



THE POTTER'S HOUSE

**CONSOLIDATED
FINANCIAL STATEMENTS**

With Independent Auditors' Report

June 30, 2023 and 2022

THE POTTER'S HOUSE

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FINANCIAL STATEMENTS**

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June 30, 2023 and 2022



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, comprising the consolidated statements of financial position as of June 30, 2023 and 2022, 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, 2023 and 2022, 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.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 8 to the financial statements, The Potter's House adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, as amended during the year ended June 30, 2023. Our conclusion is not modified with respect to this matter.

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 22 through 26 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 22, 2024

THE POTTER'S HOUSE

Consolidated Statements of Financial Position

	June 30,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,132,782	\$ 1,782,214
Accounts receivable, net of allowance of \$45,000	250,148	694,051
Contributions receivable	270,324	100,000
Prepaid expenses	17,477	18,326
Investments held for long-term purposes	2,340,075	2,047,911
Property held for sale	4,945	4,945
Property and equipment, net of accumulated depreciation - Note 8	13,469,096	13,910,837
Total Assets	\$ 18,484,847	\$ 18,558,284
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 116,844	\$ 76,849
Accrued payroll and related liabilities	482,977	510,827
Deferred revenue	78,457	77,865
Financing lease liability - Note 8	22,999	44,270
Debt	45,011	48,192
Total Liabilities	746,288	758,003
Net Assets		
Without donor restrictions		
Undesignated	2,733,301	2,925,023
Designated		
Boosters' club	14,405	4,605
Parents' club	2,768	3,570
Net investment in property and equipment	13,446,097	13,866,567
	16,196,571	16,799,765
With donor restrictions	1,541,988	1,000,516
Total Net Assets	17,738,559	17,800,281
Total Liabilities and Net Assets	\$ 18,484,847	\$ 18,558,284

See accompanying notes and independent auditors' report

THE POTTER'S HOUSE

Consolidated Statements of Activities

	Years Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Tuition and fees	\$ 5,713,945	\$ -	\$ 5,713,945	\$ 5,200,274	\$ -	\$ 5,200,274
Less: tuition grants and discounts	(3,369,941)	-	(3,369,941)	(3,068,075)	-	(3,068,075)
	2,344,004	-	2,344,004	2,132,199	-	2,132,199
Contributions	2,989,583	850,018	3,839,601	3,663,458	1,484,455	5,147,913
Gifts in kind	11,415	-	11,415	15,784	-	15,784
CARES Act, E-Rate and Michigan grants	145,146	-	145,146	62,578	-	62,578
Small Business Administration grant and federal employee retention credits	235,762	-	235,762	1,116,437	-	1,116,437
Fund-raisers, net of expenses	464,906	-	464,906	614,195	-	614,195
Lunch program revenues	197,192	-	197,192	289,405	-	289,405
Campus program revenue	226,579	-	226,579	191,030	-	191,030
Investment income (loss)	213,794	74,801	288,595	(189,115)	(103,952)	(293,067)
Church rental income	34,710	-	34,710	19,742	-	19,742
Other income	26,905	-	26,905	18,312	-	18,312
Total Support and Revenue	6,889,996	924,819	7,814,815	7,934,025	1,380,503	9,314,528
RECLASSIFICATIONS						
Net assets released for satisfaction of purpose restrictions	383,347	(383,347)	-	1,409,730	(1,409,730)	-
EXPENSES						
Program						
Instructional	5,618,475	-	5,618,475	5,093,351	-	5,093,351
Auxiliary	344,868	-	344,868	371,266	-	371,266
Extra-curricular	298,027	-	298,027	229,010	-	229,010
Total Program	6,261,370	-	6,261,370	5,693,627	-	5,693,627
Supporting Activities						
Management and general	1,120,238	-	1,120,238	979,201	-	979,201
Fund-raising	494,929	-	494,929	495,207	-	495,207
Total Supporting Activities	1,615,167	-	1,615,167	1,474,408	-	1,474,408
Total Expenses	7,876,537	-	7,876,537	7,168,035	-	7,168,035
Change in Net Assets	(603,194)	541,472	(61,722)	2,175,720	(29,227)	2,146,493
Net Assets, Beginning of Year	16,799,765	1,000,516	17,800,281	14,624,045	1,029,743	15,653,788
Net Assets, End of Year	\$ 16,196,571	\$ 1,541,988	\$ 17,738,559	\$ 16,799,765	\$ 1,000,516	\$ 17,800,281

See accompanying notes and independent auditors' report

THE POTTER'S HOUSE

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Instructional	Auxiliary	Extra- Curricular	Total Program	Management and General	Fund- Raising	Total Supporting Activities	Total Expenses
Grants awarded	\$ -	\$ 28,050	\$ -	\$ 28,050	\$ -	\$ -	\$ -	\$ 28,050
Salaries and wages	2,976,474	98,330	117,701	3,192,505	646,336	222,767	869,103	4,061,608
Pension plan	54,776	-	731	55,507	7,966	3,369	11,335	66,842
Other employee benefits	550,240	696	18,350	569,286	95,904	38,992	134,896	704,182
Payroll taxes	217,231	2,331	6,058	225,620	37,665	16,452	54,117	279,737
Professional services - management	-	-	-	-	29,303	-	29,303	29,303
Professional services - legal	-	-	-	-	17,052	-	17,052	17,052
Professional services - accounting	-	-	-	-	13,445	-	13,445	13,445
Professional services - other	114,450	159,336	-	273,786	91,265	21,535	112,800	386,586
Advertising and promotion	-	-	-	-	893	12,755	13,648	13,648
Office	10,408	-	350	10,758	69,863	36,600	106,463	117,221
Information technology	48,469	-	-	48,469	11,065	1,936	13,001	61,470
Occupancy	657,707	4,267	-	661,974	41,484	2,436	43,920	705,894
Travel	4,396	34,296	-	38,692	3,329	3,329	6,658	45,350
Conferences, conventions and meetings	-	-	-	-	17,493	-	17,493	17,493
Interest	-	-	-	-	2,337	-	2,337	2,337
Depreciation	544,677	3,375	-	548,052	28,667	-	28,667	576,719
Insurance	49,256	-	-	49,256	-	-	-	49,256
Instructional	387,060	-	89,384	476,444	-	-	-	476,444
Athletics	-	-	65,453	65,453	-	-	-	65,453
Lunch program	-	3,214	-	3,214	-	-	-	3,214
Alumni and donor relations	-	883	-	883	2,633	134,758	137,391	138,274
Parent and booster clubs	-	10,090	-	10,090	-	-	-	10,090
Accreditation and memberships	3,331	-	-	3,331	3,538	-	3,538	6,869
Total Expenses	\$ 5,618,475	\$ 344,868	\$ 298,027	\$ 6,261,370	\$ 1,120,238	\$ 494,929	\$ 1,615,167	\$ 7,876,537

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	17,207	542,104	83,900	30,960	114,860	656,964
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	-	-	37,862	2,246	-	2,246	40,108
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
Total Expenses	\$ 5,093,351	\$ 371,266	\$ 229,010	\$ 5,693,627	\$ 979,201	\$ 495,207	\$ 1,474,408	\$ 7,168,035

See accompanying notes and independent auditors' report

THE POTTER'S HOUSE

Consolidated Statements of Cash Flows

	Years Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (61,722)	\$ 2,146,493
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of loan payable	-	(891,800)
Contributions of marketable securities	-	(99,463)
Contributions for long-term purposes	(194,106)	(301,579)
Depreciation	576,719	561,149
Gain on sale of property and equipment	(10,541)	-
Realized and unrealized (gains) losses from investments	(134,768)	346,378
Change in:		
Accounts receivable	443,903	792,097
Contributions receivable	(170,324)	149,694
Prepaid expenses	849	(5,779)
Accounts payable	39,995	(96,753)
Accrued payroll and related liabilities	(27,850)	(2,788)
Deferred revenue	592	13,564
Net Cash Provided by Operating Activities	462,747	2,611,213
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	645,124	748,343
Proceeds from sales of property and equipment	14,210	-
Purchases of investments	(802,520)	(930,394)
Purchases of property and equipment	(138,647)	(139,802)
Net Cash Used By Investing Activities	(281,833)	(321,853)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term purposes	194,106	301,579
Proceeds from loans and draws from lines of credit	-	248,770
Principal payments on loans and lines of credit	(3,181)	(1,593,114)
Principal payments on financing lease obligations	(21,271)	(19,672)
Net Cash Provided (Used) by Financing Activities	169,654	(1,062,437)
Change in Cash and Cash Equivalents	350,568	1,226,923
Cash and Cash Equivalents, Beginning of Period	1,782,214	555,291
Cash and Cash Equivalents, End of Period	\$ 2,132,782	\$ 1,782,214
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 2,337	\$ 32,083

See accompanying notes and independent auditors' report

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022 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. No accounts receivable were in collection at June 30, 2023 and 2022. 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, 2023 and 2022, TPH recorded receivables of \$-0- and \$443,678, 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 and range from 4.45 percent to 4.78 percent at June 30, 2023. Amortization of the discount is included in contributions revenue in the consolidated statements of activities. Management believes all contributions receivable balances are fully collectible at both June 30, 2023 and 2022; 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, 2023 and 2022.

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 \$5,000 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 \$576,719 and \$561,149 for the years ended June 30, 2023 and 2022, respectively.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022, approximately 110 and 94 individuals provided approximately 5,800 and 6,000 hours of volunteer support to TPH, respectively. For the years ended June 30, 2023 and 2022, management estimates the total value of volunteer services to be approximately \$87,000 and \$90,000, 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, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued

CONTRIBUTED SERVICES, continued

During the years ended June 30, 2023 and 2022, TPH received donations of discounts on legal services having estimated values of \$3,344 and \$4,704, respectively. During the year ended June 30, 2023, TPH received donations of discounts on electrical and videography services totaling \$7,034.

GIFTS IN KIND

During the years ended June 30, 2023 and 2022, TPH received donations of education supplies and other items for use by the school with an estimated fair value of \$1,037 and \$11,080, 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 \$7,180 and \$223 for the years ended June 30, 2023 and 2022, respectively.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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,	
	2023	2022
Cash and cash equivalents	\$ 2,132,782	\$ 1,782,214
Accounts receivable	250,148	694,051
Contributions receivable	130,000	100,000
Minimum distribution from Foundation	84,917	78,412
Less:		
Designated net assets	(17,173)	(8,175)
Net assets with donor restrictions	<u>(1,541,988)</u>	<u>(1,000,516)</u>
	<u>\$ 1,038,686</u>	<u>\$ 1,645,986</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.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of promises to give from two and one foundation(s) at June 30, 2023 and 2022. See Note 2 for a description of the accounting policies for contributions receivable. Promises to give are expected to be collected as follows:

	June 30,	
	2023	2022
Amounts due in:		
Less than one year	\$ 130,000	\$ 100,000
One year to five years	150,000	-
	<u>280,000</u>	<u>100,000</u>
Less: discount to net present value	<u>(9,676)</u>	<u>-</u>
Estimated future cash flows from contributions receivable	<u>\$ 270,324</u>	<u>\$ 100,000</u>

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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, 2023		
	Fair Value	Carrying Value	Unrealized (Loss) Gain
Cash and cash equivalents	\$ 390,959	\$ 390,959	\$ -
Fixed income investments	172,485	187,798	(15,313)
Marketable equity securities	476,806	353,400	123,406
Marketable preferred equity securities	246,377	277,008	(30,631)
Mutual funds	1,037,314	900,533	136,781
Other investments	16,134	15,413	721
	\$ 2,340,075	\$ 2,125,111	\$ 214,964
	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)
	\$ 2,047,911	\$ 1,949,108	\$ 98,803

Investment income (loss) consists of the following:

	Years Ended June 30,	
	2023	2022
Interest and dividends	\$ 153,827	\$ 53,447
Realized gains	18,606	59,432
Unrealized gains (losses)	116,162	(405,946)
	\$ 288,595	\$ (293,067)

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, 2023 and 2022

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 Uniform Prudent Management of Institutional Funds Act (MI-UPMIFA) 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-UPMIFA. In accordance with MI-UPMIFA, 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, 2023 and 2022

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,	
	2023	2022
Board designated endowment funds	\$ 1,508,223	\$ 1,400,137
Donor restricted endowment funds	853,371	664,793
Total funds	\$ 2,361,594	\$ 2,064,930

CHANGES IN ENDOWMENT NET ASSETS

	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

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	\$ 1,400,137	\$ 664,793	\$ 2,064,930
Investment return			
Investment income	48,712	22,810	71,522
Realized gains	8,512	10,094	18,606
Unrealized gains	74,265	41,897	116,162
Total investment return	131,489	74,801	206,290
Contributions	53,564	160,316	213,880
Appropriation of endowment assets for expenditure	(76,967)	(46,539)	(123,506)
Endowment net assets, June 30, 2023	\$ 1,508,223	\$ 853,371	\$ 2,361,594

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, 2023 and 2022

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,	
	2023	2022
Land - Note 7	\$ 797,685	\$ 797,685
Land improvements	38,744	38,744
Buildings and improvements - Note 7	15,092,649	14,994,091
Furniture and equipment	1,330,724	1,290,633
Computers and software	479,821	458,550
Financing lease right-of-use asset - Note 8	22,999	44,270
Vehicles	88,550	123,883
Website development costs	3,533	3,533
	<u>17,854,705</u>	<u>17,751,389</u>
Less accumulated depreciation	<u>(4,385,609)</u>	<u>(3,840,552)</u>
	<u>\$ 13,469,096</u>	<u>\$ 13,910,837</u>

7. DEBT

Debt consists of the following:

	June 30,	
	2023	2022
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	<u>\$ 45,011</u>	<u>\$ 48,192</u>

TPH has a \$500,000 bank line of credit, dated April 2022 and renewed February 2023, with a variable rate of interest based on the bank's prime rate (8.25 percent and 4.75 percent per annum at June 30, 2023 and 2022, respectively), with interest payable monthly, maturing March 2024 and secured by high school real estate.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

7. DEBT, continued

Line of credit activity is as follows:

	Year Ended June 30,	
	2023	2022
Balance, beginning of year	\$ -	\$ -
Amount borrowed	-	245,000
Repayments	-	(245,000)
Balance, end of year	\$ -	\$ -

Total interest expense is as follows:

	Years Ended June 30,	
	2023	2022
Bank lines of credit	\$ -	\$ 55
Bank term note	-	25,766
Land contracts	2,337	2,492
Short-term loans	-	3,770
	\$ 2,337	\$ 32,083

Future minimum payments on debt are as follows:

Year Ending June 30,	Principal
2024	\$ 3,344
2025	41,667
Total	\$ 45,011

8. LEASES

During the year ended June 30, 2023, TPH adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases (Topic 842), as amended*. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing and uncertainty of cash flows arising from leases. This change in accounting principle has been applied retrospectively.

TPH leases office equipment under a July 2019 lease agreement for a term of 60 months and requiring monthly payments of \$1,999. This lease was capitalized under the superseded accounting standards and is now reported as a financing lease under *Topic 842*. Because the capitalized lease asset and capitalized lease obligation valuations approximate the financing lease right-of-use asset and financing lease liability valuations as determined under *Topic 842*, the former valuations are being reported as the financing right-of-use asset and financing lease liability as of June 30, 2023 and 2022. There were, therefore, no changes to assets, liabilities and net assets as of and for the year ended June 30, 2022 as a result of the adoption of *Topic 842*.

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

8. LEASES, continued

The financing lease right-of-use asset is reported with property and equipment and is being depreciated over its estimated useful life of five years, which is included in depreciation expense for the years ended June 30, 2023 and 2022.

Total financing lease costs are as follows:

	Years Ended June 30,	
	2023	2022
Depreciation of right-of-use assets	\$ 19,792	\$ 19,792
Interest on lease liabilities	2,717	4,316
	<u>\$ 22,509</u>	<u>\$ 24,108</u>

The remaining lease term and discount rate of the financing lease are as follows:

	June 30,	
	2023	2022
Remaining lease term - years	<u>1.0</u>	<u>2.0</u>
Discount rate	<u>4.0%</u>	<u>4.0%</u>

The interest rate used to determine the discount for the financing lease agreement approximates TPH's incremental cost of borrowing at the time the lease was initiated.

Future minimum payments under the terms of the financing lease agreement as of June 30, 2023 are as follows:

Year Ending	Financing
June 30,	
2024	\$ 23,988
Less: unamortized interest	<u>(989)</u>
Lease liabilities	<u>\$ 22,999</u>

Total lease payments made during the years ended June 30, 2023 and 2022 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, 2023 and 2022

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	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
Educational 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>

THE POTTER'S HOUSE

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

9. NET ASSETS WITH DONOR RESTRICTIONS, continued

	June 30, 2022	Contributions And Investment Income	Released From Restriction	June 30, 2023
<u>School</u>				
Back to school catalog	\$ -	\$ 176,595	\$ 65,581	\$ 111,014
Birthday club	-	145	145	-
Bowling for books	9,980	10,634	15,610	5,004
Camp Scottie	-	12,500	12,125	375
Capital campaign	149,981	33,790	43,175	140,596
College scholarships	38,720	28,750	31,600	35,870
COVID-19 grants	24,481	-	11,271	13,210
DeLapa arts	-	23,425	22,086	1,339
Education supplies	7,561	25,785	25,970	7,376
Gymnasium floor	-	230,000	-	230,000
Partner program (time restricted)	100,000	50,000	100,000	50,000
Public reading of scripture	-	12,970	9,245	3,725
Section 97 grants	-	85,108	-	85,108
Spanish immersion	5,000	-	-	5,000
	<u>335,723</u>	<u>689,702</u>	<u>336,808</u>	<u>688,617</u>
<u>Foundation Endowments</u>				
Eighth grade class trip	81,902	7,495	5,217	84,180
Perpetual partner program	42,796	69,935	771	111,960
Student tuition assistance	540,095	157,687	40,551	657,231
	<u>664,793</u>	<u>235,117</u>	<u>46,539</u>	<u>853,371</u>
	<u>\$ 1,000,516</u>	<u>\$ 924,819</u>	<u>\$ 383,347</u>	<u>\$ 1,541,988</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, 2023 and 2022 were \$66,842 and \$64,043, respectively.

11. CONCENTRATION

For the years ended June 30, 2023 and 2022, the top five donors provided approximately 32 and 40 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 22, 2024, the date these consolidated financial statements were available to be issued.

SUPPLEMENTARY DATA

THE POTTER'S HOUSE

Consolidating Statements of Financial Position

	June 30, 2023				June 30, 2022			
	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	\$ 2,111,263	\$ 21,519	\$ -	\$ 2,132,782	\$ 1,759,582	\$ 22,632	\$ -	\$ 1,782,214
Accounts receivable net of allowance of \$45,000	250,148	-	-	250,148	699,664	-	(5,613)	694,051
Contributions receivable	270,324	-	-	270,324	100,000	-	-	100,000
Prepaid expenses	17,477	-	-	17,477	18,326	-	-	18,326
Investments held for long-term purposes	-	2,340,075	-	2,340,075	-	2,047,911	-	2,047,911
Property held for sale	4,945	-	-	4,945	4,945	-	-	4,945
Property and equipment, net of accumulated depreciation - Note 8	13,469,096	-	-	13,469,096	13,910,837	-	-	13,910,837
Total Assets	\$ 16,123,253	\$ 2,361,594	\$ -	\$ 18,484,847	\$ 16,493,354	\$ 2,070,543	\$ (5,613)	\$ 18,558,284
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable	\$ 116,844	\$ -	\$ -	\$ 116,844	\$ 76,849	\$ 5,613	\$ (5,613)	\$ 76,849
Accrued payroll and related liabilities	482,977	-	-	482,977	510,827	-	-	510,827
Deferred revenue	78,457	-	-	78,457	77,865	-	-	77,865
Financing lease liability - Note 8	22,999	-	-	22,999	44,270	-	-	44,270
Debt	45,011	-	-	45,011	48,192	-	-	48,192
Total Liabilities	746,288	-	-	746,288	758,003	5,613	(5,613)	758,003
Net Assets								
Without donor restriction								
Undesignated	1,225,078	1,508,223	-	2,733,301	1,524,886	1,400,137	-	2,925,023
Designated								
Boosters' club	14,405	-	-	14,405	4,605	-	-	4,605
Parents' club	2,768	-	-	2,768	3,570	-	-	3,570
Net investment in property and equipment	13,446,097	-	-	13,446,097	13,866,567	-	-	13,866,567
	14,688,348	1,508,223	-	16,196,571	15,399,628	1,400,137	-	16,799,765
With donor restrictions	688,617	853,371	-	1,541,988	335,723	664,793	-	1,000,516
Total Net Assets	15,376,965	2,361,594	-	17,738,559	15,735,351	2,064,930	-	17,800,281
Total Liabilities and Net Assets	\$ 16,123,253	\$ 2,361,594	\$ -	\$ 18,484,847	\$ 16,493,354	\$ 2,070,543	\$ (5,613)	\$ 18,558,284

See notes to consolidated financial statements and independent auditors' report

THE POTTER'S HOUSE

Consolidating Statement of Activities

For the Year Ended June 30, 2023

	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	\$ 5,713,945	\$ -	\$ 5,713,945	\$ -	\$ -	\$ -	\$ -	\$ 5,713,945
Less: tuition grants and discounts	(3,369,941)	-	(3,369,941)	-	-	-	-	(3,369,941)
	2,344,004	-	2,344,004	-	-	-	-	2,344,004
Contributions	3,040,321	689,702	3,730,023	53,564	160,316	213,880	(104,302)	3,839,601
Gifts in kind	11,415	-	11,415	-	-	-	-	11,415
CARES Act, E-Rate and Michigan grants	145,146	-	145,146	-	-	-	-	145,146
Federal employee retention credits	235,762	-	235,762	-	-	-	-	235,762
Annual banquet	464,906	-	464,906	-	-	-	-	464,906
Lunch program revenues	197,192	-	197,192	-	-	-	-	197,192
Campus program revenue	226,579	-	226,579	-	-	-	-	226,579
Investment income	82,305	-	82,305	131,489	74,801	206,290	-	288,595
Church rental income	34,710	-	34,710	-	-	-	-	34,710
Other income	26,905	-	26,905	-	-	-	-	26,905
Total Support and Revenue	6,809,245	689,702	7,498,947	185,053	235,117	420,170	(104,302)	7,814,815
RECLASSIFICATIONS								
Net assets released for satisfaction of purpose restrictions	336,808	(336,808)	-	46,539	(46,539)	-	-	-
EXPENSES								
Program								
Instructional	5,618,475	-	5,618,475	-	-	-	-	5,618,475
Auxiliary	344,868	-	344,868	-	-	-	-	344,868
Extra-curricular	298,027	-	298,027	-	-	-	-	298,027
Grants to The Potter's House	-	-	-	104,302	-	104,302	(104,302)	-
Total Program	6,261,370	-	6,261,370	104,302	-	104,302	(104,302)	6,261,370
Supporting Activities								
Management and general	1,109,476	-	1,109,476	10,762	-	10,762	-	1,120,238
Fund-raising	486,487	-	486,487	8,442	-	8,442	-	494,929
Total Supporting Activities	1,595,963	-	1,595,963	19,204	-	19,204	-	1,615,167
Total Expenses	7,857,333	-	7,857,333	123,506	-	123,506	(104,302)	7,876,537
Change in Net Assets	(711,280)	352,894	(358,386)	108,086	188,578	296,664	-	(61,722)
Net Assets, Beginning of Year	15,399,628	335,723	15,735,351	1,400,137	664,793	2,064,930	-	17,800,281
Net Assets, End of Year	\$ 14,688,348	\$ 688,617	\$ 15,376,965	\$ 1,508,223	\$ 853,371	\$ 2,361,594	\$ -	\$ 17,738,559

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		
SUPPORT AND REVENUE								
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	3,580,351	1,326,976	4,907,327	201,336	157,479	358,815	(118,229)	5,147,913
Gifts in kind	15,784	-	15,784	-	-	-	-	15,784
CARES Act, E-Rate and Michigan grants	62,578	-	62,578	-	-	-	-	62,578
Small Business Administration grant and employee retention credits	1,116,437	-	1,116,437	-	-	-	-	1,116,437
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	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
Total Support and Revenue	8,045,227	1,326,976	9,372,203	7,027	53,527	60,554	(118,229)	9,314,528
RECLASSIFICATIONS								
Net assets released for satisfaction of purpose restrictions	1,340,283	(1,340,283)	-	69,447	(69,447)	-	-	-
EXPENSES								
Program								
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)	-
Total Program	5,693,627	-	5,693,627	118,229	-	118,229	(118,229)	5,693,627
Supporting Activities								
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
Total Expenses	1,436,564	-	1,436,564	37,844	-	37,844	-	1,474,408
	7,130,191	-	7,130,191	156,073	-	156,073	(118,229)	7,168,035
Change in Net Assets								
Net Assets, Beginning of Year	2,255,319	(13,307)	2,242,012	(79,599)	(15,920)	(95,519)	-	2,146,493
	13,144,309	349,030	13,493,339	1,479,736	680,713	2,160,449	-	15,653,788
Net Assets, End of Year	\$ 15,399,628	\$ 335,723	\$ 15,735,351	\$ 1,400,137	\$ 664,793	\$ 2,064,930	\$ -	\$ 17,800,281

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, 2023

	Instructional	Auxiliary	Extra-Curricular	Grants	Total Program	Management and General	Fund-Raising	Total Supporting Activities	Eliminations	Total Expenses
Grants awarded	\$ -	\$ 28,050	\$ -	\$ -	\$ 28,050	\$ -	\$ -	\$ -	\$ -	\$ 28,050
Salaries and wages	2,976,474	98,330	117,701	-	3,192,505	646,336	222,767	869,103	-	4,061,608
Pension plan	54,776	-	731	-	55,507	7,966	3,369	11,335	-	66,842
Other employee benefits	550,240	696	18,350	-	569,286	95,904	38,992	134,896	-	704,182
Payroll taxes	217,231	2,331	6,058	-	225,620	37,665	16,452	54,117	-	279,737
Professional services - management	-	-	-	-	-	29,303	-	29,303	-	29,303
Professional services - legal	-	-	-	-	-	17,052	-	17,052	-	17,052
Professional services - accounting	-	-	-	-	-	13,445	-	13,445	-	13,445
Professional services - other	114,450	159,336	-	-	273,786	91,265	21,535	112,800	-	386,586
Advertising and promotion	-	-	-	-	-	893	12,755	13,648	-	13,648
Office	10,408	-	350	-	10,758	69,863	36,600	106,463	-	117,221
Information technology	48,469	-	-	-	48,469	11,065	1,936	13,001	-	61,470
Occupancy	657,707	4,267	-	-	661,974	41,484	2,436	43,920	-	705,894
Travel	4,396	34,296	-	-	38,692	3,329	3,329	6,658	-	45,350
Conferences, conventions and meetings	-	-	-	-	-	17,493	-	17,493	-	17,493
Interest	-	-	-	-	-	2,337	-	2,337	-	2,337
Grants to The Potter's House	-	-	-	104,302	104,302	-	-	-	(104,302)	-
Depreciation	544,677	3,375	-	-	548,052	28,667	-	28,667	-	576,719
Insurance	49,256	-	-	-	49,256	-	-	-	-	49,256
Instructional	387,060	-	89,384	-	476,444	-	-	-	-	476,444
Athletics	-	-	65,453	-	65,453	-	-	-	-	65,453
Lunch program	-	3,214	-	-	3,214	-	-	-	-	3,214
Alumni and donor relations	-	883	-	-	883	2,633	134,758	137,391	-	138,274
Parent and booster clubs	-	10,090	-	-	10,090	-	-	-	-	10,090
Accreditation and memberships	3,331	-	-	-	3,331	3,538	-	3,538	-	6,869
Total Expenses	\$ 5,618,475	\$ 344,868	\$ 298,027	\$ 104,302	\$ 6,365,672	\$ 1,120,238	\$ 494,929	\$ 1,615,167	\$ (104,302)	\$ 7,876,537

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	17,207	-	542,104	83,900	30,960	114,860	-	656,964
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	-	-	-	37,862	2,246	-	2,246	-	40,108
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
Total Expenses	\$ 5,093,351	\$ 371,266	\$ 229,010	\$ 118,229	\$ 5,811,856	\$ 979,201	\$ 495,207	\$ 1,474,408	\$ (118,229)	\$ 7,168,035

See notes to consolidated financial statements and independent auditors' report