 1) health and safety measures, 2) student grants, 3) upgrade IT for online programming, 4) cover additional wages or training caused by the College's response to COVID-19, or 5) recuperate loss revenue.

In preparing the financial statements, the College has evaluated events and transactions for potential recognition or disclosure through November 6, 2020, the date the financial statements were available to be issued.

**SUMMIT CHRISTIAN COLLEGE
COMPOSITE SCORE SUPPLEMENTAL SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

Primary Reserve Ratio:		(0.1)
	Expendable Net Assets:	
Statement of Financial Position	Net assets without donor restrictions	\$ 717,966
Statement of Financial Position	Net assets with donor restrictions	45,682
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)	801,311
Statement of Financial Position	Property and equipment pre-implementation	801,311
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, Notes of the Financial	Long-term debt - for long term purposes	148,002
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	35,459
	Total Expenses and Losses:	
Statement of Activities	Total expenses without donor restrictions	658,872
Statement of Activities	Net investment gains (operating and non-operating)	(751)
Statement of Activities	Net investment gains (operating and non-operating)	
Not Applicable	Pension - related changes other than net periodic costs	-
Equity Ratio:		0.7
	Modified Net Assets:	
Statement of Financial Position	Net assets without donor restrictions	717,966
Statement of Financial Position	Net assets with donor restrictions	45,682
Not Applicable	Intangible assets	
Not Applicable	Secured and Unsecured related party receivables	-
Not Applicable	Unsecured related party receivables	
	Modified Assets:	
Statement of Financial Position	Total assets	1,044,168
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	-
Net Income Ratio:		0.1
Statement of Activities	Change in Net Assets Without Donor Restrictions	108,014
Statement of Activities	Total Revenues and Gains	767,637
Total Composite Score		2.4



**DANA F. COLE
& COMPANY** LLP
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, 2020, 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 November 6, 2020.

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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a material weakness as item 2020-001.

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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

College's Response to Findings

Summit Christian College's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Summit Christian College's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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
November 6, 2020

SUMMIT CHRISTIAN COLLEGE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020

2020-001 SEGREGATION OF DUTIES

Condition

The College has not employed an internal control system that sufficiently segregates accounting functions to a degree that reasonably reduces the risk that fraud could occur and not be detected.

Criteria

An adequate internal control system design should be designed to adequately segregate responsibilities of performing control functions sufficient to prevent circumvention of those controls by any one individual.

Cause

The College does not employ a sufficient number of personnel to adequately segregate accounting functions.

Potential Effect

Internal controls may be circumvented to reduce the ability of those internal controls to detect fraud.

Recommendation

We noted the College, during the year ended June 30, 2020, has implemented quarterly and annual oversight review processes and contracted professional services to conduct those services as measures to mitigate the effect of segregation of duties weakness. However, these procedures were not conducted for the entire year and details of documents examined, amounts reviewed, agreements made were not fully documented in a manner that can be reproduced, recalculated or remeasured. Additionally, communication of those procedures conducted and findings, if any, were not made in writing to management in retained independent of the accounting process.

Because of the incomplete implementation oversight and review process and the seriousness of this defect in the design of internal control, we believe this condition continues to exist at a level that does not yet sufficiently decrease the risk that fraud or errors could exist without reasonable detection.

We recommend the College continue efforts to provide independent review and verification of financial information on a regularly recurring basis, develop standards for the procedures to be completed, and obtain and retain details of documentation examined independent of those responsible for financial recording and reporting. Additionally, we recommend that management and the Board of Directors be continuously aware of this condition, perform independent review of high-risk transactions, implement alternative mitigating procedures when possible, and rigorously investigate unusual transactions when discovered.

SUMMIT CHRISTIAN COLLEGE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020

2020-001 SEGREGATION OF DUTIES (Continued)

College's Response

The College continually reviews internal controls over financial transactions and seeks professional advice to make improvements when feasible. College management understands the importance of segregation of accounting duties and will continue review and modify its oversight procedures for improvement and continuance. Furthermore, the College implements other mitigating controls when possible, as well as investigating unusual transactions.

SUMMIT CHRISTIAN COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2020

2019-001 SEGREGATION OF DUTIES

Condition

The College has not employed an internal control system that sufficiently segregates accounting functions to a degree that reasonably reduces the risk that fraud could occur and not be detected.

Status

Ongoing.