



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

**With Independent Auditors' Report**

**June 30, 2022 and 2021**

**THE POTTER'S HOUSE**

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FINANCIAL 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**

### **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, 2022 and 2021, 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, 2022 and 2021, 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 15, 2023

# THE POTTER'S HOUSE

## Consolidated Statements of Financial Position

	June 30,	
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,782,214	\$ 555,291
Accounts receivable, net of allowance of \$45,000	694,051	1,486,148
Contributions receivable	100,000	249,694
Prepaid expenses	18,326	12,547
Investments held for long-term purposes	2,047,911	2,112,775
Property held for sale	4,945	4,945
Property and equipment, net of accumulated depreciation	13,910,837	14,332,184
<b>Total Assets</b>	<b>\$ 18,558,284</b>	<b>\$ 18,753,584</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 76,849	\$ 173,602
Accrued payroll and related liabilities	510,827	513,615
Deferred revenue	77,865	64,301
Debt	48,192	2,284,336
Capitalized lease obligation	44,270	63,942
<b>Total Liabilities</b>	<b>758,003</b>	<b>3,099,796</b>
<b>Net Assets</b>		
<b>Without donor restrictions</b>		
Undesignated	2,925,563	349,837
Designated		
Boosters' club	4,065	2,618
Parents' club	3,570	3,348
Net investment in property and equipment	13,866,567	14,268,242
	16,799,765	14,624,045
<b>With donor restrictions</b>	<b>1,000,516</b>	<b>1,029,743</b>
<b>Total Net Assets</b>	<b>17,800,281</b>	<b>15,653,788</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 18,558,284</b>	<b>\$ 18,753,584</b>

See accompanying notes and independent auditors' report

# THE POTTER'S HOUSE

## Consolidated Statements of Activities

	Years Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Tuition and fees	\$ 5,200,274	\$ -	\$ 5,200,274	\$ 4,971,389	\$ -	\$ 4,971,389
Less: tuition grants and discounts	(3,068,075)	-	(3,068,075)	(3,242,329)	-	(3,242,329)
	2,132,199	-	2,132,199	1,729,060	-	1,729,060
Contributions	3,345,141	1,484,455	4,829,596	3,105,776	309,924	3,415,700
Gifts in kind	15,784	-	15,784	59,286	-	59,286
Small Business Administration grant and employee retention credits	1,497,332	-	1,497,332	2,134,019	-	2,134,019
Fund-raisers, net of expenses	614,195	-	614,195	143,480	-	143,480
Lunch program revenues	289,405	-	289,405	193,791	-	193,791
Campus program revenue	191,030	-	191,030	121,414	-	121,414
Investment (loss) income	(189,115)	(103,952)	(293,067)	358,197	152,512	510,709
Church rental income	19,742	-	19,742	11,085	-	11,085
Other income	18,312	-	18,312	9,064	-	9,064
Total Support and Revenue	7,934,025	1,380,503	9,314,528	7,865,172	462,436	8,327,608
<b>RECLASSIFICATIONS</b>						
Net assets released for satisfaction of purpose restrictions	1,409,730	(1,409,730)	-	706,920	(706,920)	-
<b>EXPENSES</b>						
Program						
Instructional	5,093,351	-	5,093,351	4,867,941	-	4,867,941
Auxiliary	371,266	-	371,266	281,235	-	281,235
Extra-curricular	229,010	-	229,010	194,556	-	194,556
Total Program	5,693,627	-	5,693,627	5,343,732	-	5,343,732
Supporting Activities						
Management and general	979,201	-	979,201	1,038,255	-	1,038,255
Fund-raising	495,207	-	495,207	378,730	-	378,730
Total Supporting Activities	1,474,408	-	1,474,408	1,416,985	-	1,416,985
Total Expenses	7,168,035	-	7,168,035	6,760,717	-	6,760,717
Change in Net Assets	2,175,720	(29,227)	2,146,493	1,811,375	(244,484)	1,566,891
Net Assets, Beginning of Year	14,624,045	1,029,743	15,653,788	12,812,670	1,274,227	14,086,897
Net Assets, End of Year	\$ 16,799,765	\$ 1,000,516	\$ 17,800,281	\$ 14,624,045	\$ 1,029,743	\$ 15,653,788

See accompanying notes and independent auditors' report

# THE POTTER'S HOUSE

## Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Instructional	Auxiliary	Extra- Curricular	Total Program	Management and General	Fund- Raising	Total Supporting Activities	Total Expenses
Grants awarded	\$ -	\$ 35,500	\$ -	\$ 35,500	\$ -	\$ -	\$ -	\$ 35,500
Salaries and wages	2,721,371	70,650	108,458	2,900,479	544,059	225,363	769,422	3,669,901
Pension plan	52,185	-	656	52,841	7,764	3,438	11,202	64,043
Other employee benefits	524,380	517	118	525,015	83,900	30,960	114,860	639,875
Payroll taxes	196,431	1,773	5,659	203,863	30,913	17,901	48,814	252,677
Professional services - management	-	-	-	-	18,941	-	18,941	18,941
Professional services - legal	-	-	-	-	25,252	-	25,252	25,252
Professional services - accounting	-	-	-	-	12,950	-	12,950	12,950
Professional services - other	68,296	200,829	-	269,125	55,274	3,685	58,959	328,084
Advertising and promotion	-	-	-	-	2,300	28,392	30,692	30,692
Office	20,049	-	180	20,229	80,746	29,748	110,494	130,723
Information technology	40,524	-	-	40,524	9,796	1,863	11,659	52,183
Occupancy	546,520	4,446	-	550,966	28,588	2,644	31,232	582,198
Travel	3,949	48,841	-	52,790	2,423	2,423	4,846	57,636
Conferences, conventions and meetings	-	-	-	-	8,026	-	8,026	8,026
Interest	-	-	-	-	32,083	-	32,083	32,083
Depreciation	531,398	1,783	-	533,181	27,968	-	27,968	561,149
Insurance	37,862	-	17,089	54,951	2,246	-	2,246	57,197
Instructional	346,745	-	40,162	386,907	-	-	-	386,907
Athletics	-	-	56,688	56,688	-	-	-	56,688
Lunch program	-	4,019	-	4,019	-	-	-	4,019
Alumni and donor relations	-	210	-	210	2,162	148,790	150,952	151,162
Parent and booster clubs	-	2,698	-	2,698	-	-	-	2,698
Accreditation and memberships	3,641	-	-	3,641	3,810	-	3,810	7,451
<b>Total Expenses</b>	<b>\$ 5,093,351</b>	<b>\$ 371,266</b>	<b>\$ 229,010</b>	<b>\$ 5,693,627</b>	<b>\$ 979,201</b>	<b>\$ 495,207</b>	<b>\$ 1,474,408</b>	<b>\$ 7,168,035</b>

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	20,220	-	-	20,220	67,111	36,849	103,960	124,180
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	529,982	1,431	-	531,413	27,894	-	27,894	559,307
Insurance	37,144	-	18,103	55,247	4,191	-	4,191	59,438
Instructional	301,478	-	19,388	320,866	-	-	-	320,866
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
<b>Total Expenses</b>	<b>\$ 4,867,941</b>	<b>\$ 281,235</b>	<b>\$ 194,556</b>	<b>\$ 5,343,732</b>	<b>\$ 1,038,255</b>	<b>\$ 378,730</b>	<b>\$ 1,416,985</b>	<b>\$ 6,760,717</b>

See accompanying notes and independent auditors' report

# THE POTTER'S HOUSE

## Consolidated Statements of Cash Flows

	Years Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,146,493	\$ 1,566,891
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Forgiveness of loan payable	(891,800)	(890,200)
Contributions of marketable securities	(99,463)	-
Contributions for long-term purposes	(301,579)	(72,487)
Depreciation	561,149	559,307
Net losses (gains) from investments	346,378	(478,552)
Change in:		
Accounts receivable	792,097	(1,305,667)
Contributions receivable	149,694	488,091
Prepaid expenses	(5,779)	2,960
Accounts payable	(96,753)	(195,804)
Accrued payroll and related liabilities	(2,788)	(23,235)
Deferred revenue	13,564	(18,677)
Net Cash Provided (Used) by Operating Activities	2,611,213	(367,373)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	748,343	823,430
Purchases of investments	(930,394)	(785,723)
Purchases of property held for sale	-	(4,945)
Purchases of property and equipment	(139,802)	(160,020)
Net Cash Used By Investing Activities	(321,853)	(127,258)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions for long-term purposes	301,579	72,487
Proceeds from loans and draws from lines of credit	248,770	1,659,745
Principal payments on loans and lines of credit	(1,593,114)	(754,380)
Principal payments on capitalized lease obligations	(19,672)	(18,193)
Net Cash (Used) Provided By Financing Activities	(1,062,437)	959,659
Change in Cash and Cash Equivalents	1,226,923	465,028
Cash and Cash Equivalents, Beginning of Period	555,291	90,263
Cash and Cash Equivalents, End of Period	\$ 1,782,214	\$ 555,291
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	\$ 32,083	\$ 71,105

See accompanying notes and independent auditors' report

# THE POTTER'S HOUSE

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

### 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, 2022 and 2021

### 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, 2022 and 2021 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, 2022 and 2021 are \$-0- and \$9,385, 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 June 30, 2022 and 2021, TPH recorded receivables of \$443,678 and \$1,243,819, respectively, for 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, 2022 and 2021; there is, therefore, no allowance for doubtful promises to give.

#### PREPAID EXPENSES

Prepaid expenses consist of payments made prior to the end of the fiscal year which benefit the following fiscal year. These payments included expenditures for licensing, event and activity deposits and supplies at June 30, 2022 and 2021.

#### 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 \$561,150 and \$559,307 for the years ended June 30, 2022 and 2021, respectively.

# THE POTTER'S HOUSE

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### 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 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, 2022 and 2021, approximately 94 and 87 individuals provided approximately 6,000 and 4,215 hours of volunteer support to TPH, respectively. For the years ended June 30, 2022 and 2021, management estimates the total value of volunteer services to be approximately \$90,000 and \$63,200, 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, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### CONTRIBUTED SERVICES, continued

During the years ended June 30, 2022 and 2021, TPH received a donation of discounts on legal services having an estimated value of \$4,704 and \$15,204, respectively. These services have been recorded in accordance with generally accepted accounting principles.

#### GIFTS IN KIND

During the year ended June 30, 2021, TPH received gifts of maintenance materials and services with an estimated total fair value of \$24,237. During the years ended June 30, 2022 and 2021, TPH received donations of education supplies and other items for use by the school with an estimated fair value of \$11,080 and \$19,845, respectively.

#### 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 \$223 and \$484 for the years ended June 30, 2022 and 2021, respectively.

# THE POTTER'S HOUSE

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

### 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,	
	2022	2021
Cash and cash equivalents	\$ 1,782,214	\$ 555,291
Accounts receivable	694,051	1,486,148
Contributions receivable expected to be received within one year	100,000	152,351
Minimum distribution from Foundation	78,412	71,629
Less:		
Designated net assets	(7,635)	(5,966)
Net assets with donor restrictions	<u>(1,000,516)</u>	<u>(1,029,743)</u>
	<u>\$ 1,646,526</u>	<u>\$ 1,229,710</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, 2021, 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

Contributions receivable consist of 1 and 4 promises to give from individuals and foundations at June 30, 2022 and 2021, totaling \$100,000 and \$252,351, respectively. Contributions at June 30, 2022 are expected to be received within one year and therefore the present value of estimated future cash flows at June 30, 2022 approximates net realizable value. The present value of estimated future cash flows at June 30, 2021 is \$249,694 using discount rates ranging from 2.42 percent to 2.76 percent. See Note 2 for a description of the accounting policies for contributions receivable.

# THE POTTER'S HOUSE

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

### 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, 2022		
	Fair Value	Carrying Value	Unrealized (Loss) Gain
Cash and cash equivalents	\$ 285,837	\$ 285,837	\$ -
Fixed income investments	144,296	160,230	(15,934)
Marketable equity securities	394,876	311,315	83,561
Marketable preferred equity securities	157,105	179,083	(21,978)
Mutual funds	1,038,265	979,753	58,512
Other investments	27,532	32,890	(5,358)
	<u>\$ 2,047,911</u>	<u>\$ 1,949,108</u>	<u>\$ 98,803</u>
	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
	<u>\$ 2,112,775</u>	<u>\$ 1,641,630</u>	<u>\$ 471,145</u>

Investment (loss) income consists of the following:

	Years Ended June 30,	
	2022	2021
Interest and dividends	\$ 53,447	\$ 32,157
Realized gains	59,432	216,686
Unrealized (losses) gains	(405,946)	261,866
	<u>\$ (293,067)</u>	<u>\$ 510,709</u>

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, 2022 and 2021

#### 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, 2022 and 2021

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,	
	2022	2021
Board designated endowment funds	\$ 1,400,137	\$ 1,479,736
Donor restricted endowment funds	664,793	680,713
Total funds	\$ 2,064,930	\$ 2,160,449

CHANGES IN ENDOWMENT NET ASSETS

	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

# THE POTTER'S HOUSE

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	\$ 1,479,736	\$ 680,713	\$ 2,160,449
Investment return			
Investment income	33,271	14,982	48,253
Realized gains	37,601	21,831	59,432
Unrealized losses	(265,181)	(140,765)	(405,946)
Total investment return	(194,309)	(103,952)	(298,261)
Contributions	201,336	157,479	358,815
Appropriation of endowment assets for expenditure	(86,626)	(69,447)	(156,073)
Endowment net assets, June 30, 2022	\$ 1,400,137	\$ 664,793	\$ 2,064,930

### 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, 2022 and 2021

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,	
	2022	2021
Land - Note 7	\$ 797,685	\$ 797,685
Land improvements	38,744	38,744
Buildings and improvements - Note 7	14,994,091	14,983,919
Furniture and equipment - Note 8	1,290,633	1,273,524
Computers and software	502,820	581,246
Vehicles	123,883	35,333
Website development costs	3,533	3,533
	<u>17,751,389</u>	<u>17,713,984</u>
Less accumulated depreciation	<u>(3,840,552)</u>	<u>(3,381,800)</u>
	<u>\$ 13,910,837</u>	<u>\$ 14,332,184</u>

7. DEBT

Debt consists of the following:

	June 30,	
	2022	2021
\$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

# THE POTTER'S HOUSE

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

7. DEBT, continued

	June 30,	
	2022	2021
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 the remaining balance in January 2025, secured by real estate	48,192	51,218
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
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
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 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
	\$ 48,192	\$ 2,284,336

TPH has a \$500,000 bank line of credit, dated November 2018 and renewed April 2022, with a variable rate of interest based on the bank's prime rate (4.75 percent and 4.00 percent per annum at June 30, 2022 and 2021, respectively), with interest payable monthly, maturing March 2023 and secured by high school real estate. Line of credit activity is as follows:

	Year Ended June 30,	
	2022	2021
Balance, beginning of year	\$ -	\$ 120,000
Amount borrowed	245,000	480,000
Repayments	(245,000)	(600,000)
Balance, end of year	\$ -	\$ -

# THE POTTER'S HOUSE

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

7. DEBT, continued

Total interest expense is as follows:

	Years Ended June 30,	
	2022	2021
Bank lines of credit	\$ 55	\$ 8,448
Bank term note	25,766	53,202
Land contracts	2,492	2,844
Short-term loans	3,770	6,611
	\$ 32,083	\$ 71,105

Future maturities of debt are as follows:

Year Ending June 30,	Principal
2023	\$ 3,181
2024	3,344
2025	41,667
Total	\$ 48,192

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, 2022 and 2021.

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

	June 30,	
	2022	2021
Equipment	\$ 98,960	\$ 98,960
Accumulated amortization	(59,376)	(39,584)
	\$ 39,584	\$ 59,376

# THE POTTER'S HOUSE

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

8. LEASES, continued

Minimum future lease payments under the capital lease agreement as of June 30, 2022 are as follows:

<u>Year Ending</u>	
2023	\$ 23,988
2024	<u>23,988</u>
Net minimum lease payments	47,976
Amount representing interest	<u>(3,706)</u>
Present value of net minimum lease payments	<u>\$ 44,270</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, 2022 and 2021 were \$24,420 and \$24,768, respectively.

TPH leases various building spaces to four entities, each on a month-to-month basis. These agreements may be terminated by either party with sixty-days notification.

# THE POTTER'S HOUSE

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

### 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	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>



# THE POTTER'S HOUSE

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

### 9. NET ASSETS WITH DONOR RESTRICTIONS, continued

	June 30, 2021	Contributions And Investment Income	Released From Restriction	June 30, 2022
<u>School</u>				
Back to school catalog	\$ -	\$ 124,695	\$ 124,695	\$ -
Birthday club	-	106	106	-
Bowling for books	13,924	12,925	16,869	9,980
Capital campaign	17,300	144,100	11,419	149,981
College scholarships	34,870	34,500	30,650	38,720
COVID-19 grants	27,936	-	3,455	24,481
Education supplies	-	10,650	3,089	7,561
Loan pay-off	-	1,000,000	1,000,000	-
Partner program (time restricted)	250,000	-	150,000	100,000
Spanish immersion	5,000	-	-	5,000
	<u>349,030</u>	<u>1,326,976</u>	<u>1,340,283</u>	<u>335,723</u>
<u>Foundation Endowments</u>				
Art program	-	18,614	18,614	-
Eighth grade class trip	99,874	(11,702)	6,270	81,902
Perpetual partner program	10,474	32,844	522	42,796
Student tuition assistance	570,365	13,771	44,041	540,095
	<u>680,713</u>	<u>53,527</u>	<u>69,447</u>	<u>664,793</u>
	<u>\$ 1,029,743</u>	<u>\$ 1,380,503</u>	<u>\$ 1,409,730</u>	<u>\$ 1,000,516</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, 2022 and 2021 were \$64,043 and \$61,107, respectively.

### 11. CONCENTRATION

For the years ended June 30, 2022 and 2021, the top five donors provided approximately 40 and 21 percent of total contributions, respectively.

### 12. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these consolidated financial statements subsequent events and transactions occurring through February 15, 2023, the date these consolidated financial statements were available to be issued.

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, 2022				June 30, 2021			
	The Potter's House	The Potter's House Foundation	Eliminations	Totals	The Potter's House	The Potter's House Foundation	Eliminations	Totals
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,759,582	\$ 22,632	\$ -	\$ 1,782,214	\$ 502,613	\$ 52,678	\$ -	\$ 555,291
Accounts receivable net of allowance of \$45,000	699,664	-	(5,613)	694,051	1,491,152	-	(5,004)	1,486,148
Contributions receivable	100,000	-	-	100,000	249,694	-	-	249,694
Prepaid expenses	18,326	-	-	18,326	12,547	-	-	12,547
Investments held for long-term purposes	-	2,047,911	-	2,047,911	-	2,112,775	-	2,112,775
Property held for sale	4,945	-	-	4,945	4,945	-	-	4,945
Property and equipment, net of accumulated depreciation	13,910,837	-	-	13,910,837	14,332,184	-	-	14,332,184
<b>Total Assets</b>	<b>\$ 16,493,354</b>	<b>\$ 2,070,543</b>	<b>\$ (5,613)</b>	<b>\$ 18,558,284</b>	<b>\$ 16,593,135</b>	<b>\$ 2,165,453</b>	<b>\$ (5,004)</b>	<b>\$ 18,753,584</b>
<b>LIABILITIES AND NET ASSETS</b>								
<b>Liabilities</b>								
Accounts payable	\$ 76,849	\$ 5,613	\$ (5,613)	\$ 76,849	\$ 173,602	\$ 5,004	\$ (5,004)	\$ 173,602
Accrued payroll and related liabilities	510,827	-	-	510,827	513,615	-	-	513,615
Deferred revenue	77,865	-	-	77,865	64,301	-	-	64,301
Debt	48,192	-	-	48,192	2,284,336	-	-	2,284,336
Capitalized lease obligation	44,270	-	-	44,270	63,942	-	-	63,942
<b>Total Liabilities</b>	<b>758,003</b>	<b>5,613</b>	<b>(5,613)</b>	<b>758,003</b>	<b>3,099,796</b>	<b>5,004</b>	<b>(5,004)</b>	<b>3,099,796</b>
<b>Net Assets</b>								
<b>Without donor restriction</b>								
Undesignated	1,525,426	1,400,137	-	2,925,563	(1,129,899)	1,479,736	-	349,837
Designated								
Boosters' club	3,570	-	-	3,570	3,348	-	-	3,348
Parents' club	4,065	-	-	4,065	2,618	-	-	2,618
Net investment in property and equipment	13,866,567	-	-	13,866,567	14,268,242	-	-	14,268,242
	15,399,628	1,400,137	-	16,799,765	13,144,309	1,479,736	-	14,624,045
<b>With donor restrictions</b>	<b>335,723</b>	<b>664,793</b>	<b>-</b>	<b>1,000,516</b>	<b>349,030</b>	<b>680,713</b>	<b>-</b>	<b>1,029,743</b>
<b>Total Net Assets</b>	<b>15,735,351</b>	<b>2,064,930</b>	<b>-</b>	<b>17,800,281</b>	<b>13,493,339</b>	<b>2,160,449</b>	<b>-</b>	<b>15,653,788</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 16,493,354</b>	<b>\$ 2,070,543</b>	<b>\$ (5,613)</b>	<b>\$ 18,558,284</b>	<b>\$ 16,593,135</b>	<b>\$ 2,165,453</b>	<b>\$ (5,004)</b>	<b>\$ 18,753,584</b>

See notes to consolidated financial statements and independent auditors' report

# THE POTTER'S HOUSE

## Consolidating Statement of Activities

For the Year Ended June 30, 2022

	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		
<b>SUPPORT AND REVENUE</b>								
Tuition and fees	\$ 5,200,274	\$ -	\$ 5,200,274	\$ -	\$ -	\$ -	\$ -	\$ 5,200,274
Less: tuition grants and discounts	(3,068,075)	-	(3,068,075)	-	-	-	-	(3,068,075)
	2,132,199	-	2,132,199	-	-	-	-	2,132,199
Contributions	3,262,034	1,326,976	4,589,010	201,336	157,479	358,815	(118,229)	4,829,596
Gifts in kind	15,784	-	15,784	-	-	-	-	15,784
Small Business Administration grant and employee retention credits	1,497,332	-	1,497,332	-	-	-	-	1,497,332
Annual banquet	614,195	-	614,195	-	-	-	-	614,195
Lunch program revenues	289,405	-	289,405	-	-	-	-	289,405
Campus program revenue	191,030	-	191,030	-	-	-	-	191,030
Investment income (loss)	5,194	-	5,194	(194,309)	(103,952)	(298,261)	-	(293,067)
Church rental income	19,742	-	19,742	-	-	-	-	19,742
Other income	18,312	-	18,312	-	-	-	-	18,312
<b>Total Support and Revenue</b>	<b>8,045,227</b>	<b>1,326,976</b>	<b>9,372,203</b>	<b>7,027</b>	<b>53,527</b>	<b>60,554</b>	<b>(118,229)</b>	<b>9,314,528</b>
<b>RECLASSIFICATIONS</b>								
Net assets released for satisfaction of purpose restrictions	1,340,283	(1,340,283)	-	69,447	(69,447)	-	-	-
<b>EXPENSES</b>								
<b>Program</b>								
Instructional	5,093,351	-	5,093,351	-	-	-	-	5,093,351
Auxiliary	371,266	-	371,266	-	-	-	-	371,266
Extra-curricular	229,010	-	229,010	-	-	-	-	229,010
Grants to The Potter's House	-	-	-	118,229	-	118,229	(118,229)	-
<b>Total Program</b>	<b>5,693,627</b>	<b>-</b>	<b>5,693,627</b>	<b>118,229</b>	<b>-</b>	<b>118,229</b>	<b>(118,229)</b>	<b>5,693,627</b>
<b>Supporting Activities</b>								
Management and general	967,625	-	967,625	11,576	-	11,576	-	979,201
Fund-raising	468,939	-	468,939	26,268	-	26,268	-	495,207
<b>Total Supporting Activities</b>	<b>1,436,564</b>	<b>-</b>	<b>1,436,564</b>	<b>37,844</b>	<b>-</b>	<b>37,844</b>	<b>-</b>	<b>1,474,408</b>
<b>Total Expenses</b>	<b>7,130,191</b>	<b>-</b>	<b>7,130,191</b>	<b>156,073</b>	<b>-</b>	<b>156,073</b>	<b>(118,229)</b>	<b>7,168,035</b>
Change in Net Assets	2,255,319	(13,307)	2,242,012	(79,599)	(15,920)	(95,519)	-	2,146,493
Net Assets, Beginning of Year	13,144,309	349,030	13,493,339	1,479,736	680,713	2,160,449	-	15,653,788
<b>Net Assets, End of Year</b>	<b>\$ 15,399,628</b>	<b>\$ 335,723</b>	<b>\$ 15,735,351</b>	<b>\$ 1,400,137</b>	<b>\$ 664,793</b>	<b>\$ 2,064,930</b>	<b>\$ -</b>	<b>\$ 17,800,281</b>

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		
<b>SUPPORT AND REVENUE</b>								
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
Annual banquet	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
<b>Total Support and Revenue</b>	<b>7,582,089</b>	<b>254,737</b>	<b>7,836,826</b>	<b>408,510</b>	<b>207,699</b>	<b>616,209</b>	<b>(125,427)</b>	<b>8,327,608</b>
<b>RECLASSIFICATIONS</b>								
Net assets released for satisfaction of purpose restrictions	627,372	(627,372)	-	79,548	(79,548)	-	-	-
<b>EXPENSES</b>								
<b>Program</b>								
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)	-
<b>Total Program</b>	<b>5,343,732</b>	<b>-</b>	<b>5,343,732</b>	<b>125,427</b>	<b>-</b>	<b>125,427</b>	<b>(125,427)</b>	<b>5,343,732</b>
<b>Supporting Activities</b>								
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
<b>Total Supporting Activities</b>	<b>1,382,881</b>	<b>-</b>	<b>1,382,881</b>	<b>34,104</b>	<b>-</b>	<b>34,104</b>	<b>-</b>	<b>1,416,985</b>
<b>Total Expenses</b>	<b>6,726,613</b>	<b>-</b>	<b>6,726,613</b>	<b>159,531</b>	<b>-</b>	<b>159,531</b>	<b>(125,427)</b>	<b>6,760,717</b>
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
<b>Net Assets, End of Year</b>	<b>\$ 13,144,309</b>	<b>\$ 349,030</b>	<b>\$ 13,493,339</b>	<b>\$ 1,479,736</b>	<b>\$ 680,713</b>	<b>\$ 2,160,449</b>	<b>\$ -</b>	<b>\$ 15,653,788</b>

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, 2022

	Instructional	Auxiliary	Extra-Curricular	Grants	Total Program	Management and General	Fund-Raising	Total Supporting Activities	Eliminations	Total Expenses
Grants awarded	\$ -	\$ 35,500	\$ -	\$ -	\$ 35,500	\$ -	\$ -	\$ -	\$ -	\$ 35,500
Salaries and wages	2,721,371	70,650	108,458	-	2,900,479	544,059	225,363	769,422	-	3,669,901
Pension plan	52,185	-	656	-	52,841	7,764	3,438	11,202	-	64,043
Other employee benefits	524,380	517	118	-	525,015	83,900	30,960	114,860	-	639,875
Payroll taxes	196,431	1,773	5,659	-	203,863	30,913	17,901	48,814	-	252,677
Professional services - management	-	-	-	-	-	18,941	-	18,941	-	18,941
Professional services - legal	-	-	-	-	-	25,252	-	25,252	-	25,252
Professional services - accounting	-	-	-	-	-	12,950	-	12,950	-	12,950
Professional services - other	68,296	200,829	-	-	269,125	55,274	3,685	58,959	-	328,084
Advertising and promotion	-	-	-	-	-	2,300	28,392	30,692	-	30,692
Office	20,049	-	180	-	20,229	80,746	29,748	110,494	-	130,723
Information technology	40,524	-	-	-	40,524	9,796	1,863	11,659	-	52,183
Occupancy	546,520	4,446	-	-	550,966	28,588	2,644	31,232	-	582,198
Travel	3,949	48,841	-	-	52,790	2,423	2,423	4,846	-	57,636
Conferences, conventions and meetings	-	-	-	-	-	8,026	-	8,026	-	8,026
Interest	-	-	-	-	-	32,083	-	32,083	-	32,083
Grants to The Potter's House	-	-	-	118,229	118,229	-	-	-	(118,229)	-
Depreciation	531,398	1,783	-	-	533,181	27,968	-	27,968	-	561,149
Insurance	37,862	-	17,089	-	54,951	2,246	-	2,246	-	57,197
Instructional	346,745	-	40,162	-	386,907	-	-	-	-	386,907
Athletics	-	-	56,688	-	56,688	-	-	-	-	56,688
Lunch program	-	4,019	-	-	4,019	-	-	-	-	4,019
Alumni and donor relations	-	210	-	-	210	2,162	148,790	150,952	-	151,162
Parent and booster clubs	-	2,698	-	-	2,698	-	-	-	-	2,698
Accreditation and memberships	3,641	-	-	-	3,641	3,810	-	3,810	-	7,451
<b>Total Expenses</b>	<b>\$ 5,093,351</b>	<b>\$ 371,266</b>	<b>\$ 229,010</b>	<b>\$ 118,229</b>	<b>\$ 5,811,856</b>	<b>\$ 979,201</b>	<b>\$ 495,207</b>	<b>\$ 1,474,408</b>	<b>\$ (118,229)</b>	<b>\$ 7,168,035</b>

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	20,220	-	-	-	20,220	67,111	36,849	103,960	-	124,180
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	529,982	1,431	-	-	531,413	27,894	-	27,894	-	559,307
Insurance	37,144	-	18,103	-	55,247	4,191	-	4,191	-	59,438
Instructional	301,478	-	19,388	-	320,866	-	-	-	-	320,866
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
<b>Total Expenses</b>	<b>\$ 4,867,941</b>	<b>\$ 281,235</b>	<b>\$ 194,556</b>	<b>\$ 125,427</b>	<b>\$ 5,469,159</b>	<b>\$ 1,038,255</b>	<b>\$ 378,730</b>	<b>\$ 1,416,985</b>	<b>\$ (125,427)</b>	<b>\$ 6,760,717</b>

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