



Brewton-Parker College

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021



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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Brewton-Parker College

Opinion

We have audited the accompanying consolidated financial statements of Brewton-Parker College (a non-profit organization) and its affiliate, The Baron Real Estate Foundation, Inc. (collectively, the College), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Brewton Parker College as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Consolidated Financial Statements

The consolidated financial statements of Brewton Parker College as of June 30, 2021, were audited by other auditors whose report dated September 30, 2021, expressed an unmodified opinion on those consolidated statements.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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 College's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 generally accepted auditing standards and *Government Auditing Standards* 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.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 College'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 College'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
October 4, 2022



FINANCIAL STATEMENTS



Brewton-Parker College
Consolidated Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 4,249,262	\$ 4,213,573
Student receivables, net	813,890	858,919
Receivable from the Georgia Baptist Mission Board	105,677	98,961
Receivable from the Georgia Baptist Foundation	11,998	10,908
Contributions receivable	-	7,000
Other assets	35,411	18,362
Total current assets	5,216,238	5,207,723
Non-current assets		
Investments	11,759,584	13,388,233
Funds held in trust by the Georgia Baptist Foundation	924,404	1,096,672
Property and equipment, net	15,818,046	14,439,460
Total non-current assets	28,502,034	28,924,365
Total assets	\$ 33,718,272	\$ 34,132,088
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 502,312	\$ 338,558
Unearned revenue	169,448	111,146
Current portion of deferred revenue - food services provider	190,486	190,486
Current portion of capital lease obligation	13,056	53,655
Current portion of note payable	89,433	86,097
Total current liabilities	964,735	779,942
Long-term liabilities		
Deferred revenue - food services provider, less current portion	821,043	1,011,529
Refundable government student loan funds	80,739	145,069
Capital lease obligation, less current portion	6,528	6,528
Note payable, less current portion	6,831,265	6,915,468
Total long-term liabilities	7,739,575	8,078,594
Total liabilities	8,704,310	8,858,536
Net assets		
Without donor restrictions	15,089,530	14,306,263
With donor restrictions	9,924,432	10,967,289
Total net assets	25,013,962	25,273,552
Total liabilities and net assets	\$ 33,718,272	\$ 34,132,088

The accompanying notes are an integral part of these financial statements.

Brewton-Parker College
Consolidated Statements of Activities

<i>For the year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total	2021 Summarized Total
Operating Revenue and Other Support				
Tuition and fees (net of student aid of \$5,065,001)	\$ 5,868,312	\$ -	\$ 5,868,312	\$ 5,492,796
Private gifts and grants	1,707,728	378,952	2,086,680	2,275,499
Federal COVID-19 relief grants	1,861,257	-	1,861,257	2,024,845
Other government grants	202,597	-	202,597	197,731
Investment returns appropriated for operating activities	203,089	367,406	570,495	518,825
Sales and services of auxiliary enterprises	3,890,783	-	3,890,783	3,433,625
Other sources	95,668	11,793	107,461	91,234
Net assets released from restrictions	839,468	(839,468)	-	-
Total revenue and other support	14,668,902	(81,317)	14,587,585	14,034,555
Operating Expenses				
Instructional	3,440,350	-	3,440,350	3,121,030
Academic support	658,195	-	658,195	639,025
Student services	3,410,734	-	3,410,734	3,109,223
Grants to students	836,894	-	836,894	291,184
Auxiliary enterprises	2,226,311	-	2,226,311	2,090,653
Institutional support	2,414,663	-	2,414,663	2,138,062
Total operating expenses	12,987,147	-	12,987,147	11,389,177
Change in net assets from operations	1,681,755	(81,317)	1,600,438	2,645,378
Non-Operating Activities				
Private gifts and grants	-	45,971	45,971	109,262
Investment gains (losses) net of amounts appropriated for operations	(952,635)	(811,096)	(1,763,731)	2,045,424
Other sources	-	30,000	30,000	-
Net gain (loss) on funds held in trust	-	(172,268)	(172,268)	156,294
Net assets released from restrictions:				
Capital acquisitions	54,147	(54,147)	-	-
Total non-operating activities	(898,488)	(961,540)	(1,860,028)	2,310,980
Change in net assets	783,267	(1,042,857)	(259,590)	4,956,358
Net assets at beginning of year	14,306,263	10,967,289	25,273,552	20,317,194
Net assets at end of year	\$ 15,089,530	\$ 9,924,432	\$ 25,013,962	\$ 25,273,552

The accompanying notes are an integral part of these financial statements.

Brewton-Parker College
Consolidated Statements of Activities (Continued)

<i>For the year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Other Support			
Tuition and fees (net of student aid of \$4,769,601)	\$ 5,492,796	\$ -	\$ 5,492,796
Private gifts and grants	1,744,282	531,217	2,275,499
Federal COVID-19 relief grants	2,024,845	-	2,024,845
Other government grants	197,731	-	197,731
Investment returns appropriated for operating activities	164,020	354,805	518,825
Sales and services of auxiliary enterprises	3,433,625	-	3,433,625
Other sources	90,696	538	91,234
Net assets released from restrictions	696,500	(696,500)	-
Total revenue and other support	13,844,495	190,060	14,034,555
Operating Expenses			
Instructional	3,121,030	-	3,121,030
Academic support	639,025	-	639,025
Student services	3,109,223	-	3,109,223
Grants to students	291,184	-	291,184
Auxiliary enterprises	2,090,653	-	2,090,653
Institutional support	2,138,062	-	2,138,062
Total operating expenses	11,389,177	-	11,389,177
Change in net assets from operations	2,455,318	190,060	2,645,378
Non-Operating Activities			
Private gifts and grants	-	109,262	109,262
Investment returns net of amounts appropriated for operations	708,168	1,337,256	2,045,424
Net gain on funds held in trust	-	156,294	156,294
Net assets released from restrictions: Capital acquisitions	236,290	(236,290)	-
Total non-operating activities	944,458	1,366,522	2,310,980
Change in net assets	3,399,776	1,556,582	4,956,358
Net assets at beginning of year	10,906,487	9,410,707	20,317,194
Net assets at end of year	\$ 14,306,263	\$ 10,967,289	\$ 25,273,552

The accompanying notes are an integral part of these financial statements.

Brewton-Parker College
Consolidated Statements of Functional Expenses

For the year ended June 30, 2022

	Program Expenses					Total Program Expenses	Supporting Services		2021 Summarized Total
	Instructional	Academic Support	Student Services	Grants to Students	Auxiliary Enterprises		Institutional Support	Total	
Salaries and benefits	\$ 2,669,404	\$ 286,476	\$ 1,740,496	\$ -	\$ 156,740	\$ 4,853,116	\$ 1,050,209	\$ 5,903,325	\$ 5,492,257
Contract services	28,756	7,319	127,171	-	1,450,223	1,613,469	172,338	1,785,807	1,638,706
Supplies and services	141,183	93,682	412,174	-	54,419	701,459	105,211	806,670	671,152
Travel	6,185	823	464,553	-	102	471,664	8,648	480,312	344,223
Marketing and dues	22,814	9,985	46,893	-	-	79,692	83,316	163,008	115,284
Insurance	-	-	7,358	-	-	7,358	176,707	184,065	167,035
Bad debt expense	-	-	-	-	-	-	165,727	165,727	182,709
Utilities	128,384	68,311	181,389	-	148,614	526,698	191,557	718,255	735,510
Federal Coronavirus relief grants	-	-	-	836,894	-	836,894	-	836,894	291,184
Repairs and maintenance	45,357	19,452	66,594	-	41,403	172,807	213,095	385,902	299,381
Depreciation	259,616	138,137	283,979	-	300,524	982,256	150,942	1,133,198	1,061,469
Interest	63,919	34,010	69,917	-	73,991	241,837	37,163	279,000	279,000
Other	74,731	-	10,209	-	295	85,235	59,749	144,984	111,267
Total	\$ 3,440,350	\$ 658,195	\$ 3,410,734	\$ 836,894	\$ 2,226,311	\$ 10,572,484	\$ 2,414,663	\$ 12,987,147	\$ 11,389,177

The accompanying notes are an integral part of these financial statements.

Brewton-Parker College
Consolidated Statements of Functional Expenses (Continued)

For the year ended June 30, 2021

	Program Expenses					Total Program Expenses	Supporting Services	Total
	Instructional	Academic Support	Student Services	Grants to Students	Auxiliary Enterprises		Institutional Support	
Salaries and benefits	\$ 2,415,627	\$ 319,483	\$ 1,675,903	\$ -	\$ 157,237	\$ 4,568,250	\$ 924,007	\$ 5,492,257
Contract services	23,124	4,323	100,832	-	1,351,678	1,479,957	158,749	1,638,706
Supplies and services	107,755	69,811	344,533	-	56,161	578,261	92,891	671,152
Travel	3,059	165	338,224	-	-	341,448	2,775	344,223
Marketing and dues	8,416	943	45,401	-	-	54,760	60,524	115,284
Insurance	-	-	7,358	-	-	7,358	159,677	167,035
Bad debt expense	-	-	-	-	-	-	182,709	182,709
Utilities	124,763	66,384	205,291	-	144,422	540,860	194,650	735,510
Federal Coronavirus relief grants	-	-	-	291,184	-	291,184	-	291,184
Repairs and maintenance	29,385	12,545	48,260	-	25,662	115,852	183,529	299,381
Depreciation	243,183	129,393	266,004	-	281,502	920,081	141,388	1,061,469
Interest	63,919	34,010	69,917	-	73,991	241,837	37,163	279,000
Other	101,799	1,968	7,500	-	-	111,267	-	111,267
Total	\$ 3,121,030	\$ 639,025	\$ 3,109,223	\$ 291,184	\$ 2,090,653	\$ 9,251,115	\$ 2,138,062	\$ 11,389,177

The accompanying notes are an integral part of these financial statements.

Brewton-Parker College
Statements of Cash Flows

<i>For the years ended June 30,</i>	2022	2021
Operating Activities		
Change in net assets	\$ (259,590)	\$ 4,956,358
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Change in provision for uncollectible receivables	(35,460)	6,775
Contributions restricted to long-term investment	(45,971)	(42,218)
Depreciation	1,133,198	1,061,469
Amortization of bond issuance costs	5,245	5,245
Unrealized and realized loss (gain) on investments	1,515,716	(1,983,038)
Change in funds held in trust	172,268	(156,294)
Changes in operating assets and liabilities		
Student receivables	80,489	89,652
Receivable from the Georgia Baptist Mission Board	(6,716)	7,659
Receivable from the Georgia Baptist Foundation	(1,090)	195
Contributions receivable	7,000	36,333
Other receivables	-	66,592
Other assets	(17,049)	45,541
Accounts payable and accrued expenses	163,754	(1,323,452)
Unearned revenue	58,302	(97,938)
Deferred revenue - food services provider	(190,486)	(190,486)
Refundable government student loan funds	(64,330)	(4,198)
Net cash provided by (used in) operating activities	2,515,280	2,478,195
Investing Activities		
Purchase of property and equipment	(2,511,784)	(1,636,202)
Purchase of investments	(321,780)	(2,360,137)
Proceeds from sale of investments	434,713	540,288
Net cash provided by (used in) investing activities	(2,398,851)	(3,456,051)
Financing Activities		
Contributions restricted to long-term investment	45,971	42,218
Payments on capital lease obligation	(40,599)	(49,779)
Payments on note payable	(86,112)	-
Net cash provided by (used in) financing activities	(80,740)	(7,561)
Net change in cash and cash equivalents	35,689	(985,417)
Cash and cash equivalents at beginning of year	4,213,573	5,198,990
Cash and cash equivalents at end of year	\$ 4,249,262	\$ 4,213,573
Schedule of Certain Cash Flow Information		
Cash paid for interest	\$ 272,835	\$ 279,000

The accompanying notes are an integral part of these financial statements.

Note 1: DESCRIPTION OF THE ORGANIZATION

Brewton-Parker College, founded in 1904, is a co-educational senior college owned by and operated under the direction of the Executive Committee of the Georgia Baptist Mission Board (the Mission Board). The Mission Board elects a Board of Trustees (the Board), which is empowered to operate Brewton-Parker College for the Mission Board.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Brewton-Parker College and its affiliate, The Baron Real Estate Foundation, Inc. (collectively, the College) which are affiliated through common control. All intercompany accounts and transactions have been eliminated in consolidation.

The Baron Real Estate Foundation, Inc. was organized in 2017 for the purpose of acquiring and leasing real property to Brewton-Parker College. The Baron Real Estate Foundation, Inc. is owned entirely by Brewton-Parker College.

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term is the allowance for doubtful accounts related to student receivables.

Measure of Operations

The College includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized investment income spending allocation and other investment funds distributed. This measure of operations provides a presentation that depicts the manner in which the College manages its financial activities.

Non-operating activities principally include endowment investment return (loss), net of amounts appropriated by the Board for expenditure to support operations in accordance with the endowment spending policy, permanently restricted contributions and bequests added to the endowment or supporting major capital acquisition, net assets released from restrictions designated for capital expenditures, gains or losses on financial instruments and activity related to split-interest agreements. Certain other gains and losses considered to be of a more unusual or non-recurring nature are also included as part of non-operating activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Student Receivables

Student receivables are stated at unpaid balances, less an allowance for doubtful accounts. The College provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, including payment activity, enrollment status, and other known student information, which may affect the ability of students to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the College's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Unpaid amounts from prior semesters are considered past due and students are not allowed to register for classes until those amounts are paid, or a payment plan is agreed to with the business office.

Promises to Give

Conditional promises to give are not recognized in the consolidated financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Investments

The College reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds Held in Trust by the Georgia Baptist Foundation

The College is the beneficiary of various perpetual trusts created by donors, the assets of which are held in trust by the Georgia Baptist Foundation. Under the terms of the trusts, the College has a legally enforceable right or claim to receive income earned on the trust assets in perpetuity. The fair value of the funds' net assets (or the College's share when there are other beneficiaries) is considered a reasonable estimate of the present value of the estimated future cash flows from these funds and is recognized as funds held in trust by the Georgia Baptist Foundation and as contribution revenue at the date such funds are established. The income distributed to the College from these trusts is available for general operations or other restricted uses as specified by the donor. All net realized and unrealized gains and losses are reported on the consolidated statements of activities as income with donor restrictions based on the interpretation that under Georgia law, appreciation in such funds is not available for expenditure by the College unless the separate trustees of those funds decide to appropriate it.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Deferred Revenue - Food Services Provider

In 2016, the College signed a multi-year agreement with a third party food services provider under which the food services provider agreed to provide funding for renovations to the College's dining hall in exchange for a long term food services agreement. These amounts, originally recorded as a deferred revenue from food services provider, are being amortized as contribution revenue over the life of the agreement and are included in private gifts and grants on the statements of activities.

Refundable Government Student Loan Funds

The College owns approximately a one-tenth interest in the Federal Perkins Loan Program. The remaining nine-tenths is distributable to the Federal government upon liquidation of the program.

Net Assets

The College reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the College, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (continued)

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Tuition and fees, sales and services of auxiliary enterprises and payments under various contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue from student education is reflected net of reduction from institutional student aid. Revenue from student education, residence, and dining services is recognized as the services are provided over the academic year, which generally aligns with the College's fiscal year. Disbursements made directly to students for living or other costs are reported as an expense. Payments for student services are generally received prior to the commencement of each semester. Income from tuition and fees received in advance are deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the consolidated statements of financial position.

A significant portion of the College's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor stipulations that limit the use of the contributions are reported as net assets with donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the College. Volunteers provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Expenses are reported in the consolidated statements of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program service is instruction. Expenses reported as academic support, student services, institutional support, and auxiliary enterprises are incurred in support of this primary program service. In the presentation in the consolidated statements of functional expenses, expenses reported by functional categories include allocations of costs for operation and maintenance of plant, interest on indebtedness and depreciation and amortization expense. The College allocates these costs among program and support functions based on the amount of building space utilized. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area.

Institutional support includes fundraising expenses of approximately \$237,000 and \$200,000 during the years ended June 30, 2022 and 2021, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, Brewton-Parker College and the Baron Real Estate Foundation, Inc. are exempt from taxes on income other than unrelated business income. Collectively, the College does not have any unrelated business income.

The College utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30 2022 and 2021, the College has no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, October 4, 2022, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Adopted Accounting Guidance

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU specifies requirements for recording contributed services. The ASU is effective for fiscal years beginning after June 15, 2021, and has been applied retrospectively to the disclosures relating to the year ending June 30, 2021, within these consolidated financial statements. There were no adjustments resulting from the adoption of this accounting policy.

Brewton-Parker College
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Guidance not yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities in the consolidated statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The College is currently evaluating the impact of the guidance on its consolidated financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The College maintains its financial assets primarily in cash and cash equivalents, and investments to provide liquidity to ensure funds are available as the College's expenditures come due. The following reflects the College's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2022	2021
Total assets at year end	\$ 33,718,272	\$ 34,132,088
Less non-financial assets		
Other assets	(35,411)	(18,362)
Property and equipment, net	(15,818,046)	(14,439,460)
Financial assets at year-end	17,864,815	19,674,266
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(2,072,525)	(2,980,063)
Restricted in perpetuity	(7,851,907)	(7,987,226)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,940,383	\$ 8,706,977

The College obtains certain support from donor restricted contributions. Because a donor's restriction requires resources to be used for a particular purpose or in a future period, the College must maintain sufficient resources to meet those responsibilities of its donors. Due to the donor restrictions above, certain financial assets may not be available for general expenditure within one year. As part of the College's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Brewton-Parker College
Notes to Financial Statements

Note 4: STUDENT RECEIVABLES

Student receivables consist of the following:

<i>June 30,</i>	2022	2021
Student accounts receivable	\$ 769,719	\$ 884,176
Other student receivables	231,183	175,304
Federal Perkins Loan Program	116,566	138,477
Total student receivables	1,117,468	1,197,957
Less: allowance for doubtful accounts	(303,578)	(339,038)
Student receivables, net	\$ 813,890	\$ 858,919

Bad debt expense totaled \$165,727 and \$182,709 for 2022 and 2021, respectively.

Note 5: INVESTMENTS

Investments in marketable securities consist of the following at June 30, 2022:

<i>June 30, 2022</i>	Cost	Market Value
Corporate bonds	\$ 1,052,688	\$ 919,694
Equities	1,887,335	2,639,627
Mutual funds	2,232,243	2,712,038
Total investments in marketable securities	5,172,266	6,271,359
Other investments held at Georgia Baptist Foundation (Brown Fund)	3,804,021	3,713,483
Cash investments	1,774,742	1,774,742
Total investments	\$ 10,751,029	\$ 11,759,584

Brewton-Parker College
Notes to Financial Statements

Note 5: INVESTMENTS (Continued)

Investments in marketable securities consist of the following at June 30, 2021:

<i>June 30, 2021</i>	Cost	Market Value
Certificate of deposits	\$ 100,000	\$ 100,000
Corporate bonds	227,442	238,954
Equities	1,920,273	2,870,232
Mutual funds	3,073,062	4,075,795
Total investments in marketable securities	5,320,777	7,284,981
Other investments held at Georgia Baptist Foundation (Brown Fund)	5,320,777	4,221,179
Cash investments	1,882,073	1,882,073
Total investments	\$ 12,523,627	\$ 13,388,233

The following summarizes the College's total investment return, net of investment management expenses of \$55,796, and its classification in the consolidated statements of financial activities for the year ended June 30, 2022:

<i>For the year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income, net	\$ 99,862	\$ 222,618	\$ 322,480
Net realized and unrealized gains and losses	(849,408)	(666,308)	(1,515,716)
Total investment returns	(749,546)	(443,690)	(1,193,236)
Less: investment returns appropriated for operating activities	(203,089)	(367,406)	(570,495)
Investment returns, net of amounts appropriated for current operations	\$ (952,635)	\$ (811,096)	\$ (1,763,731)

Brewton-Parker College
Notes to Financial Statements

Note 5: INVESTMENTS (Continued)

The following summarizes the College's total investment return, net of investment management expenses of \$39,327, and its classification in the consolidated statements of financial activities for the year ended June 30, 2021:

<i>For the year ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income, net	\$ 8,086	\$ 573,125	\$ 581,211
Net realized and unrealized gains and losses	864,102	1,118,936	1,983,038
Total investment returns	872,188	1,692,061	2,564,249
Less: investment returns appropriated for operating activities	(164,020)	(354,805)	(518,825)
Investment returns, net of amounts appropriated for current operations	\$ 708,168	\$ 1,337,256	\$ 2,045,424

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment at June 30, 2022 and 2021, are as follows:

	Estimated Useful Lives (in years)	2022	2021
Building	40	\$ 19,054,487	\$ 19,054,487
Building improvements	5-25	9,752,536	8,097,161
Furniture, fixtures and equipment	5	8,712,499	8,524,237
		37,519,522	35,675,885
Less accumulated depreciation		(24,034,486)	(22,901,288)
		13,485,036	12,774,597
Land		818,439	818,439
Construction in progress		1,514,571	846,424
Property and equipment, net		\$ 15,818,046	\$ 14,439,460

Depreciation expense for the years ended June 30, 2022 and 2021, totaled \$1,133,198 and \$1,061,469, respectively.

Brewton-Parker College
Notes to Financial Statements

Note 7: LONG-TERM DEBT

Long-term debt at June 30, 2022 and 2021, consists of the following:

<i>June 30,</i>	2022	2021
On May 6, 2019, the College entered into a Community Facility direct loan with the United States Department of Agriculture (USDA) in the amount of \$7,200,000. The loan carries a fixed interest rate of 3.875% per annum and is repayable over a period not-to-exceed 40 years. Interest only payments totaling \$279,000 were required annually through May 6, 2021. Beginning May 6, 2022, for the remainder of the loan term, annual principal and interest payment is \$365,112. The loan funds were used by the Baron Real Estate Foundation, Inc. to purchase real property from the College, which in turn, used the proceeds to extinguish existing debt and for the construction costs associated with Baron Ridge Residence Halls. The loan is secured by a first priority security deed on substantially all of the land and buildings of the College in Mt. Vernon, Georgia.	\$ 7,113,888	\$ 7,200,000
Less unamortized debt issuance costs	(193,190)	(198,435)
Long-term debt less unamortized debt issuance costs	6,920,698	7,001,565
Less current portion	(89,433)	(86,097)
Long-term debt, less current portion	\$ 6,831,265	\$ 6,915,468

Maturities of long-term debt subsequent to June 30, 2022, are as follows:

<i>For the years ending June 30,</i>		
2023		\$ 89,433
2024		92,899
2025		96,499
2026		100,238
2027		104,122
Thereafter		6,630,697
Total		\$ 7,113,888

Brewton-Parker College
Notes to Financial Statements

Note 8: NET ASSETS

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2022	2021
Purpose restricted		
Student financial assistance	\$ 832,549	\$ 1,045,355
Instruction and other support	1,136,511	1,826,459
Property acquisition, construction and maintenance	103,465	108,249
Total purpose restricted	2,072,525	2,980,063
Held in perpetuity		
Endowments	6,927,503	6,890,554
Perpetual trusts held by Georgia Baptist Foundation	924,404	1,096,672
Total held in perpetuity	7,851,907	7,987,226
Total net assets with donor restrictions	\$ 9,924,432	\$ 10,967,289

A summary of the release of donor restrictions follows:

<i>For the years ended June 30,</i>	2022	2021
Purpose restrictions		
Student financial assistance	\$ 414,407	\$ 303,607
Instruction and other support	425,061	392,893
Property acquisition, construction and maintenance	54,147	236,290
Total release of net assets with donor restrictions	\$ 893,615	\$ 932,790

Note 9: REVENUE

The College is recognizing revenue over time for its tuition and fees and housing and dining services contracts, and at a point in time for other auxiliary contracts. As of June 30, 2022, there is \$169,448 of performance obligations remain to be satisfied, all of which are expected to be recognized in revenue in 2023. These performance obligations are based upon the College providing the requisite educational or auxiliary service to the student.

The College's method of recognizing revenue is the input method for performance obligations to be utilized over time.

Brewton-Parker College
Notes to Financial Statements

Note 9: REVENUE (Continued)

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	2022	2021
Tuition and fees, net (recognized over time)		
Tuition revenue	\$ 9,831,609	\$ 9,241,610
Fee revenue	1,101,704	1,020,787
Financial aid discount (funded)	(404,971)	(298,219)
Financial aid discount (unfunded)	(4,660,030)	(4,471,382)
Total tuition and fees, net (recognized over time)	5,868,312	5,492,796
Auxiliary enterprises		
Housing and dining services revenue - recognized over time	3,833,353	3,387,440
Other auxiliary revenue - recognized as of a point in time	57,430	46,185
Total auxiliary enterprises	3,890,783	3,433,625
Grants and contributions (non-exchange)	4,150,534	4,498,075
Other revenue (non-exchange)	677,956	610,059
Total revenue	\$ 14,587,585	\$ 14,034,555

The School's customers are primarily students seeking a higher education degree located in the southeastern portion of the United States.

Contract Balances

<i>June 30,</i>	2022	2021
Contract liabilities, beginning of year	\$ 111,146	69,216
Contract liabilities, end of year	\$ 169,448	\$ 111,146
Receivable from contracts, beginning of year	\$ 1,197,957	\$ 1,214,333
Receivable from contracts, end of year	\$ 1,117,468	\$ 1,197,957

Note 10: ENDOWMENTS

The College's endowment consists of 111 donor restricted individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 10: ENDOWMENTS (Continued)

Absent explicit donor stipulations to the contrary, the Board of Trustees of the College has interpreted the State of Georgia's Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the College retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the College in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 College, and (7) the College's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The College has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Under these policies, the endowment assets are invested in a manner that is intended to (a) minimize the risk of large losses and over time, exceed the rate of inflation in order to preserve the purchasing power of assets, (b) generate a long-term rate of return to equal or exceed the appropriate market indices, and (c) generate income to fund operations as needed. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the College 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 College targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives with prudent risk restraints.

Spending Policy. The Board encourages the growth of the College endowment assets through reinvestment of a portion of the annual earnings to provide support for College priorities, projects and programs at a level consistent with the intentions of the donors. The initial payout is up to 6% of the market value of endowment assets as of December 31 of each year. Additional earnings on the endowment are used for the operations of the College at the discretion of the Finance Committee of the Board.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The College has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022 and 2021, no deficiencies of this nature existed.

Brewton-Parker College
Notes to Financial Statements

Note 10: ENDOWMENTS (Continued)

Changes in endowment net assets follow for the years ended June 30, 2022 and 2021:

	With donor restrictions		
	Original Gift	Accumulated Gains (Losses) and Other	Total Endowment Net Assets
<i>June 30, 2022</i>			
Endowment net assets - July 1,	\$ 6,890,554	\$ 1,928,043	\$ 8,818,597
Contributions	52,671	-	52,671
Investment income (loss) allocation	(15,722)	98,432	82,710
Net depreciation	-	(666,308)	(666,308)
Amounts appropriated for expenditure	-	(359,326)	(359,326)
Endowment net assets - June 30,	\$ 6,927,503	\$ 1,000,841	\$ 7,928,344

	With donor restrictions		
	Original Gift	Accumulated Gains (Losses) and Other	Total Endowment Net Assets
<i>June 30, 2021</i>			
Endowment net assets - July 1,	\$ 6,823,764	\$ 707,059	\$ 7,530,823
Contributions	42,218	1,666	43,884
Investment income allocation	24,572	364,691	389,263
Net appreciation	-	1,118,940	1,118,940
Amounts appropriated for expenditure	-	(264,313)	(264,313)
Endowment net assets - June 30,	\$ 6,890,554	\$ 1,928,043	\$ 8,818,597

Note 11: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (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. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the College are both open-end and closed-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the College are deemed to be actively traded.

Investments held at GBF (Brown Fund) and perpetual trust funds held by others: Both investments and perpetual trust funds are invested in the General Endowment Pool held by GBF, a related party to the College. The General Endowment Pool is a common investment pool. Net appreciation (depreciation) of the trusts is recorded based on the College's proportionate share of the aggregate amount of appreciation (depreciation) reported by GBF. It includes the College's share of interest and dividend income, realized and unrealized gains and losses on security transactions, and ordinary expenses. The investment objective is primarily for investment income and secondarily for capital appreciation with a goal of a 7.5% return over a full market cycle.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Brewton-Parker College
Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis are summarized as follows for the years ended June 30, 2022 and 2021:

June 30, 2022	Level 1	Level 2	Level 3	Total
Cash and money market account	\$ 1,774,742	\$ -	\$ -	\$ 1,774,742
Corporate bonds	-	919,694	-	919,694
Common stocks	2,639,627	-	-	2,639,627
Mutual Funds	2,712,038	-	-	2,712,038
Investments held at GBF (Brown Fund)	-	-	3,713,483	3,713,483
Perpetual trust funds held by others	-	-	924,404	924,404
Total assets measured at fair value	\$ 7,126,407	\$ 919,694	\$ 4,637,887	\$ 12,683,988

June 30, 2021	Level 1	Level 2	Level 3	Total
Cash and money market account	\$ 1,882,073	\$ -	\$ -	\$ 1,882,073
Certificate of deposits	100,000	-	-	100,000
Corporate bonds	-	238,954	-	238,954
Common stocks	2,870,232	-	-	2,870,232
Mutual Funds	4,075,795	-	-	4,075,795
Investments held at GBF (Brown Fund)	-	-	4,221,179	4,221,179
Perpetual trust funds held by others	-	-	1,096,672	1,096,672
Total	\$ 8,928,100	\$ 238,954	\$ 5,317,851	\$ 14,484,905

The following is a reconciliation of the change in fair value of the investments and funds held in trust for the years ended June 30, 2022 and 2021.

<i>For the years ended June 30,</i>	2022	2021
Investments and funds held in trust		
Balance, beginning of year	\$ 5,317,851	\$ 4,410,976
Change in value of investments and funds held in trust	(679,964)	906,875
Balance, end of year	\$ 4,637,887	\$ 5,317,851

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2022 and 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 12: CONCENTRATIONS OF CREDIT RISK

The College maintains cash deposits with financial institutions at June 30, 2022 and 2021 in excess of federally insured limits of \$3,931,000 and \$3,947,000, respectively.

Note 13: COMMITMENTS AND CONTINGENCIES

Commitments

A significant number of students attending the College receive financial assistance from U.S. Government's Department of Education (DOE) student financial aid programs. These programs require the College to comply with recordkeeping, eligibility and other requirements. Certain federally funded financial aid programs are routinely subject to special audits. The reports on the examinations, which are conducted pursuant to specific regulatory requirements by the auditors for the College, are required to be submitted to both the College and the DOE. This agency has the authority to determine liabilities as well as to limit, suspend or terminate Federal student aid programs. Failure to comply with such U.S. Government requirements could result in the loss of U.S. Government financial assistance to the College's students and adversely impact the operations of the College.

Contingencies and Risk Management

The College is exposed to risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; material disasters; and liability which it manages through commercial insurance.

Note 14: DEFINED CONTRIBUTION PLAN

The College sponsors a defined contribution plan (the Plan) covering substantially all full-time employees and allows employees to defer up to the Internal Revenue Service (IRS) limit each year. The College makes a contribution to the plan each year equal to 3%-5% of participants' compensation, depending on years of service. The College may also make a discretionary contribution to the Plan each year. There was no discretionary contribution to the plan for the years ended June 30, 2022 and 2021.

Note 15: RELATED PARTIES

During the years ended June 30, 2022 and 2021, the College received approximately 10% of its total revenues, gains and support from the Georgia Baptist Mission Board, Georgia Baptist Foundation or Georgia Baptist Health Care Ministry Foundation, which are considered related parties. These amounts are included in private gifts and grants and investment return on the statements of activities. At June 30, 2022 and 2021, the College was due approximately \$118,000 and \$110,000, respectively, from these related parties for various appropriations and undistributed income. Other transactions during the year are disclosed in Note 6.

Note 16: FEDERAL COVID-19 PANDEMIC FUNDING

Higher Education Emergency Relief Fund

As a response to the COVID-19 pandemic three relief bills were passed by Congress which provided various Federal grant funding to Institutions of Higher Education. During the years ending June 30 2022 and 2021, the College was awarded Higher Education Emergency Relief Fund (HEERF) grants totaling \$1,725,778 and \$1,057,353 respectively.

Paycheck Protection Program

In 2020 the College received a Paycheck Protection Program (PPP) loan of \$900,900 granted by the Small Business Administration, which was accounted for as a conditional contribution in accordance with the guidance provided by FASB ASC Topic 958 Section 605. Under this guidance a conditional contribution includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right-of-return of the asset if a barrier to entitlement is not met. During the year ended June 30, 2021, the College believed the barriers had been overcome allowing for the recognition of revenue totaling \$900,900 in the statement of activities for the year then ended.

Other Funding

Other Pandemic related funding awarded to the College included Governor's Emergency Education Relief (GEER) Fund grants totaling \$135,479 for the year ended June 30, 2022, and other grants totaling \$62,592 for the year ended June 30, 2021.

Note 17: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the College. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel and meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



SUPPLEMENTARY INFORMATION





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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Brewton-Parker College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Brewton-Parker College (College) (a non-profit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
October 4, 2022