



THE POTTER'S HOUSE
CONSOLIDATED FINANCIAL
STATEMENTS

With Independent Auditors' Report

June 30, 2020 and 2019

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STATEMENTS

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An Urban, Christ-Centered School



THE POTTER'S HOUSE

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
The Potter's House
Grand Rapids, Michigan**

We have audited the accompanying consolidated financial statements of The Potter's House (a nonprofit organization), which consist of the consolidated statements of financial position as of June 30, 2020 and 2019, the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 The Potter's House as of June 30, 2020 and 2019 and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As discussed in Note 12 to the consolidated financial statements, the financial statements as of and for the year ended June 30, 2019 have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

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INDEPENDENT AUDITORS' REPORT, continued

OTHER MATTER

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary data on pages 25 through 29 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Wyoming, Michigan
January 27, 2021

THE POTTER'S HOUSE

Consolidated Statements of Financial Position

	June 30,	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 90,263	\$ 691,456
Accounts receivable, net of allowance of \$45,000	180,481	192,580
Contributions receivable	737,785	1,630,708
Prepaid expenses	15,507	3,110
Investments held for long-term purposes	1,671,930	1,678,251
Property and equipment, net of accumulated depreciation	14,731,471	13,364,062
Total Assets	<u>\$ 17,427,437</u>	<u>\$ 17,560,167</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 369,406	\$ 846,686
Accrued payroll and related liabilities	536,850	574,468
Deferred revenue	82,978	58,798
Debt	2,269,171	1,528,166
Capitalized lease obligation	82,135	19,712
Total Liabilities	<u>3,340,540</u>	<u>3,027,830</u>
Net Assets - Note 12		
Without donor restriction		
Undesignated	(1,841,362)	(3,499,070)
Designated	4,696	3,818
Net investment in property and equipment	14,649,336	13,344,350
	<u>12,812,670</u>	<u>9,849,098</u>
With Donor Restriction	<u>1,274,227</u>	<u>4,683,239</u>
Total Net Assets	<u>14,086,897</u>	<u>14,532,337</u>
Total Liabilities and Net Assets	<u>\$ 17,427,437</u>	<u>\$ 17,560,167</u>

See accompanying notes and independent auditors' report

THE POTTER'S HOUSE

Consolidated Statements of Activities

	Years Ended June 30,					
	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE						
Tuition and fees	\$ 4,646,940	\$ -	\$ 4,646,940	\$ 4,434,033	\$ -	\$ 4,434,033
Less: tuition grants and discounts	(3,133,917)	-	(3,133,917)	(2,981,019)	-	(2,981,019)
	1,513,023	-	1,513,023	1,453,014	-	1,453,014
Contributions - Note 12	2,806,799	1,237,784	4,044,583	2,960,172	3,320,643	6,280,815
Gifts in kind	9,627	33,474	43,101	9,800	97,000	106,800
Fund-raisers, net of expenses	273,269	-	273,269	177,706	-	177,706
Lunch program revenues	107,294	-	107,294	145,254	-	145,254
Campus program revenue	400	-	400	7,670	-	7,670
Investment income	10,150	12,668	22,818	48,099	31,598	79,697
Church rental income	3,800	-	3,800	12,850	-	12,850
Other income	11,631	-	11,631	59,897	-	59,897
Total Support and Revenue	4,735,993	1,283,926	6,019,919	4,874,462	3,449,241	8,323,703
RECLASSIFICATIONS						
Net assets released for satisfaction of purpose restrictions - Note 12	4,692,938	(4,692,938)	-	435,191	(435,191)	-
EXPENSES						
Program						
Instructional	4,630,269	-	4,630,269	4,683,257	-	4,683,257
Auxiliary	231,289	-	231,289	259,820	-	259,820
Extra-curricular	172,250	-	172,250	150,020	-	150,020
Total Program	5,033,808	-	5,033,808	5,093,097	-	5,093,097
Supporting Activities						
Management and general	1,040,175	-	1,040,175	936,696	-	936,696
Fund-raising	391,376	-	391,376	499,177	-	499,177
Total Supporting Activities	1,431,551	-	1,431,551	1,435,873	-	1,435,873
Total Expenses	6,465,359	-	6,465,359	6,528,970	-	6,528,970
Change in Net Assets - Note 12	2,963,572	(3,409,012)	(445,440)	(1,219,317)	3,014,050	1,794,733
Net Assets, Beginning of Year						
As originally reported	9,849,098	4,683,239	14,532,337	11,118,415	1,619,189	12,737,604
Corrections - Note 12	-	-	-	(50,000)	50,000	-
As corrected	9,849,098	4,683,239	14,532,337	11,068,415	1,669,189	12,737,604
Net Assets, End of Year	\$ 12,812,670	\$ 1,274,227	\$ 14,086,897	\$ 9,849,098	\$ 4,683,239	\$ 14,532,337

See accompanying notes and independent auditors' report

THE POTTER'S HOUSE

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Instructional	Auxiliary	Extra- Curricular	Total Program	Management and General	Fund- Raising	Total Supporting Activities	Total Expenses
Grants awarded	\$ -	\$ 31,065	\$ -	\$ 31,065	\$ -	\$ -	\$ -	\$ 31,065
Salaries and wages	2,654,725	60,612	92,675	2,808,012	540,862	281,395	822,257	3,630,269
Pension plan	37,311	-	610	37,921	6,637	3,441	10,078	47,999
Other employee benefits	523,650	359	60	524,069	100,104	45,047	145,151	669,220
Payroll taxes	186,821	1,202	3,988	192,011	31,533	17,066	48,599	240,610
Professional services - management	-	-	-	-	55,808	-	55,808	55,808
Professional services - accounting	-	-	-	-	10,706	-	10,706	10,706
Professional services - other	53,485	108,027	-	161,512	42,735	112	42,847	204,359
Advertising and promotion	-	-	-	-	806	11,856	12,662	12,662
Office	20,106	-	-	20,106	69,755	14,794	84,549	104,655
Information technology	17,554	-	-	17,554	12,003	2,901	14,904	32,458
Occupancy	479,994	398	-	480,392	28,014	2,280	30,294	510,686
Travel	3,336	13,995	-	17,331	1,326	1,326	2,652	19,983
Conferences, conventions and meetings	-	-	-	-	9,848	-	9,848	9,848
Interest	-	-	-	-	91,021	-	91,021	91,021
Depreciation	444,263	1,431	-	445,694	23,382	-	23,382	469,076
Insurance	24,973	-	-	24,973	6,140	-	6,140	31,113
Instructional	177,040	-	43,269	220,309	-	-	-	220,309
Athletics	-	-	31,648	31,648	-	-	-	31,648
Lunch program	-	5,958	-	5,958	-	-	-	5,958
Alumni and donor relations	-	646	-	646	5,309	11,158	16,467	17,113
Parent and booster clubs	-	7,596	-	7,596	-	-	-	7,596
Accreditation and memberships	7,011	-	-	7,011	4,186	-	4,186	11,197
Total Expenses	\$ 4,630,269	\$ 231,289	\$ 172,250	\$ 5,033,808	\$ 1,040,175	\$ 391,376	\$ 1,431,551	\$ 6,465,359

See accompanying notes and independent auditors' report

THE POTTER'S HOUSE

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Instructional	Auxiliary	Extra- Curricular	Total Program	Management and General	Fund- Raising	Total Supporting Activities	Total Expenses
Grants awarded	\$ -	\$ 32,169	\$ -	\$ 32,169	\$ -	\$ -	\$ -	\$ 32,169
Salaries and wages	2,585,832	67,430	93,730	2,746,992	479,051	288,077	767,128	3,514,120
Pension plan	35,900	-	596	36,496	5,219	2,811	8,030	44,526
Other employee benefits	543,223	464	292	543,979	92,328	53,834	146,162	690,141
Payroll taxes	191,212	1,371	4,027	196,610	24,949	13,429	38,378	234,988
Professional services - management	-	-	-	-	21,904	-	21,904	21,904
Professional services - accounting	-	-	-	-	8,842	-	8,842	8,842
Professional services - other	49,577	118,038	-	167,615	38,507	9,966	48,473	216,088
Advertising and promotion	-	-	-	-	661	16,921	17,582	17,582
Office	20,973	-	-	20,973	101,047	23,620	124,667	145,640
Information technology	22,112	-	-	22,112	10,226	2,265	12,491	34,603
Occupancy	448,081	1,615	-	449,696	21,090	2,720	23,810	473,506
Travel	2,682	14,177	-	16,859	608	608	1,216	18,075
Conferences, conventions and meetings	-	-	-	-	18,986	-	18,986	18,986
Interest	-	-	-	-	75,934	-	75,934	75,934
Depreciation	359,360	1,430	-	360,790	18,914	-	18,914	379,704
Insurance	23,878	-	-	23,878	5,482	-	5,482	29,360
Instructional	393,379	-	18,655	412,034	-	-	-	412,034
Athletics	-	-	32,720	32,720	-	-	-	32,720
Lunch program	-	6,388	-	6,388	-	-	-	6,388
Alumni and donor relations	-	4,097	-	4,097	7,843	84,926	92,769	96,866
Parent and booster clubs	-	12,641	-	12,641	-	-	-	12,641
Accreditation and memberships	7,048	-	-	7,048	5,105	-	5,105	12,153
Total Expenses	\$ 4,683,257	\$ 259,820	\$ 150,020	\$ 5,093,097	\$ 936,696	\$ 499,177	\$ 1,435,873	\$ 6,528,970

See accompanying notes and independent auditors' report

THE POTTER'S HOUSE

Consolidated Statements of Cash Flows

	Years Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (445,440)	\$ 1,794,733
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Contributions of marketable securities	(35,491)	(56,419)
Contributions for long-term purposes	(1,157,018)	(1,913,414)
Depreciation	469,076	379,704
Net losses (gains) from investments	14,229	(40,285)
Losses (gains) from disposal of property and equipment	23,129	(468)
Gain from buy-out of capitalized lease obligation	(2,959)	-
Change in:		
Accounts receivable	12,099	5,378
Contributions receivable	892,923	(1,352,618)
Prepaid expenses	(12,397)	3,571
Accounts payable	(477,280)	489,353
Accrued payroll and related liabilities	(37,618)	85,331
Deferred revenue	24,180	7,663
Net Cash Used by Operating Activities	(732,567)	(597,471)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	283,482	684,975
Proceeds from sale of property and equipment	-	1,000
Purchases of investments	(255,899)	(529,435)
Purchases of property and equipment	(1,760,654)	(1,359,969)
Net Cash Used By Investing Activities	(1,733,071)	(1,203,429)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term purposes	1,157,018	1,913,414
Proceeds from loans and draws from lines of credit	3,745,485	4,124,344
Principal payments on loans and lines of credit	(3,004,480)	(3,932,746)
Principal payments on capitalized lease obligations	(33,578)	(15,140)
Net Cash Provided by Financing Activities	1,864,445	2,089,872
Change in Cash and Cash Equivalents	(601,193)	288,972
Cash and Cash Equivalents, Beginning of Period	691,456	402,484
Cash and Cash Equivalents, End of Period	\$ 90,263	\$ 691,456
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 91,021	\$ 75,934

During the year ended June 30, 2020, TPH acquired office equipment having an estimated fair value of \$98,960 financed by a capitalized lease obligation.

See accompanying notes and independent auditors' report

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION

The mission of The Potter's House (TPH) is to provide a Christ-centered education to children of all ethnic heritages and income levels, equipping them to serve God and society to their fullest potential. TPH offers an excellent academic program in an urban environment. Rooted in Biblical principles and values, TPH encourages students to reach their full potential by maintaining a healthy spiritual, physical, social and emotional life. TPH challenges students and their families to grow in their personal relationship with Jesus Christ. TPH promotes unity and reconciliation in the Roosevelt Park community of Grand Rapids.

In existence since 1981, TPH offers grades K-12 as well as preschool to families throughout Grand Rapids, Michigan and its surrounding communities. Its facilities are located on two campuses, the preschool through eighth grade in Roosevelt Park and the high school in Wyoming. Its operations are financed primarily from contributions, tuition and fees. TPH also provides for the feeding of students on a fee basis. The costs for various program and extra-curricular activities are also financed by fees, fund-raising efforts and ticket sales.

TPH is a nonprofit organization incorporated in Michigan and is exempt from federal income taxes under section 501(c)(3) of the United States Internal Revenue Code (code) and comparable state law, and has been classified as a publicly supported organization that is not a private foundation under section 509(a) of the code.

Contributions to TPH are tax deductible within the limits prescribed by the code.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of TPH include the combined financial resources and activities of The Potter's House Foundation (the Foundation), a Michigan nonprofit corporation that exists solely for the financial support of TPH. All inter-organization balances and transactions have been eliminated in the consolidation.

CASH AND CASH EQUIVALENTS AND CONCENTRATION OF CREDIT RISK

Cash and cash equivalents consist of checking, money market and other highly liquid investment accounts which are not included in the holdings of the managed portfolio for investments held for long-term purposes. Balances in the bank accounts may at times exceed federally insured limits. TPH has not experienced any losses in these accounts and management believes it is not exposed to any significant credit risk.

INVESTMENTS HELD FOR LONG-TERM PURPOSES

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at fair value based on quoted prices in active markets (all Level 1 measurements) in the consolidated statements of financial position. For purposes of determining gross realized gains and losses, the cost of securities sold is based on specific identification. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Donated investments are reported at market value at the date of donation and thereafter carried in accordance with the above policies.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued

ACCOUNTS RECEIVABLE

Accounts receivable, consisting primarily of unpaid tuition and fee charges, are reported net of any anticipated losses due to uncollectible accounts. TPH considers an account to be past due when items billed on the account have not been paid by the due date. All outstanding balances at June 30, 2020 and 2019 are considered past due. Past due accounts are subject to internal collection efforts but remain classified as active accounts until graduation or withdrawal from the school. Total accounts receivable in collection at June 30, 2020 and 2019 are \$7,423 and \$72,725, respectively. Uncollectible accounts are recognized as additions to bad debt expense in the period it is determined the amounts could become uncollectible. The allowance for doubtful accounts is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, payment patterns and general economic conditions. The allowance is maintained at a level that, in management's judgment, is adequate to absorb potential losses inherent in the receivables portfolio.

CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are recognized as income when made and reported at fair value based upon estimated future cash flows. Unconditional promises to give expected to be collected within one year are reported at net realizable value because the present value of estimated cash flows approximates net realizable value. Unconditional promises to give expected to be collected in future years are reported at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are expected to be received. This discount rate is based on yields of U.S. treasury bills corresponding to the timing of the expected collection of contributions receivable. Amortization of the discount is included in contributions revenue in the statements of activities. Management believes all contributions receivable balances are fully collectible at both June 30, 2020 and 2019; there is, therefore, no allowance for doubtful promises to give.

PREPAID EXPENSES

Prepaid expenses at years ended June 30, 2020 and 2019 consist of expenditures for utilities, accreditation, food service and other costs paid prior to the end of the fiscal year but which benefit the following fiscal year.

PROPERTY AND EQUIPMENT

Property and equipment is reported at cost, estimated cost or fair value. Expenditures for property and equipment in excess of \$1,000 and having estimated useful lives of three years or more are capitalized at cost when purchased. Donated items are reported at their estimated fair values as of the date the gifts are received. Depreciation is reported using the straight-line method over the estimated useful lives of the assets, which ranges from three to fifty years. Depreciation expense was \$469,076 and \$379,704 for the years ended June 30, 2020 and 2019, respectively.

DEFERRED REVENUE

Deferred revenue results primarily from deposits received and credit balances carried forward for fall enrollment.

NET ASSETS

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes in net assets therein are classified and reported as follows:

NET ASSETS WITHOUT DONOR RESTRICTIONS are net assets available for use in general operations and not subject to donor or certain grantor-imposed restrictions. Net assets without donor restrictions have been designated for the parent and booster clubs.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued

NET ASSETS, continued

NET ASSETS WITH DONOR RESTRICTIONS are net assets subject to donor or certain grantor-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.

SUPPORT AND REVENUE

Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions of assets other than cash and services are reported at their estimated fair value. TPH reports donations of property and equipment as contributions without donor restriction unless the donor has restricted the donated asset to a specific purpose. Contributions of cash to acquire property are reported as contributions with donor restrictions.

Tuition revenues are reported net of discounts, which are determined based on household income and the total number of children in the household. Parents also receive a discount for fulfilling a specified amount of volunteer hours at the school.

Sales revenue and cost of sales are reported net of discounts.

All other revenues are recorded when earned.

CONTRIBUTED SERVICES

During the years ended June 30, 2020 and 2019, approximately 150 and 170 individuals provided approximately 3,000 and 5,210 hours of volunteer support to TPH, respectively. For the years ended June 30, 2020 and 2019, management estimates the total value of volunteer services to be approximately \$45,000 and \$78,150, respectively. However, the value of these services is not reflected in the financial statements because the services do not meet the definition of donated professional services under generally accepted accounting principles. Volunteers serve as student tutors, student mentors and office assistants, perform custodial duties and assist with various work projects.

During the years ended June 30, 2020 and 2019, TPH received 60 and 100 hours, respectively, of accounting services from a professional, having an estimated value of \$4,800 and \$8,000, respectively, which has been recorded in accordance with generally accepted accounting principles.

GIFTS IN KIND

During the years ended June 30, 2020 and 2019, TPH received gifts of construction and maintenance materials and services with an estimated total fair value of \$34,801 and \$98,800, respectively. During the year ended June 30, 2020, TPH received a donation of videography services with an estimated fair value of \$3,500.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported when incurred, that is, when the purchased goods or services have been received.

The costs of program, management and fund-raising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program, management and fund-raising activities benefitting from those expenditures.

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. At TPH the methods used to allocate costs among program and support functions vary depending upon the nature of the expense category. Compensation related expenses are allocated based on proportional estimates of paid time spent in each functional area of performance. Occupancy and depreciation costs are allocated to each functional area based on proportional estimates of facility and equipment usage. Other expenses are allocated based on the guidelines defining the nature of the program, management or fund-raising expenses and the associated estimates of time and effort.

ADVERTISING

TPH expenses advertising costs as they are incurred. Advertising costs totaled \$344 and \$8,556 for the years ended June 30, 2020 and 2019, respectively.

LIQUIDITY AND AVAILABILITY

TPH has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure as detailed below. The amounts shown below are net of financial assets required to meet donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Because annual fund designated net assets and student activity funds designated net assets are intended to be utilized to cover expenses during the subsequent fiscal year, these designated net assets do not reduce financial assets available to meet cash needs for general expenditures within one year of the financial position date.

	June 30,	
	2020	2019
Cash and cash equivalents	\$ 90,263	\$ 691,456
Accounts receivable	180,481	192,580
Contributions receivable expected to be received within one year	497,015	772,118
Minimum distribution from Foundation	65,710	62,270
Less:		
Net assets with donor restrictions	(1,274,227)	(4,683,239)
	<u>\$ (440,758)</u>	<u>\$ (2,964,815)</u>

TPH maintains bank checking, money market and other highly liquid investment accounts for liquidity management. Board designated net assets could be made available if necessary.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued

LIQUIDITY AND AVAILABILITY, continued

At June 30, 2020 and 2019, there is insufficient cash available to comply with donor-imposed restrictions. However, funds would be available from the bank line of credit when the expenditure of these funds is required.

3. CONTRIBUTIONS RECEIVABLE

At June 30, 2020 and 2019, TPH had \$747,015 and \$1,662,118 of unconditional promises to give, respectively. The present value of estimated future cash flows at June 30, 2020 and 2019 is \$737,785 and \$1,630,708, respectively, using discount rates ranging from 2.42 percent to 2.76 percent. Contributions receivable consist of 49 and 46 promises to give from individuals and foundations at June 30, 2020 and 2019, respectively. See Note 2 for a description of the accounting policies for contributions receivable. These promises to give are due to be collected through 2023 and are reported as contributions receivable in the accompanying consolidated statements of financial position.

Promises to give are expected to be collected as follows:

<u>Year Ending June 30,</u>	
2021	\$ 497,015
2022	150,000
2023	<u>100,000</u>
	747,015
Less: present value discount	<u>(9,230)</u>
	<u>\$ 737,785</u>

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

4. INVESTMENTS HELD FOR LONG-TERM PURPOSES

Investments held for long-term purposes are reported at fair value and consist of the following:

	June 30, 2020		
	Fair Value	Carrying Value	Unrealized Gain (Loss)
Cash and cash equivalents	\$ 102,133	\$ 102,133	\$ -
Fixed income investments	162,559	175,442	(12,883)
Marketable equity securities	262,040	184,814	77,226
Marketable preferred equity securities	35,427	36,952	(1,525)
Mutual funds	1,083,917	894,878	189,039
Other investments	25,854	22,100	3,754
	\$ 1,671,930	\$ 1,416,319	\$ 255,611
	June 30, 2019		
	Fair Value	Carrying Value	Unrealized Gain (Loss)
Cash and cash equivalents	\$ 51,192	\$ 51,192	\$ -
Fixed income investments	175,395	175,583	(188)
Marketable equity securities	309,490	205,220	104,270
Marketable preferred equity securities	54,427	53,200	1,227
Mutual funds	1,076,162	894,745	181,417
Other investments	11,585	9,866	1,719
	\$ 1,678,251	\$ 1,389,806	\$ 288,445

Investment income consists of the following:

	For the Years Ended June 30,	
	2020	2019
Interest and dividends	\$ 37,047	\$ 39,412
Realized gains	30,772	56,144
Unrealized losses	(45,001)	(15,859)
	\$ 22,818	\$ 79,697

TPH accounts for investments under fair value accounting standards. Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

4. INVESTMENTS HELD FOR LONG-TERM PURPOSES, continued

The financial accounting standards have established a hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Under the standards, three levels of inputs that may be used to measure fair value are:

LEVEL 1 - In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that TPH has the ability to access.

LEVEL 2 - Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

LEVEL 3 - Level 3 inputs are unobservable inputs including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. TPH's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

All investments are held in an account at an unrelated financial institution and managed by consent of the Foundation board. Fair values are determined utilizing Level 1 measurement inputs for all holdings.

5. ENDOWMENT

The Foundation has six individual funds established for student scholarships, property maintenance and general operations. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation Board has interpreted Michigan Prudent Management of Institutional Funds Act (MI-PMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation would retain in perpetuity:

- 1) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the endowment and
- 2) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

The Foundation has to date received no contributions that would be classified as restricted by donors to be retained in perpetuity. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MI-PMIFA. In accordance with MI-PMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

5. ENDOWMENT, continued

- 1) the duration and preservation of the fund;
- 2) the purposes of the organization and the donor-restricted endowment fund;
- 3) general economic conditions;
- 4) the possible effect of inflation and deflation;
- 5) the expected total return from income and the appreciation of investments;
- 6) other resources of the organization;
- 7) the investment policies of the organization.

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND

	June 30,	
	2020	2019
Board designated endowment funds	\$ 1,151,209	\$ 1,143,445
Donor restricted endowment funds	552,562	598,801
Total funds	\$ 1,703,771	\$ 1,742,246

CHANGES IN ENDOWMENT NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2018	\$ 1,109,551	\$ 605,957	\$ 1,715,508
Investment return			
Investment income	26,088	13,322	39,410
Realized gains	33,428	22,383	55,811
Unrealized losses	(11,752)	(4,107)	(15,859)
Total investment return	47,764	31,598	79,362
Contributions	84,433	45,743	130,176
Appropriation of endowment assets for expenditure	(98,303)	(84,497)	(182,800)
Endowment net assets, June 30, 2019	1,143,445	598,801	1,742,246

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

5. ENDOWMENT, continued
CHANGES IN ENDOWMENT NET ASSETS, continued

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2019	1,143,445	598,801	1,742,246
Investment return			
Investment income	26,246	10,801	37,047
Realized gains	17,835	12,937	30,772
Unrealized losses	(33,931)	(11,070)	(45,001)
Total investment return	10,150	12,668	22,818
Contributions	70,732	22,829	93,561
Appropriation of endowment assets for expenditure	(73,118)	(81,736)	(154,854)
Endowment net assets, June 30, 2020	\$ 1,151,209	\$ 552,562	\$ 1,703,771

FUNDS WITH DEFICIENCIES

Because the Foundation has received no contributions requiring perpetual duration, any reductions in the fair value of assets associated with individual donor restricted endowment funds caused by unfavorable market fluctuations are reported as reductions to the individual donor restricted endowments.

RETURN OBJECTIVES AND RISK PARAMETERS

The investment objectives of the Foundation are:

- 1) to preserve the principal value of the Foundation funds;
- 2) to provide growth and income by earning a reasonable return on Foundation investments and
- 3) to invest Foundation funds in a manner which is consistent with the needs and circumstances of donors and beneficiaries.

The long-term investment goal is to provide a long-term rate of return on an annualized basis of 3 percent in excess of the rate of inflation as measured by the Consumer Price Index. Actual returns in any given year may vary from this amount.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

5. ENDOWMENT, continued

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Foundation has a policy of appropriating for distribution each year 5 percent of the average fair value of the endowment fund over the prior 16 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 4 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held for donor-specified purposes as well as to provide additional real growth through new gifts and investment return.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30,	
	2020	2019
Land - Note 7	\$ 797,685	\$ 797,685
Land improvements	38,744	5,667
Buildings and improvements - Note 7	14,983,919	12,202,879
Furniture and equipment - Note 8	1,261,934	989,611
Computers and software	432,816	500,109
Vehicles	35,333	28,513
Website development costs	3,533	32,298
Construction in process	-	1,343,803
	<u>17,553,964</u>	<u>15,900,565</u>
Less accumulated depreciation	<u>(2,822,493)</u>	<u>(2,536,503)</u>
	<u>\$ 14,731,471</u>	<u>\$ 13,364,062</u>

7. DEBT

Debt consists of the following:

	June 30,	
	2020	2019
\$500,000 bank line of credit, dated November 2018, with a variable rate of interest based on the bank's prime rate (4.00 and 4.25 percent per annum at June 30, 2020 and 2019, respectively), with interest payable monthly, matured December 2019 but renewed on a quarterly basis through June 30, 2020, secured by high school real estate	\$ 120,000	\$ 330,000
\$500,000 bank line of credit, dated November 2018, with a variable rate of interest based on the bank's prime rate (4.00 and 4.25 percent per annum at June 30, 2020 and 2019, respectively), with interest payable monthly, matured December 2019 but renewed on a quarterly basis through June 30, 2020, secured by high school real estate	66,500	-

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

7. DEBT, continued

	June 30,	
	2020	2019
\$1,000,000 bank term loan, dated November 2018, with a fixed rate of interest at 5.45 percent per annum, requiring 59 monthly interest payments, three annual principal payments of \$75,000 beginning December 31, 2020 and a balloon payment of the remaining balance on December 31, 2023, secured by property	1,000,000	1,000,000
Land contract, dated October 2012, with a fixed interest rate of 4.00 percent per annum, requiring 83 monthly payments of \$455 and a balloon payment of approximately \$55,670 in January 2025, secured by real estate	54,098	57,083
Land contract, dated June 2018, with a fixed interest rate of 4.00 percent per annum, requiring 36 monthly payments of \$797, secured by real estate	9,743	18,739
Loan from superintendent, dated February 2018, with a fixed rate of interest of 4.50 percent per annum, to be paid when the funds are available, unsecured	54,089	51,713
Loan from superintendent, dated April 2019, with a fixed rate of interest of 5.40 percent per annum, to be paid when the funds are available, unsecured	74,541	70,631
Payment Protection Plan loan payable, dated April 2020, unsecured with a fixed rate of interest of 1.00 percent per annum, requiring 18 monthly payments of \$54,475 beginning August 2021; the loan was forgiven in October 2020	890,200	-
	\$ 2,269,171	\$ 1,528,166

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

7. DEBT, continued

Total interest expense is as follows:

	Years Ended June 30,	
	2020	2019
Bank lines of credit	\$ 26,255	\$ 36,196
Bank term note	55,408	33,760
Land contracts	3,072	3,274
Short-term loans	6,286	2,704
	<u>\$ 91,021</u>	<u>\$ 75,934</u>

Future maturities of debt, excluding the forgiven PPP loan balance, are as follows:

Year Ending June 30,	Principal
2021	\$ 402,752
2022	78,026
2023	78,181
2024	778,344
2025	41,668
Total	<u>\$ 1,378,971</u>

8. LEASES

TPH leases office equipment under an operating lease agreement on a month-to-month basis requiring quarterly payments of \$195.

TPH leased office equipment in July 2015 under a lease agreement for which financial accounting standards require the capitalization of the equipment. This lease was for a term of 60 months and required monthly payments of \$1,499. This lease was superseded in July 2019 under a lease agreement for which financial accounting standards require the capitalization of the equipment. This lease is for a term of 60 months and requires monthly payments of \$1,999.

The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over their estimated useful lives, which is included in depreciation expense for the years ended June 30, 2020 and 2019.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

8. LEASES, continued

The following is a summary of property held under capital leases:

	June 30,	
	2020	2019
Equipment	\$ 98,960	\$ 70,422
Accumulated amortization	(19,792)	(48,122)
	<u>\$ 79,168</u>	<u>\$ 22,300</u>

Minimum future lease payments under the capital lease agreement as of June 30, 2020 are as follows:

<u>Year Ending</u>	
2021	\$ 23,988
2022	23,988
2023	23,988
2024	<u>23,988</u>
Net minimum lease payments	95,952
Amount representing interest	<u>(13,817)</u>
Present value of net minimum lease payments	<u>\$ 82,135</u>

The interest rate on the capitalized lease agreement is approximately 7.84 percent, which is the rate implicit in the liquidation of an obligation equal to the capitalized asset value of \$98,960.

Total lease payments made during the years ended June 30, 2020 and 2019 were \$24,768 and \$19,120, respectively.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	June 30, 2018	Contributions And Investment Income	Released From Restriction	June 30, 2019
<u>School</u>				
Birthday club	\$ 4,171	\$ 145	\$ 1,958	\$ 2,358
Bowling for books	11,443	11,814	14,090	9,167
Capital campaign - Note 12	1,022,264	1,867,671	1,776	2,888,159
College scholarships	22,470	29,069	29,669	21,870
Jesus Year	2,884	-	-	2,884
Partner program (time restricted) - Note 12	-	1,390,000	230,000	1,160,000
Student activities - Note 12	-	73,201	73,201	-
	<u>1,063,232</u>	<u>3,371,900</u>	<u>350,694</u>	<u>4,084,438</u>
<u>Foundation Endowments</u>				
Eighth grade class trip	88,469	3,961	5,977	86,453
Student tuition assistance	517,488	73,380	78,520	512,348
	<u>605,957</u>	<u>77,341</u>	<u>84,497</u>	<u>598,801</u>
	<u>\$ 1,669,189</u>	<u>\$ 3,449,241</u>	<u>\$ 435,191</u>	<u>\$ 4,683,239</u>

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

9. NET ASSETS WITH DONOR RESTRICTIONS, continued

	June 30, 2019	Contributions And Investment Income	Released From Restriction	June 30, 2020
<u>School</u>				
Birthday club	\$ 2,358	\$ 105	\$ 875	\$ 1,588
Bowling for books	9,167	7,337	4,431	12,073
Capital campaign	2,888,159	1,134,189	4,022,348	-
College scholarships	21,870	34,315	31,065	25,120
Jesus Year	2,884	-	-	2,884
Partner program (time restricted)	1,160,000	-	480,000	680,000
Student activities	-	72,483	72,483	-
	4,084,438	1,248,429	4,611,202	721,665
<u>Foundation Endowments</u>				
Eighth grade class trip	86,453	751	6,143	81,061
Student tuition assistance	512,348	34,746	75,593	471,501
	598,801	35,497	81,736	552,562
	\$ 4,683,239	\$ 1,283,926	\$ 4,692,938	\$ 1,274,227

10. PENSION PLAN

TPH provides a 403(b) defined contribution retirement benefit plan for eligible staff. Under the terms of this plan, TPH contributes a 50 percent match for employee elective deferrals up to 2 percent of employee compensation. Contributions to the plan during the years ended June 30, 2020 and 2019 were \$47,999 and \$44,526, respectively.

11. CONCENTRATION

For the years ended June 30, 2020 and 2019, the top five donors provided 28 and 31 percent of total contributions, respectively.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

12. PRIOR YEAR CORRECTIONS

The consolidated financial statements as of and for the year ended June 30, 2019 have been retroactively restated to correct net assets with donor restrictions and contributions with donor restrictions. Balances for net assets with donor restrictions and undesignated net assets without donor restrictions as of June 30, 2019 and 2018 and for the year ended June 30, 2019 have been corrected as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, June 30, 2018			
As previously reported	\$ 11,118,415	\$ 1,619,189	\$ 12,737,604
Correct capital campaign contributions	(50,000)	50,000	-
As corrected	11,068,415	1,669,189	12,737,604
Year ended June 30, 2019			
Contributions			
As previously reported	4,316,893	1,963,922	6,280,815
Report contributions receivable as time- restricted contributions	(1,390,000)	1,390,000	-
Correct campaign contributions	106,480	(106,480)	-
Correct contributions for student activities	(73,201)	73,201	-
As corrected	2,960,172	3,320,643	6,280,815
Net assets released for satisfaction of purpose restrictions			
As previously reported	188,470	(188,470)	-
Release time-restricted contributions	230,000	(230,000)	-
Release contributions for capital campaign	(56,480)	56,480	-
Release contributions for student activities	73,201	(73,201)	-
As corrected	435,191	(435,191)	-
Change in net assets			
As previously reported	(109,317)	1,904,050	1,794,733
Net effect of corrections	(1,110,000)	1,110,000	-
As corrected	(1,219,317)	3,014,050	1,794,733
Net assets, end of year			
Beginning of year net assets, as corrected	11,068,415	1,669,189	12,737,604
Change in net assets, as corrected	(1,219,317)	3,014,050	1,794,733
As corrected	\$ 9,849,098	\$ 4,683,239	\$ 14,532,337

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

13. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through January 27, the date these financial statements were available to be issued.

The two bank lines of credit (Note 7) have continued to be renewed on a quarterly basis subsequent to June 30, 2020. In December 2020, one line of credit was renewed with the same terms: \$500,000 bank line of credit dated December 2020 with a variable rate of interest based on the bank's prime rate and interest payable monthly, matures March 2021 and secured by high school real estate.

The second line of credit was replaced with a \$66,500 agreement dated December 2020 with a variable rate of interest based on the bank's prime rate and interest payable monthly, matures March 2021 and secured by high school real estate and guaranteed by assets of The Foundation.

The COVID-19 pandemic has cast uncertainty over virtually everything. Because of this uncertainty, TPH applied for and received governmental financial assistance of \$890,200 from the federal Paycheck Protection Program in an effort to bolster cash flow as well as to continue to provide ongoing compensation to TPH's employees. This loan was forgiven by the Small Business Administration in October 2020. While the long-term effects of the pandemic could negatively affect TPH's financial position, cash flows and results of activities, any such effects cannot be reasonably estimated at this time.

SUPPLEMENTARY DATA

THE POTTER'S HOUSE

Consolidating Statements of Financial Position

	June 30, 2020				June 30, 2019			
	The Potter's House	The Potter's House Foundation	Eliminations	Totals	The Potter's House	The Potter's House Foundation	Eliminations	Totals
ASSETS								
Cash and cash equivalents	\$ 53,885	\$ 36,378	\$ -	\$ 90,263	\$ 614,492	\$ 76,964	\$ -	\$ 691,456
Accounts receivable net of allowance of \$45,000	185,018	-	(4,537)	180,481	205,549	-	(12,969)	192,580
Contributions receivable	737,785	-	-	737,785	1,630,708	-	-	1,630,708
Prepaid expenses	15,507	-	-	15,507	3,110	-	-	3,110
Investments held for long-term purposes	-	1,671,930	-	1,671,930	-	1,678,251	-	1,678,251
Property and equipment, net of accumulated depreciation	14,731,471	-	-	14,731,471	13,364,062	-	-	13,364,062
Total Assets	\$ 15,723,666	\$ 1,708,308	\$ (4,537)	\$ 17,427,437	\$ 15,817,921	\$ 1,755,215	\$ (12,969)	\$ 17,560,167
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable	\$ 369,406	\$ 4,537	\$ (4,537)	\$ 369,406	\$ 846,686	\$ 12,969	\$ (12,969)	\$ 846,686
Accrued payroll and related liabilities	536,850	-	-	536,850	574,468	-	-	574,468
Deferred revenue	82,978	-	-	82,978	58,798	-	-	58,798
Debt	2,269,171	-	-	2,269,171	1,528,166	-	-	1,528,166
Capitalized lease obligation	82,135	-	-	82,135	19,712	-	-	19,712
Total Liabilities	3,340,540	4,537	(4,537)	3,340,540	3,027,830	12,969	(12,969)	3,027,830
Net Assets - Note 12								
Without donor restriction								
Undesignated	(2,992,571)	1,151,209	-	(1,841,362)	(4,642,515)	1,143,445	-	(3,499,070)
Designated	4,696	-	-	4,696	3,818	-	-	3,818
Net investment in property and equipment	14,649,336	-	-	14,649,336	13,344,350	-	-	13,344,350
With Donor Restrictions	11,661,461	1,151,209	-	12,812,670	8,705,653	1,143,445	-	9,849,098
	721,665	552,562	-	1,274,227	4,084,438	598,801	-	4,683,239
Total Net Assets	12,383,126	1,703,771	-	14,086,897	12,790,091	1,742,246	-	14,532,337
Total Liabilities and Net Assets	\$ 15,723,666	\$ 1,708,308	\$ (4,537)	\$ 17,427,437	\$ 15,817,921	\$ 1,755,215	\$ (12,969)	\$ 17,560,167

See notes to consolidated financial statements and independent auditors' report

THE POTTER'S HOUSE

Consolidating Statement of Activities

For the Year Ended June 30, 2020

	The Potter's House			The Potter's House Foundation			Eliminations	Totals
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total		
SUPPORT AND REVENUE								
Tuition and fees	\$ 4,646,940	\$ -	\$ 4,646,940	\$ -	\$ -	\$ -	\$ -	\$ 4,646,940
Less: tuition grants and discounts	(3,133,917)	-	(3,133,917)	-	-	-	-	(3,133,917)
	1,513,023	-	1,513,023	-	-	-	-	1,513,023
Contributions	2,861,081	1,214,955	4,076,036	70,732	22,829	93,561	(125,014)	4,044,583
Gifts in kind	9,627	33,474	43,101	-	-	-	-	43,101
Fund-raisers, net of expenses	273,269	-	273,269	-	-	-	-	273,269
Lunch program revenues	107,294	-	107,294	-	-	-	-	107,294
Campus program revenue	400	-	400	-	-	-	-	400
Investment income	-	-	-	10,150	12,668	22,818	-	22,818
Church rental income	3,800	-	3,800	-	-	-	-	3,800
Other income	11,631	-	11,631	-	-	-	-	11,631
Total Support and Revenue	4,780,125	1,248,429	6,028,554	80,882	35,497	116,379	(125,014)	6,019,919
RECLASSIFICATIONS								
Net assets released for satisfaction of purpose restrictions	4,611,202	(4,611,202)	-	81,736	(81,736)	-	-	-
EXPENSES								
Program								
Instructional	4,630,269	-	4,630,269	-	-	-	-	4,630,269
Auxiliary	231,289	-	231,289	-	-	-	-	231,289
Extra-curricular	172,250	-	172,250	-	-	-	-	172,250
Grants to The Potter's House	-	-	-	125,014	-	125,014	(125,014)	-
Total Program	5,033,808	-	5,033,808	125,014	-	125,014	(125,014)	5,033,808
Supporting Activities								
Management and general	1,016,581	-	1,016,581	23,594	-	23,594	-	1,040,175
Fund-raising	385,130	-	385,130	6,246	-	6,246	-	391,376
Total Supporting Activities	1,401,711	-	1,401,711	29,840	-	29,840	-	1,431,551
Total Expenses	6,435,519	-	6,435,519	154,854	-	154,854	(125,014)	6,465,359
Change in Net Assets	2,955,808	(3,362,773)	(406,965)	7,764	(46,239)	(38,475)	-	(445,440)
Net Assets, Beginning of Year	8,705,653	4,084,438	12,790,091	1,143,445	598,801	1,742,246	-	14,532,337
Net Assets, End of Year	\$ 11,661,461	\$ 721,665	\$ 12,383,126	\$ 1,151,209	\$ 552,562	\$ 1,703,771	\$ -	\$ 14,086,897

See notes to consolidated financial statements and independent auditors' report

THE POTTER'S HOUSE

Consolidating Statement of Activities

For the Year Ended June 30, 2019

	The Potter's House			The Potter's House Foundation			Eliminations	Totals
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total		
SUPPORT AND REVENUE								
Tuition and fees	\$ 4,434,033	\$ -	\$ 4,434,033	\$ -	\$ -	\$ -	\$ -	\$ 4,434,033
Less: tuition grants and discounts	(2,981,019)	-	(2,981,019)	-	-	-	-	(2,981,019)
	1,453,014	-	1,453,014	-	-	-	-	1,453,014
Contributions - Note 12	3,002,472	3,274,900	6,277,372	84,433	45,743	130,176	(126,733)	6,280,815
Gifts in kind	9,800	97,000	106,800	-	-	-	-	106,800
Fund-raisers, net of expenses	177,706	-	177,706	-	-	-	-	177,706
Lunch program revenues	145,254	-	145,254	-	-	-	-	145,254
Campus program revenue	7,670	-	7,670	-	-	-	-	7,670
Investment income	335	-	335	47,764	31,598	79,362	-	79,697
Church rental income	12,850	-	12,850	-	-	-	-	12,850
Other income	59,897	-	59,897	-	-	-	-	59,897
Total Support and Revenue	4,868,998	3,371,900	8,240,898	132,197	77,341	209,538	(126,733)	8,323,703
RECLASSIFICATIONS								
Net assets released for satisfaction of purpose restrictions - Note 12	350,694	(350,694)	-	84,497	(84,497)	-	-	-
EXPENSES								
Program								
Instructional	4,683,257	-	4,683,257	-	-	-	-	4,683,257
Auxiliary	259,820	-	259,820	-	-	-	-	259,820
Extra-curricular	150,020	-	150,020	-	-	-	-	150,020
Grants to The Potter's House	-	-	-	126,733	-	126,733	(126,733)	-
Total Program	5,093,097	-	5,093,097	126,733	-	126,733	(126,733)	5,093,097
Supporting Activities								
Management and general	897,414	-	897,414	39,282	-	39,282	-	936,696
Fund-raising	482,392	-	482,392	16,785	-	16,785	-	499,177
Total Supporting Activities	1,379,806	-	1,379,806	56,067	-	56,067	-	1,435,873
Total Expenses	6,472,903	-	6,472,903	182,800	-	182,800	(126,733)	6,528,970
Change in Net Assets - Note 12	(1,253,211)	3,021,206	1,767,995	33,894	(7,156)	26,738	-	1,794,733
Net Assets, Beginning of Year								
As previously reported	10,008,864	1,013,232	11,022,096	1,109,551	605,957	1,715,508	-	12,737,604
Corrections - Note 12	- 50,000	50,000	-	-	-	-	-	-
As corrected	9,958,864	1,063,232	11,022,096	1,109,551	605,957	1,715,508	-	12,737,604
Net Assets, End of Year	\$ 8,705,653	\$ 4,084,438	\$ 12,790,091	\$ 1,143,445	\$ 598,801	\$ 1,742,246	\$ -	\$ 14,532,337

See notes to consolidated financial statements and independent auditors' report

THE POTTER'S HOUSE

Consolidating Statement of Functional Expenses

For the Year Ended June 30, 2020

	Instructional	Auxiliary	Extra-Curricular	Grants	Total Program	Management and General	Fund-Raising	Total Supporting Activities	Eliminations	Total Expenses
Grants awarded	\$ -	\$ 31,065	\$ -	\$ -	\$ 31,065	\$ -	\$ -	\$ -	\$ -	\$ 31,065
Salaries and wages	2,654,725	60,612	92,675	-	2,808,012	540,862	281,395	822,257	-	3,630,269
Pension plan	37,311	-	610	-	37,921	6,637	3,441	10,078	-	47,999
Other employee benefits	523,650	359	60	-	524,069	100,104	45,047	145,151	-	669,220
Payroll taxes	186,821	1,202	3,988	-	192,011	31,533	17,066	48,599	-	240,610
Professional services - management	-	-	-	-	-	55,808	-	55,808	-	55,808
Professional services - accounting	-	-	-	-	-	10,706	-	10,706	-	10,706
Professional services - other	53,485	108,027	-	-	161,512	42,735	112	42,847	-	204,359
Advertising and promotion	-	-	-	-	-	806	11,856	12,662	-	12,662
Office	20,106	-	-	-	20,106	69,755	14,794	84,549	-	104,655
Information technology	17,554	-	-	-	17,554	12,003	2,901	14,904	-	32,458
Occupancy	479,994	398	-	-	480,392	28,014	2,280	30,294	-	510,686
Travel	3,336	13,995	-	-	17,331	1,326	1,326	2,652	-	19,983
Conferences, conventions and meetings	-	-	-	-	-	9,848	-	9,848	-	9,848
Interest	-	-	-	-	-	91,021	-	91,021	-	91,021
Grants to The Potter's House	-	-	-	125,014	125,014	-	-	-	(125,014)	-
Depreciation	444,263	1,431	-	-	445,694	23,382	-	23,382	-	469,076
Insurance	24,973	-	-	-	24,973	6,140	-	6,140	-	31,113
Instructional	177,040	-	43,269	-	220,309	-	-	-	-	220,309
Athletics	-	-	31,648	-	31,648	-	-	-	-	31,648
Lunch program	-	5,958	-	-	5,958	-	-	-	-	5,958
Alumni and donor relations	-	646	-	-	646	5,309	11,158	16,467	-	17,113
Parent and booster clubs	-	7,596	-	-	7,596	-	-	-	-	7,596
Accreditation and memberships	7,011	-	-	-	7,011	4,186	-	4,186	-	11,197
Total Expenses	\$ 4,630,269	\$ 231,289	\$ 172,250	\$ 125,014	\$ 5,158,822	\$ 1,040,175	\$ 391,376	\$ 1,431,551	\$ (125,014)	\$ 6,465,359

See notes to consolidated financial statements and independent auditors' report

THE POTTER'S HOUSE

Consolidating Statement of Functional Expenses

For the Year Ended June 30, 2019

	Instructional	Auxiliary	Extra-Curricular	Grants	Total Program	Management and General	Fund-Raising	Total Supporting Activities	Eliminations	Total Expenses
Grants awarded	\$ -	\$ 32,169	\$ -	\$ -	\$ 32,169	\$ -	\$ -	\$ -	\$ -	\$ 32,169
Salaries and wages	2,585,832	67,430	93,730	-	2,746,992	479,051	288,077	767,128	-	3,514,120
Pension plan	35,900	-	596	-	36,496	5,219	2,811	8,030	-	44,526
Other employee benefits	543,223	464	292	-	543,979	92,328	53,834	146,162	-	690,141
Payroll taxes	191,212	1,371	4,027	-	196,610	24,949	13,429	38,378	-	234,988
Professional services - management	-	-	-	-	-	21,904	-	21,904	-	21,904
Professional services - accounting	-	-	-	-	-	8,842	-	8,842	-	8,842
Professional services - other	49,577	118,038	-	-	167,615	38,507	9,966	48,473	-	216,088
Advertising and promotion	-	-	-	-	-	661	16,921	17,582	-	17,582
Office	20,973	-	-	-	20,973	101,047	23,620	124,667	-	145,640
Information technology	22,112	-	-	-	22,112	10,226	2,265	12,491	-	34,603
Occupancy	448,081	1,615	-	-	449,696	21,090	2,720	23,810	-	473,506
Travel	2,682	14,177	-	-	16,859	608	608	1,216	-	18,075
Conferences, conventions and meetings	-	-	-	-	-	18,986	-	18,986	-	18,986
Interest	-	-	-	-	-	75,934	-	75,934	-	75,934
Grants to The Potter's House	-	-	-	126,733	126,733	-	-	-	(126,733)	-
Depreciation	359,360	1,430	-	-	360,790	18,914	-	18,914	-	379,704
Insurance	23,878	-	-	-	23,878	5,482	-	5,482	-	29,360
Instructional	393,379	-	18,655	-	412,034	-	-	-	-	412,034
Athletics	-	-	32,720	-	32,720	-	-	-	-	32,720
Lunch program	-	6,388	-	-	6,388	-	-	-	-	6,388
Alumni and donor relations	-	4,097	-	-	4,097	7,843	84,926	92,769	-	96,866
Parent and booster clubs	-	12,641	-	-	12,641	-	-	-	-	12,641
Accreditation and memberships	7,048	-	-	-	7,048	5,105	-	5,105	-	12,153
Total Expenses	\$ 4,683,257	\$ 259,820	\$ 150,020	\$ 126,733	\$ 5,219,830	\$ 936,696	\$ 499,177	\$ 1,435,873	\$ (126,733)	\$ 6,528,970

See notes to consolidated financial statements and independent auditors' report