

SUMMIT CHRISTIAN COLLEGE  
FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018



**DANA F. COLE  
& COMPANY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

SUMMIT CHRISTIAN COLLEGE  
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3 - 4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
NOTES TO FINANCIAL STATEMENTS	10 - 17
REPORT REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	
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 <i>Government Auditing Standards</i>	18 - 19
SCHEDULE OF FINDINGS AND RESPONSES	20 - 21
SCHEDULE OF PRIOR YEAR FINDINGS	22



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
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, 2019 and 2018, 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, 2019 and 2018, 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 Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 30, 2019, 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, 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.

### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, effective July 1, 2018, the College adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Dana F Cole + Company, LLP

Scottsbluff, Nebraska  
October 30, 2019

SUMMIT CHRISTIAN COLLEGE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

	ASSETS		
		2019	2018
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		24,806	26,881
Accounts receivable		3,412	4,504
Deposits receivable		1,150	1,180
Prepaid expenses		2,982	3,010
Total current assets		32,350	35,575
 <b>PROPERTY AND EQUIPMENT</b>			
Land		21,250	21,250
Buildings and improvements		613,198	620,498
Furniture and fixtures		55,197	55,197
Equipment		41,740	25,566
Vehicles		46,095	46,095
Library		301,377	301,377
Total property and equipment		1,078,857	1,069,983
Less accumulated depreciation		(262,047)	(243,330)
Total property and equipment net of depreciation		816,810	826,653
 <b>OTHER ASSETS</b>			
Investments		38,404	37,102
 <b>TOTAL ASSETS</b>		 887,564	 899,330

See accompanying notes to financial statements.

SUMMIT CHRISTIAN COLLEGE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

	2019	2018
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	8,126	11,713
Accrued expenses	13,255	9,583
Accrued interest payable	545	
Deposits payable	90	45
Other current liabilities	3,773	2,052
Short-term note payable	50,000	50,000
Current portion of long-term liabilities	8,844	8,347
Total current liabilities	<u>84,633</u>	<u>81,740</u>
<b>LONG-TERM LIABILITIES</b>		
Notes payable (net of current maturities)	<u>147,589</u>	<u>156,251</u>
Total liabilities	<u>232,222</u>	<u>237,991</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions		
Board-designated	3,260	5,998
Undesignated	606,692	610,059
Net assets with donor restrictions		
Restricted by purpose or time	10,246	10,850
Restricted in perpetuity	35,144	34,432
Total net assets	<u>655,342</u>	<u>661,339</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>887,564</u>	<u>899,330</u>

SUMMIT CHRISTIAN COLLEGE  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Student revenues		
Tuition and fees	139,595	135,977
Room and board	16,525	17,425
Less student aid	<u>(43,047)</u>	<u>(28,856)</u>
Total student revenues	<u>113,073</u>	<u>124,546</u>
Other revenues		
Private contributions	434,251	290,423
Grants		1,186
Fundraising events	132,543	103,748
Miscellaneous income	13,704	11,813
Investment income	875	507
Loss on sale of assets	<u>(5,755)</u>	
Total other revenues	<u>575,618</u>	<u>407,677</u>
Net assets released from restrictions	681	
Total revenue and support	<u>689,372</u>	<u>532,223</u>
EXPENSE		
Program services		
Instruction	136,839	155,193
Academic support	24,734	24,304
Student services	23,555	24,124
Auxiliary expense	<u>6,559</u>	<u>7,168</u>
Total program services	<u>191,687</u>	<u>210,789</u>
Other expense		
Management and general	364,559	345,235
Fundraising	104,903	95,309
Depreciation	20,263	26,490
Interest expense	<u>14,065</u>	<u>11,037</u>
Total other expense	<u>503,790</u>	<u>478,071</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(6,105)</u>	<u>(156,637)</u>

SUMMIT CHRISTIAN COLLEGE  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
NET ASSETS WITH DONOR RESTRICTIONS		
Investment income (purpose or time)	77	200
Net assets released from restrictions	(681)	
Investment income (perpetuity)	<u>712</u>	<u>780</u>
 CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	 <u>108</u>	 <u>980</u>
 TOTAL CHANGE IN NET ASSETS	 (5,997)	 (155,657)
NET ASSETS, beginning of year	<u>661,339</u>	<u>816,996</u>
NET ASSETS, end of year	<u>655,342</u>	<u>661,339</u>

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  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	Instruction	Academic Support	Student Services	Auxiliary Expense	Management and Government	Fund-Raising	Total
Personnel expense	148,694	17,411	9,778	4,860	174,377	48,374	403,494
Education and training	432					89	521
Purchased services	1,800	5,759	6,215		107,243		121,017
Advertising and promotion					3,112	9,147	12,259
Supplies and materials	958	1,134			6,332		8,424
Activities and events	723		8,131		3,916	31,359	44,129
Repairs and maintenance				2,308	29,051	797	32,156
∞ Other expense	<u>2,586</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>21,204</u>	<u>5,543</u>	<u>29,333</u>
	<u>155,193</u>	<u>24,304</u>	<u>24,124</u>	<u>7,168</u>	<u>345,235</u>	<u>95,309</u>	<u>651,333</u>

See accompanying notes to financial statements.

SUMMIT CHRISTIAN COLLEGE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<u>(5,997)</u>	<u>(155,657)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	20,263	26,490
Loss on sale of equipment	5,755	
(Increase) decrease in:		
Accounts receivable	1,092	(882)
Contributions receivable	30	
Prepaid expense	28	(62)
Increase (decrease) in:		
Accounts payable	(3,588)	(5,618)
Accrued expenses	3,672	(3,914)
Accrued interest payable	545	
Deposits payable	45	(875)
Other current liabilities	<u>1,721</u>	<u>2,052</u>
Total adjustments	<u>29,563</u>	<u>17,191</u>
Net cash provided by (used in) operating activities	<u>23,566</u>	<u>(138,466)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for the purchase of property and equipment	(16,174)	(2,771)
Cash paid for investments	<u>(1,302)</u>	<u>(1,476)</u>
Net cash used in investing activities	<u>(17,476)</u>	<u>(4,247)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash received on line of credit		50,000
Cash paid on long-term debt	<u>(8,165)</u>	<u>(7,864)</u>
Net cash provided by (used in) financing activities	<u>(8,165)</u>	<u>42,136</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(2,075)</u>	<u>(100,577)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>26,881</u>	<u>127,458</u>
CASH AND CASH EQUIVALENTS, end of year	<u>24,806</u>	<u>26,881</u>
<b>SUPPLEMENTARY INFORMATION</b>		
Cash paid for interest expense	<u>14,610</u>	<u>11,037</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, evangelistic and benevolent work. The College is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes.

New Accounting Pronouncement

Effective July 1, 2018, the College adopted FASB Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, (ASU 2016-14). The provisions of ASU 2016-14 are intended to simplify and improve the presentation of net assets, as well as provide information regarding liquidity, financial performance, and cash flows. The provisions of ASU 2016-14 that significantly change the College's financial statements are as follows:

- Revises the net assets classification structure to two classes (net assets with donor restrictions and net assets without donor restrictions) instead of the previous three classes;
- Enhances disclosures for self-imposed limits on the use of resources both with and without donor-imposed restrictions; and
- Requires quantitative and qualitative disclosures on liquidity and the availability of resources to fund operations.

The financial statements for the year ended June 30, 2018, have been retrospectively restated for the effects of the adoption of ASU 2016-14, which resulted in temporarily and permanently restricted net assets being reported as net assets with donor restrictions, and unrestricted net assets being reported as net assets without donor restrictions. There was no change in total net assets, nor was there an effect on the change in net assets in the accompanying statements of activities for the year ended June 30, 2018.

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.

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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 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.

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 ninety 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 Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising costs of the College are expensed as incurred. For the years ended June 30, 2019 and 2018, advertising costs were \$11,769 and \$12,259, respectively.

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. INVESTMENTS

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

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 \$50,000 as of June 30, 2019.

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, 2019 and 2018, was \$156,433 and \$164,598, respectively.

The following is a summary of changes in long-term debt for the years ended June 30, 2019 and 2018.

	Beginning Balance	Additions	Repay- ments	Ending Balance
For the year ended June 30, 2019				
Note payable	<u>164,598</u>	<u>          </u>	<u>(8,165)</u>	<u>156,433</u>
For the year ended June 30, 2018				
Note payable	<u>172,462</u>	<u>          </u>	<u>(7,864)</u>	<u>164,598</u>

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

Years Ended June 30,	Principal	Interest
2020	8,844	9,288
2021	9,422	8,710
2022	10,012	8,120
2023	10,638	7,494
2024	11,285	6,847
2025 - 2029	68,036	22,624
2030 - 2033	<u>38,196</u>	<u>2,762</u>
Total	<u>156,433</u>	<u>65,845</u>

The total amount of interest expense for the years ended June 30, 2019 and 2018, was \$14,065 and \$11,037, respectively.



SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. OTHER LIABILITIES

Other liabilities consist of amounts received as prepayment tuition.

NOTE 6. BOARD-DESIGNATED NET ASSETS

Designated Net Assets

The College has designated amounts for intended future use. Net assets at June 30, 2019 and 2018, were designated for the following purposes:

	2019	2018
Scholarships	3,260	2,670
Emergency Reserve		3,328
	3,260	5,998

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, 2019 and 2018, were temporarily restricted for the following purposes:

	2019	2018
Dormitory improvements	9,903	10,584
Scholarships	343	266
	10,246	10,850

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, 2019 and 2018, for permanently restricted principal balances and which earnings may be utilized for the following purposes:

	2019	2018
Scholarships	35,144	34,432

NOTE 8. CONCENTRATION OF CREDIT RISK

The College maintains cash balances at multiple financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. Additionally, the College holds a repurchase agreement to further secure bank

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. CONCENTRATION OF CREDIT RISK (Continued)

deposits in excess of \$250,000 at one financial institution. The College has not experienced any loss in such accounts. As of June 30, 2019 and 2018, all balances were insured or collateralized.

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 and \$1,500 for the years ended June 30, 2019 and 2018, 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 fund 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 of Year	Investment Income	Utilizations	End of Year
For the year ended June 30, 2019				
Net Assets Without Donor Restrictions				
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>

SUMMIT CHRISTIAN COLLEGE  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. ENDOWMENT FUNDS (Continued)

	Beginning of Year	Investment Income	Utilizations	End of Year
For the year ended June 30, 2018				
Net Assets Without Donor Restrictions				
Designated	1,973	697		2,670
Net Assets With Donor Restrictions				
Restricted in Perpetuity	<u>33,652</u>	<u>780</u>	_____	<u>34,432</u>
 Total endowment net assets	 <u>35,625</u>	 <u>1,477</u>	 _____	 <u>37,102</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, 2019 and 2018, excluding financial assets not available for general use because of contractual or donor-imposed restrictions are as follows:

	2019	2018
Cash and cash equivalents	24,806	26,881
Investments, at cost	<u>3,260</u>	<u>2,670</u>
 Financial assets available to meet cash needs for general expenditures within on year	 <u>28,066</u>	 <u>29,551</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 EVENTS

In preparing the financial statements, the College has evaluated events and transactions for potential recognition or disclosure through October 30, 2019, the date the financial statements were available to be issued.



**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, 2019, 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 30, 2019.

#### 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 2019-001.

## 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 J Cole + Company, LLP

Scottsbluff, Nebraska  
October 30, 2019

SUMMIT CHRISTIAN COLLEGE  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2019

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.

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 has implemented or changed internal controls over authorization for, the processing of, and the recording and reporting of transactions from our previous audit of the financial statements. Additionally, we believe that management's understanding of internal controls related to the need for and the methods employed for segregation of duties has improved since our previous audit of the financial statements. Although this improvement in the design and understanding the segregation of internal controls has been made, independent review of the financial information on a regularly recurring basis has not fully been implemented. Because of the incomplete implementation of adequate segregation of accounting functions 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. 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, 2019

2019-001 SEGREGATION OF DUTIES (Continued)

College's Response

The College has implemented or changed internal controls over authorization for, the processing of, and the recording and reporting of transactions and has identified a process for independent review of financial information on a regular recurring basis. The College intends on having this process implemented within the College's next fiscal year. Furthermore, the College will implement mitigating controls when possible, as well as investigating unusual circumstances.

SUMMIT CHRISTIAN COLLEGE  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2019

2018-001 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