



**THE POTTER'S HOUSE
CONSOLIDATED FINANCIAL
STATEMENTS**

With Independent Auditors' Report

June 30, 2021 and 2020

THE POTTER'S HOUSE

**CONSOLIDATED
FINANCIAL STATEMENTS**

With Independent Auditors' Report

June 30, 2021 and 2020



An Urban, Christ-Centered School



THE POTTER'S HOUSE

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses - Year Ended June 30, 2021	5
Consolidated Statement of Functional Expenses - Year Ended June 30, 2020	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-22
Supplementary Data	
Consolidating Statements of Financial Position	23
Consolidating Statement of Activities - Year Ended June 30, 2021	24
Consolidating Statement of Activities - Year Ended June 30, 2020	25
Consolidating Statement of Functional Expenses - Year Ended June 30, 2021	26
Consolidating Statement of Functional Expenses - Year Ended June 30, 2020	27



INDEPENDENT AUDITORS' REPORT

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

OPINION

We have audited the consolidated financial statements of The Potter's House and The Potter's House Foundation, which consist of the consolidated statements of financial position as of June 30, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Potter's House and The Potter's House Foundation as of June 30, 2021 and 2020, the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Potter's House and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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INDEPENDENT AUDITORS' REPORT, continued

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Potter's House's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Potter's House's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

SUPPLEMENTARY INFORMATION

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary data, which consists of the consolidating statements of financial position, activities and functional expenses, on pages 23 through 27 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
February 7, 2022

THE POTTER'S HOUSE

Consolidated Statements of Financial Position

	June 30,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 555,291	\$ 90,263
Accounts receivable, net of allowance of \$45,000	1,486,148	180,481
Contributions receivable	249,694	737,785
Prepaid expenses	12,547	15,507
Investments held for long-term purposes	2,112,775	1,671,930
Property held for sale	4,945	-
Property and equipment, net of accumulated depreciation	14,332,184	14,731,471
Total Assets	\$ 18,753,584	\$ 17,427,437
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 173,602	\$ 369,406
Accrued payroll and related liabilities	513,615	536,850
Deferred revenue	64,301	82,978
Debt	2,284,336	2,269,171
Capitalized lease obligation	63,942	82,135
Total Liabilities	3,099,796	3,340,540
Net Assets		
Without donor restrictions		
Undesignated	349,837	(1,841,361)
Designated		
Boosters' club	2,618	1,441
Parents' club	3,348	3,254
Net investment in property and equipment	14,268,242	14,649,336
	14,624,045	12,812,670
With donor restrictions	1,029,743	1,274,227
Total Net Assets	15,653,788	14,086,897
Total Liabilities and Net Assets	\$ 18,753,584	\$ 17,427,437

See accompanying notes and independent auditors' report

THE POTTER'S HOUSE

Consolidated Statements of Activities

	Years Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Tuition and fees	\$ 4,971,389	\$ -	\$ 4,971,389	\$ 4,646,940	\$ -	\$ 4,646,940
Less: tuition grants and discounts	(3,242,329)	-	(3,242,329)	(3,133,917)	-	(3,133,917)
	1,729,060	-	1,729,060	1,513,023	-	1,513,023
Contributions	3,105,776	309,924	3,415,700	2,806,799	1,237,784	4,044,583
Gifts in kind	59,286	-	59,286	9,627	33,474	43,101
Small Business Administration grant and employee retention credits	2,134,019	-	2,134,019	-	-	-
Fund-raisers, net of expenses	143,480	-	143,480	273,269	-	273,269
Lunch program revenues	193,791	-	193,791	107,294	-	107,294
Campus program revenue	121,414	-	121,414	400	-	400
Investment income	358,197	152,512	510,709	10,150	12,668	22,818
Church rental income	11,085	-	11,085	3,800	-	3,800
Other income	9,064	-	9,064	11,631	-	11,631
Total Support and Revenue	7,865,172	462,436	8,327,608	4,735,993	1,283,926	6,019,919
RECLASSIFICATIONS						
Net assets released for satisfaction of purpose restrictions	706,920	(706,920)	-	4,692,938	(4,692,938)	-
EXPENSES						
Program						
Instructional	4,867,941	-	4,867,941	4,630,269	-	4,630,269
Auxiliary	281,235	-	281,235	231,289	-	231,289
Extra-curricular	194,556	-	194,556	172,250	-	172,250
Total Program	5,343,732	-	5,343,732	5,033,808	-	5,033,808
Supporting Activities						
Management and general	1,038,255	-	1,038,255	1,040,175	-	1,040,175
Fund-raising	378,730	-	378,730	391,376	-	391,376
Total Supporting Activities	1,416,985	-	1,416,985	1,431,551	-	1,431,551
Total Expenses	6,760,717	-	6,760,717	6,465,359	-	6,465,359
Change in Net Assets	1,811,375	(244,484)	1,566,891	2,963,572	(3,409,012)	(445,440)
Net Assets, Beginning of Year	12,812,670	1,274,227	14,086,897	9,849,098	4,683,239	14,532,337
Net Assets, End of Year	\$ 14,624,045	\$ 1,029,743	\$ 15,653,788	\$ 12,812,670	\$ 1,274,227	\$ 14,086,897

See accompanying notes and independent auditors' report

THE POTTER'S HOUSE

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Instructional	Auxiliary	Extra- Curricular	Total Program	Management and General	Fund- Raising	Total Supporting Activities	Total Expenses
Grants awarded	\$ -	\$ 26,750	\$ -	\$ 26,750	\$ -	\$ -	\$ -	\$ 26,750
Salaries and wages	2,663,096	63,955	105,517	2,832,568	528,765	212,154	740,919	3,573,487
Pension plan	49,008	-	831	49,839	7,758	3,510	11,268	61,107
Other employee benefits	494,030	215	-	494,245	86,843	30,850	117,693	611,938
Payroll taxes	199,615	1,504	5,554	206,673	31,706	17,122	48,828	255,501
Professional services - management	-	-	-	-	22,522	-	22,522	22,522
Professional services - legal	-	-	-	-	44,797	-	44,797	44,797
Professional services - accounting	-	-	-	-	10,635	-	10,635	10,635
Professional services - other	57,738	153,059	-	210,797	73,630	2,817	76,447	287,244
Advertising and promotion	-	-	-	-	9,575	54,364	63,939	63,939
Office	20,222	-	-	20,222	67,111	36,849	103,960	124,182
Information technology	17,705	-	-	17,705	18,116	4,199	22,315	40,020
Occupancy	489,187	2,596	-	491,783	17,435	2,159	19,594	511,377
Travel	3,402	24,655	-	28,057	750	750	1,500	29,557
Conferences, conventions and meetings	-	-	-	-	11,289	-	11,289	11,289
Interest	-	-	-	-	71,105	-	71,105	71,105
Depreciation	529,981	1,431	-	531,412	27,894	-	27,894	559,306
Insurance	37,144	-	18,103	55,247	4,191	-	4,191	59,438
Instructional	301,477	-	19,388	320,865	-	-	-	320,865
Athletics	-	-	45,163	45,163	-	-	-	45,163
Lunch program	-	5,845	-	5,845	-	-	-	5,845
Alumni and donor relations	-	605	-	605	399	13,956	14,355	14,960
Parent and booster clubs	-	620	-	620	-	-	-	620
Accreditation and memberships	5,336	-	-	5,336	3,734	-	3,734	9,070
Total Expenses	\$ 4,867,941	\$ 281,235	\$ 194,556	\$ 5,343,732	\$ 1,038,255	\$ 378,730	\$ 1,416,985	\$ 6,760,717

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	-	-	-	-	34,695	-	34,695	34,695
Professional services - legal	-	-	-	-	21,755	-	21,755	21,755
Professional services - accounting	-	-	-	-	10,064	-	10,064	10,064
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 Statements of Cash Flows

	Years Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,566,891	\$ (445,440)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Forgiveness of loan payable	(890,200)	-
Contributions of marketable securities	-	(35,491)
Contributions for long-term purposes	(72,487)	(1,157,018)
Depreciation	559,306	469,076
Net (gains) losses from investments	(478,552)	14,229
Losses from disposal of property and equipment	-	23,129
Gain from buy-out of capitalized lease obligation	-	(2,959)
Change in:		
Accounts receivable	(1,305,667)	12,099
Contributions receivable	488,091	892,923
Prepaid expenses	2,960	(12,397)
Accounts payable	(195,804)	(477,280)
Accrued payroll and related liabilities	(23,235)	(37,618)
Deferred revenue	(18,677)	24,180
Net Cash Used by Operating Activities	(367,374)	(732,567)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	823,430	283,482
Purchases of investments	(785,723)	(255,899)
Purchases of property held for sale	(4,945)	-
Purchases of property and equipment	(160,019)	(1,760,654)
Net Cash Used By Investing Activities	(127,257)	(1,733,071)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term purposes	72,487	1,157,018
Proceeds from loans and draws from lines of credit	1,659,745	3,745,485
Principal payments on loans and lines of credit	(754,380)	(3,004,480)
Principal payments on capitalized lease obligations	(18,193)	(33,578)
Net Cash Provided by Financing Activities	959,659	1,864,445
Change in Cash and Cash Equivalents	465,028	(601,193)
Cash and Cash Equivalents, Beginning of Period	90,263	691,456
Cash and Cash Equivalents, End of Period	\$ 555,291	\$ 90,263
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 71,105	\$ 91,021

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, 2021 and 2020

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)(1) 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.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020 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, 2021 and 2020 are \$9,385 and \$7,425, 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. At year end June 30, 2021, TPH recorded a receivable of \$1,243,000 of the Employee Retention Tax Credit.

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, 2021 and 2020; there is, therefore, no allowance for doubtful promises to give.

PREPAID EXPENSES

Prepaid expenses at years ended June 30, 2021 and 2020 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.

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.

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 \$559,307 and \$469,076 for the years ended June 30, 2021 and 2020, respectively.

DEFERRED REVENUE

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

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

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 booster and parent clubs.

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 the 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

TPH recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Payment for tuition and fees is required throughout the academic year. Families are billed in ten monthly installments throughout the academic year. All amounts received prior to the commencement of the academic year, including enrollment deposits, are deferred to the applicable period. Scholarships provided to students are recorded as a reduction from the posted tuition and fees at the time revenue is recognized.

TPH recognizes contributions when cash, securities or other assets; an unconditional promise to give or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been 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.

All other revenues are recorded when earned.

CONTRIBUTED SERVICES

During the years ended June 30, 2021 and 2020, approximately 87 and 150 individuals provided approximately 4,215 and 3,000 hours of volunteer support to TPH, respectively. For the years ended June 30, 2021 and 2020, management estimates the total value of volunteer services to be approximately \$63,200 and \$45,000, 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.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

CONTRIBUTED SERVICES, continued

During the year ended June 30, 2021, TPH received a donation of discounts on legal services having an estimated value of \$15,204. During the year ended June 30, 2020, TPH received 60 hours of accounting services from a professional, having an estimated value of \$4,800. These services have been recorded in accordance with generally accepted accounting principles.

GIFTS IN KIND

During the years ended June 30, 2021 and 2020, TPH received gifts of maintenance materials and services with an estimated total fair value of \$24,237 and \$34,801, respectively. During the year ended June 30, 2021, TPH received donations of education supplies and other items for use by the school with an estimated fair value of \$19,845. During the year ended June 30, 2020, TPH received a donation of videography services with an estimated fair value of \$3,500.

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 \$484 and \$344 for the years ended June 30, 2021 and 2020, respectively.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

	June 30,	
	2021	2020
Cash and cash equivalents	\$ 555,291	\$ 90,263
Accounts receivable	1,486,148	180,481
Contributions receivable expected to be received within one year	152,351	497,015
Minimum distribution from Foundation	71,629	65,710
Less:		
Net assets with donor restrictions	<u>(1,029,743)</u>	<u>(1,274,227)</u>
	<u>\$ 1,235,676</u>	<u>\$ (440,758)</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.

At June 30, 2020, there was 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, 2021 and 2020, TPH had \$252,351 and \$747,015 of unconditional promises to give, respectively. The present value of estimated future cash flows at June 30, 2021 and 2020 is \$249,694 and \$737,785, respectively, using discount rates ranging from 2.42 percent to 2.76 percent. Contributions receivable consist of 4 and 21 promises to give from individuals and foundations at June 30, 2021 and 2020, 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:

Year Ending June 30,	
2022	152,351
2023	<u>100,000</u>
	252,351
Less: present value discount	<u>(2,657)</u>
	<u>\$ 249,694</u>

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

3. INVESTMENTS HELD FOR LONG-TERM PURPOSES

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

	June 30, 2021		
	Fair Value	Carrying Value	Unrealized Gain
Cash and cash equivalents	\$ 301,194	\$ 301,194	\$ -
Fixed income investments	200,817	194,526	6,291
Marketable equity securities	331,895	173,789	158,106
Marketable preferred equity securities	29,353	27,977	1,376
Mutual funds	1,215,410	915,703	299,707
Other investments	34,106	28,441	5,665
	\$ 2,112,775	\$ 1,641,630	\$ 471,145
	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

Investment income consists of the following:

	Years Ended June 30,	
	2021	2020
Interest and dividends	\$ 32,157	\$ 37,047
Realized gains	216,686	30,772
Unrealized gains (losses)	261,866	(45,001)
	\$ 510,709	\$ 22,818

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, 2021 and 2020

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 eight individual funds established for student scholarships, class trips 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, 2021 and 2020

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,	
	2021	2020
Board designated endowment funds	\$ 1,479,736	\$ 1,151,209
Donor restricted endowment funds	680,713	552,562
 Total funds	 <u>\$ 2,160,449</u>	 <u>\$ 1,703,771</u>

CHANGES IN ENDOWMENT NET ASSETS

	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	 <u>1,151,209</u>	 <u>552,562</u>	 <u>1,703,771</u>

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	1,151,209	552,562	1,703,771
Investment return			
Investment income	22,811	9,333	32,144
Realized gains	153,367	63,319	216,686
Unrealized gains	182,006	79,860	261,866
Total investment return	358,184	152,512	510,696
Contributions	50,326	55,187	105,513
Appropriation of endowment assets for expenditure	(79,983)	(79,548)	(159,531)
Endowment net assets, June 30, 2021	\$ 1,479,736	\$ 680,713	\$ 2,160,449

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, 2021 and 2020

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,	
	2021	2020
Land - Note 7	\$ 797,685	\$ 797,685
Land improvements	38,744	38,744
Buildings and improvements - Note 7	14,983,919	14,983,919
Furniture and equipment - Note 8	1,314,596	1,261,934
Computers and software	540,174	432,816
Vehicles	35,333	35,333
Website development costs	3,533	3,533
	<u>17,713,984</u>	<u>17,553,964</u>
Less accumulated depreciation	<u>(3,381,800)</u>	<u>(2,822,493)</u>
	<u>\$ 14,332,184</u>	<u>\$ 14,731,471</u>

7. DEBT

Debt consists of the following:

	June 30,	
	2021	2020
\$500,000 bank line of credit, dated November 2018, with a variable rate of interest based on the bank's prime rate (4.00 percent per annum at June 30, 2021 and 2020), with interest payable monthly, matured December 2019 but renewed on a quarterly basis through June 30, 2021, secured by high school real estate	\$ -	\$ 120,000

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

7. DEBT, continued

	June 30,	
	2021	2020
\$500,000 bank line of credit, dated November 2018, with a variable rate of interest based on the bank's prime rate (4.00 percent per annum at June 30, 2021 and 2020), with interest payable monthly, matured December 2019 but renewed on a quarterly basis through June 30, 2021, secured by high school real estate	-	66,500
\$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	925,000	1,000,000
Land contract, dated October 2012, with a fixed interest rate of 5.00 percent per annum, requiring 83 monthly payments of \$455 and a balloon payment of approximately \$55,670 in January 2025, secured by real estate	51,218	54,098
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
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	56,574	54,089
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	78,668	74,541
Promissory note from vendor dated March 2021 with a fixed rate of 18 percent per annum, due January 2022 and secured by property; if the loan is repaid by October 2021, the lender will forgive any accrued interest	281,076	-
Federal Paycheck 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 \$50,495 beginning August 2021; the loan was forgiven in November 2020	-	890,200

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

7. DEBT, continued

	June 30,	
	2021	2020
Federal Paycheck Protection Plan loan payable, dated February 2021, unsecured with a fixed rate of interest of 1.00 percent per annum, requiring 45 monthly payments of \$20,464 beginning June 2022; the loan was forgiven in August 2021	891,800	-
	\$ 2,284,336	\$ 2,269,171

Total interest expense is as follows:

	Years Ended June 30,	
	2021	2020
Bank lines of credit	\$ 8,448	\$ 26,255
Bank term note	53,202	55,408
Land contracts	2,844	3,072
Short-term loans	6,611	6,286
	\$ 71,105	\$ 91,021

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

Year Ending June 30,	Principal
2022	\$ 494,344
2023	78,181
2024	778,344
2025	41,667
Total	\$ 1,392,536

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 POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

8. LEASES, continued

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, 2021 and 2020.

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

	June 30,	
	2021	2020
Equipment	\$ 98,960	\$ 98,960
Accumulated amortization	(40,141)	(19,792)
	<u>\$ 58,819</u>	<u>\$ 79,168</u>

Minimum future lease payments under the capital lease agreement as of June 30, 2021 are as follows:

Year Ending	
2022	\$ 23,988
2023	23,988
2024	<u>23,988</u>
Net minimum lease payments	71,964
Amount representing interest	<u>(8,022)</u>
Present value of net minimum lease payments	<u>\$ 63,942</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, 2021 and 2020 were \$24,768 for both years.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	<u>June 30,</u> <u>2019</u>	<u>Contributions</u> <u>And</u> <u>Investment</u> <u>Income</u>	<u>Released</u> <u>From</u> <u>Restriction</u>	<u>June 30,</u> <u>2020</u>
<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	-
	<u>4,084,438</u>	<u>1,248,429</u>	<u>4,611,202</u>	<u>721,665</u>
<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
	<u>598,801</u>	<u>35,497</u>	<u>81,736</u>	<u>552,562</u>
	<u>\$ 4,683,239</u>	<u>\$ 1,283,926</u>	<u>\$ 4,692,938</u>	<u>\$ 1,274,227</u>

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

9. NET ASSETS WITH DONOR RESTRICTIONS, continued

	June 30, 2020	Contributions And Investment Income	Released From Restriction	June 30, 2021
<u>School</u>				
Birthday club	\$ 1,588	\$ 25	\$ 1,613	\$ -
Bowling for books	12,073	11,145	9,294	13,924
Capital campaign	-	17,300	-	17,300
College scholarships	25,120	36,350	26,600	34,870
COVID-19 grants	-	184,917	156,981	27,936
Jesus Year	2,884	-	2,884	-
Partner program (time restricted)	680,000	-	430,000	250,000
Spanish immersion	-	5,000	-	5,000
	<u>721,665</u>	<u>254,737</u>	<u>627,372</u>	<u>349,030</u>
<u>Foundation Endowments</u>				
Art program	-	25,188	25,188	-
Eighth grade class trip	81,061	25,005	6,192	99,874
Perpetual partner program	-	10,556	82	10,474
Student tuition assistance	471,501	146,950	48,086	570,365
	<u>552,562</u>	<u>207,699</u>	<u>79,548</u>	<u>680,713</u>
	<u>\$ 1,274,227</u>	<u>\$ 462,436</u>	<u>\$ 706,920</u>	<u>\$ 1,029,743</u>

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, 2021 and 2020 were \$61,107 and \$47,999, respectively.

11. CONCENTRATION

For the years ended June 30, 2021 and 2020, the top five donors provided 21 and 28 percent of total contributions, respectively.

12. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through February 7, 2022, the date these financial statements were available to be issued.

In January 2022, TPH received a \$1,000,000 contribution, enabling the pay-off the bank term loan and loans from the superintendent, totaling \$1,060,242 at June 30, 2021.

The COVID-19 pandemic has cast uncertainty over many things. 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, 2021				June 30, 2020			
	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	\$ 502,613	\$ 52,678	\$ -	\$ 555,291	\$ 53,885	\$ 36,378	\$ -	\$ 90,263
Accounts receivable net of allowance of \$45,000	1,491,152	-	(5,004)	1,486,148	185,018	-	(4,537)	180,481
Contributions receivable	249,694	-	-	249,694	737,785	-	-	737,785
Prepaid expenses	12,547	-	-	12,547	15,507	-	-	15,507
Investments held for long-term purposes	-	2,112,775	-	2,112,775	-	1,671,930	-	1,671,930
Property held for sale	4,945	-	-	4,945	-	-	-	-
Property and equipment, net of accumulated depreciation	14,332,184	-	-	14,332,184	14,731,471	-	-	14,731,471
Total Assets	\$ 16,593,135	\$ 2,165,453	\$ (5,004)	\$ 18,753,584	\$ 15,723,666	\$ 1,708,308	\$ (4,537)	\$ 17,427,437
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable	\$ 173,602	\$ 5,004	\$ (5,004)	\$ 173,602	\$ 369,406	\$ 4,537	\$ (4,537)	\$ 369,406
Accrued payroll and related liabilities	513,615	-	-	513,615	536,850	-	-	536,850
Deferred revenue	64,301	-	-	64,301	82,978	-	-	82,978
Debt	2,284,336	-	-	2,284,336	2,269,171	-	-	2,269,171
Capitalized lease obligation	63,942	-	-	63,942	82,135	-	-	82,135
Total Liabilities	3,099,796	5,004	(5,004)	3,099,796	3,340,540	4,537	(4,537)	3,340,540
Net Assets								
Without donor restriction								
Undesignated	(1,129,899)	1,479,736	-	349,837	(2,992,570)	1,151,209	-	(1,841,361)
Designated								
Boosters' club	3,348	-	-	3,348	3,254	-	-	3,254
Parents' club	2,618	-	-	2,618	1,441	-	-	1,441
Net investment in property and equipment	14,268,242	-	-	14,268,242	14,649,336	-	-	14,649,336
	<u>13,144,309</u>	<u>1,479,736</u>	<u>-</u>	<u>14,624,045</u>	<u>11,661,461</u>	<u>1,151,209</u>	<u>-</u>	<u>12,812,670</u>
With donor restrictions	349,030	680,713	-	1,029,743	721,665	552,562	-	1,274,227
Total Net Assets	13,493,339	2,160,449	-	15,653,788	12,383,126	1,703,771	-	14,086,897
Total Liabilities and Net Assets	\$ 16,593,135	\$ 2,165,453	\$ (5,004)	\$ 18,753,584	\$ 15,723,666	\$ 1,708,308	\$ (4,537)	\$ 17,427,437

See notes to consolidated financial statements and independent auditors' report

THE POTTER'S HOUSE

Consolidating Statement of Activities

For the Year Ended June 30, 2021

	The Potter's House			The Potter's House Foundation			Eliminations	Totals
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
SUPPORT AND REVENUE								
Tuition and fees	\$ 4,971,389	\$ -	\$ 4,971,389	\$ -	\$ -	\$ -	\$ -	\$ 4,971,389
Less: tuition grants and discounts	(3,242,329)	-	(3,242,329)	-	-	-	-	(3,242,329)
	1,729,060	-	1,729,060	-	-	-	-	1,729,060
Contributions	3,180,877	254,737	3,435,614	50,326	55,187	105,513	(125,427)	3,415,700
Gifts in kind	59,286	-	59,286	-	-	-	-	59,286
Small Business Administration grant and employee retention credits	2,134,019	-	2,134,019	-	-	-	-	2,134,019
Fund-raisers, net of expenses	143,480	-	143,480	-	-	-	-	143,480
Lunch program revenues	193,791	-	193,791	-	-	-	-	193,791
Campus program revenue	121,414	-	121,414	-	-	-	-	121,414
Investment income	13	-	13	358,184	152,512	510,696	-	510,709
Church rental income	11,085	-	11,085	-	-	-	-	11,085
Other income	9,064	-	9,064	-	-	-	-	9,064
Total Support and Revenue	7,582,089	254,737	7,836,826	408,510	207,699	616,209	(125,427)	8,327,608
RECLASSIFICATIONS								
Net assets released for satisfaction of purpose restrictions	627,372	(627,372)	-	79,548	(79,548)	-	-	-
EXPENSES								
Program								
Instructional	4,867,941	-	4,867,941	-	-	-	-	4,867,941
Auxiliary	281,235	-	281,235	-	-	-	-	281,235
Extra-curricular	194,556	-	194,556	-	-	-	-	194,556
Grants to The Potter's House	-	-	-	125,427	-	125,427	(125,427)	-
Total Program	5,343,732	-	5,343,732	125,427	-	125,427	(125,427)	5,343,732
Supporting Activities								
Management and general	1,021,332	-	1,021,332	16,923	-	16,923	-	1,038,255
Fund-raising	361,549	-	361,549	17,181	-	17,181	-	378,730
Total Supporting Activities	1,382,881	-	1,382,881	34,104	-	34,104	-	1,416,985
Total Expenses	6,726,613	-	6,726,613	159,531	-	159,531	(125,427)	6,760,717
Change in Net Assets	1,482,848	(372,635)	1,110,213	328,527	128,151	456,678	-	1,566,891
Net Assets, Beginning of Year	11,661,461	721,665	12,383,126	1,151,209	552,562	1,703,771	-	14,086,897
Net Assets, End of Year	\$ 13,144,309	\$ 349,030	\$ 13,493,339	\$ 1,479,736	\$ 680,713	\$ 2,160,449	\$ -	\$ 15,653,788

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 Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	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 Functional Expenses

For the Year Ended June 30, 2021

	Instructional	Auxiliary	Extra-Curricular	Grants	Total Program	Management and General	Fund-Raising	Total Supporting Activities	Eliminations	Total Expenses
Grants awarded	\$ -	\$ 26,750	\$ -	\$ -	\$ 26,750	\$ -	\$ -	\$ -	\$ -	\$ 26,750
Salaries and wages	2,663,096	63,955	105,517	-	2,832,568	528,765	212,154	740,919	-	3,573,487
Pension plan	49,008	-	831	-	49,839	7,758	3,510	11,268	-	61,107
Other employee benefits	494,030	215	-	-	494,245	86,843	30,850	117,693	-	611,938
Payroll taxes	199,615	1,504	5,554	-	206,673	31,706	17,122	48,828	-	255,501
Professional services - management	-	-	-	-	-	22,522	-	22,522	-	22,522
Professional services - legal	-	-	-	-	-	44,797	-	44,797	-	44,797
Professional services - accounting	-	-	-	-	-	10,635	-	10,635	-	10,635
Professional services - other	57,738	153,059	-	-	210,797	73,630	2,817	76,447	-	287,244
Advertising and promotion	-	-	-	-	-	9,575	54,364	63,939	-	63,939
Office	20,222	-	-	-	20,222	67,111	36,849	103,960	-	124,182
Information technology	17,705	-	-	-	17,705	18,116	4,199	22,315	-	40,020
Occupancy	489,187	2,596	-	-	491,783	17,435	2,159	19,594	-	511,377
Travel	3,402	24,655	-	-	28,057	750	750	1,500	-	29,557
Conferences, conventions and meetings	-	-	-	-	-	11,289	-	11,289	-	11,289
Interest	-	-	-	-	-	71,105	-	71,105	-	71,105
Grants to The Potter's House	-	-	-	125,427	125,427	-	-	-	(125,427)	-
Depreciation	529,981	1,431	-	-	531,412	27,894	-	27,894	-	559,306
Insurance	37,144	-	18,103	-	55,247	4,191	-	4,191	-	59,438
Instructional	301,477	-	19,388	-	320,865	-	-	-	-	320,865
Athletics	-	-	45,163	-	45,163	-	-	-	-	45,163
Lunch program	-	5,845	-	-	5,845	-	-	-	-	5,845
Alumni and donor relations	-	605	-	-	605	399	13,956	14,355	-	14,960
Parent and booster clubs	-	620	-	-	620	-	-	-	-	620
Accreditation and memberships	5,336	-	-	-	5,336	3,734	-	3,734	-	9,070
Total Expenses	\$ 4,867,941	\$ 281,235	\$ 194,556	\$ 125,427	\$ 5,469,159	\$ 1,038,255	\$ 378,730	\$ 1,416,985	\$ (125,427)	\$ 6,760,717

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	-	-	-	-	-	34,695	-	34,695	-	34,695
Professional services - legal	-	-	-	-	-	21,755	-	21,755	-	21,755
Professional services - accounting	-	-	-	-	-	10,064	-	10,064	-	10,064
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