



**Brewton-Parker College**

**CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2024 and 2023

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# REPORT





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## INDEPENDENT AUDITOR'S 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, 2024 and 2023 and 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Brewton Parker College as of June 30, 2024 and 2023 and the changes in its net assets and its 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 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 Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the 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.

## **Auditor's 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 auditor's 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.

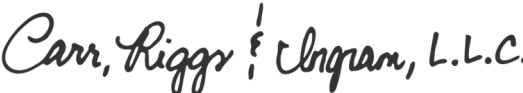
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- 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 24, 2024, 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, LLC

Atlanta, Georgia  
September 24, 2024



# FINANCIAL STATEMENTS



**Brewton-Parker College**  
**Consolidated Statements of Financial Position**

| <i>June 30,</i>  | <b>2024</b>          | <b>2023</b>          |
|--|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |
| Current assets   |                      |                      |
| Cash and cash equivalents  | \$ 6,351,177         | \$ 4,401,758         |
| Student receivables, net of allowances<br>of \$342,206 and \$398,627, respectively | 645,961              | 789,171              |
| Receivable from the Georgia Baptist Mission Board                                  | 76,898               | 67,063               |
| Receivable from the Georgia Baptist Foundation                                     | 11,599               | 11,490               |
| Grant receivable   | -                    | 323,486              |
| Other assets   | 86,469               | 46,010               |
| <b>Total current assets</b>  | <b>7,172,104</b>     | <b>5,638,978</b>     |
| Non-current assets   |                      |                      |
| Investments  | 15,969,389           | 15,025,603           |
| Funds held in trust by the Georgia Baptist Foundation                              | 1,013,739            | 974,149              |
| Property and equipment, net  | 16,810,077           | 16,166,635           |
| <b>Total non-current assets</b>  | <b>33,793,205</b>    | <b>32,166,387</b>    |
| <b>Total assets</b>  | <b>\$ 40,965,309</b> | <b>\$ 37,805,365</b> |
| <b>Liabilities and Net Assets</b>  |                      |                      |
| Current liabilities  |                      |                      |
| Accounts payable and accrued expenses  | \$ 1,031,499         | \$ 922,668           |
| Performance obligation liabilities   | 272,331              | 227,098              |
| Current portion of deferred revenue - food services provider                       | 148,046              | 190,486              |
| Current portion of note payable  | 96,499               | 92,899               |
| <b>Total current liabilities</b>   | <b>1,548,375</b>     | <b>1,433,151</b>     |
| Long-term liabilities  |                      |                      |
| Deferred revenue - food services provider, less current portion                    | 720,442              | 630,557              |
| Note payable, less current portion   | 6,652,324            | 6,743,611            |
| <b>Total long-term liabilities</b>   | <b>7,372,766</b>     | <b>7,374,168</b>     |
| <b>Total liabilities</b>   | <b>8,921,141</b>     | <b>8,807,319</b>     |
| Net assets   |                      |                      |
| Without donor restrictions   | 18,446,327           | 17,254,873           |
| With donor restrictions  | 13,597,841           | 11,743,173           |
| <b>Total net assets</b>  | <b>32,044,168</b>    | <b>28,998,046</b>    |
| <b>Total liabilities and net assets</b>  | <b>\$ 40,965,309</b> | <b>\$ 37,805,365</b> |

*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, 2024</i>                              | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                | 2023<br>Summarized<br>Total |
|--|-------------------------------|----------------------------|----------------------|-----------------------------|
| <b>Operating Revenue and Other Support</b>                           |                               |                            |                      |                             |
| Tuition and fees (net of student aid of \$4,976,911)                 | \$ 7,345,975                  | \$ -                       | \$ 7,345,975         | \$ 6,756,609                |
| Private gifts and grants   | 1,413,216                     | 682,726                    | 2,095,942            | 2,546,496                   |
| Federal COVID-19 relief grants                                       | -                             | -                          | -                    | 72,564                      |
| Other government grants  | 238,619                       | 537,190                    | 775,809              | 2,112,967                   |
| Investment income (loss), net appropriated for operating activities  | 521,850                       | 554,112                    | 1,075,962            | 819,693                     |
| Sales and services of auxiliary enterprises                          | 3,713,517                     | -                          | 3,713,517            | 4,227,055                   |
| Other sources  | 107,726                       | 1,827                      | 109,553              | 84,607                      |
| Net assets released from restrictions                                | 1,654,555                     | (1,654,555)                | -                    | -                           |
| <b>Total operating revenue and other support</b>                     | <b>14,995,458</b>             | <b>121,300</b>             | <b>15,116,758</b>    | <b>16,619,991</b>           |
| <b>Operating Expenses</b>  |                               |                            |                      |                             |
| Instructional  | 4,469,187                     | -                          | 4,469,187            | 3,915,487                   |
| Academic support   | 787,834                       | -                          | 787,834              | 753,531                     |
| Student services   | 3,826,063                     | -                          | 3,826,063            | 3,611,747                   |
| Auxiliary enterprises  | 2,775,933                     | -                          | 2,775,933            | 2,849,640                   |
| Institutional support  | 2,481,299                     | -                          | 2,481,299            | 2,636,490                   |
| <b>Total operating expenses</b>                                      | <b>14,340,316</b>             | <b>-</b>                   | <b>14,340,316</b>    | <b>13,766,895</b>           |
| Change in net assets from operations                                 | 655,142                       | 121,300                    | 776,442              | 2,853,096                   |
| <b>Non-Operating Activities</b>                                      |                               |                            |                      |                             |
| Private gifts and grants   | -                             | 695,920                    | 695,920              | 377,194                     |
| Investment income (loss), net of amounts appropriated for operations | 299,989                       | 1,235,870                  | 1,535,859            | 704,049                     |
| Investment income (loss) on funds held in trust                      | -                             | 37,901                     | 37,901               | 49,745                      |
| Net assets released from restrictions:                               |                               |                            |                      |                             |
| Capital acquisitions   | 236,323                       | (236,323)                  | -                    | -                           |
| <b>Total non-operating activities</b>                                | <b>536,312</b>                | <b>1,733,368</b>           | <b>2,269,680</b>     | <b>1,130,988</b>            |
| Change in net assets   | 1,191,454                     | 1,854,668                  | 3,046,122            | 3,984,084                   |
| Net assets at beginning of year                                      | 17,254,873                    | 11,743,173                 | 28,998,046           | 25,013,962                  |
| <b>Net assets at end of year</b>                                     | <b>\$ 18,446,327</b>          | <b>\$ 13,597,841</b>       | <b>\$ 32,044,168</b> | <b>\$ 28,998,046</b>        |

*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, 2023</i>                                 | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| <b>Operating Revenue and Other Support</b>                              |                               |                            |                     |
| Tuition and fees (net of student aid<br>of \$5,316,309)                 | \$ 6,756,609                  | \$ -                       | \$ 6,756,609        |
| Private gifts and grants  | 1,876,184                     | 670,312                    | 2,546,496           |
| Federal COVID-19 relief grants  | 72,564                        | -                          | 72,564              |
| Other government grants   | 814,240                       | 1,298,727                  | 2,112,967           |
| Investment income (loss), net appropriated<br>for operating activities  | 332,654                       | 487,039                    | 819,693             |
| Sales and services of auxiliary enterprises                             | 4,227,055                     | -                          | 4,227,055           |
| Other sources   | 79,315                        | 5,292                      | 84,607              |
| Net assets released from restrictions                                   | 1,494,880                     | (1,494,880)                | -                   |
| <b>Total operating revenue and other support</b>                        | <b>15,653,501</b>             | <b>966,490</b>             | <b>16,619,991</b>   |
| <b>Operating Expenses</b>   |                               |                            |                     |
| Instructional   | 3,915,487                     | -                          | 3,915,487           |
| Academic support  | 753,531                       | -                          | 753,531             |
| Student services  | 3,611,747                     | -                          | 3,611,747           |
| Auxiliary enterprises   | 2,849,640                     | -                          | 2,849,640           |
| Institutional support   | 2,636,490                     | -                          | 2,636,490           |
| <b>Total operating expenses</b>   | <b>13,766,895</b>             | <b>-</b>                   | <b>13,766,895</b>   |
| Change in net assets from operations                                    | 1,886,606                     | 966,490                    | 2,853,096           |
| <b>Non-Operating Activities</b>   |                               |                            |                     |
| Private gifts and grants  | -                             | 377,194                    | 377,194             |
| Investment income (loss), net of amounts<br>appropriated for operations | 165,429                       | 538,620                    | 704,049             |
| Investment income (loss) on funds held in trust                         | -                             | 49,745                     | 49,745              |
| Net assets released from restrictions:                                  |                               |                            |                     |
| Capital acquisitions  | 113,308                       | (113,308)                  | -                   |
| <b>Total non-operating activities</b>                                   | <b>278,737</b>                | <b>852,251</b>             | <b>1,130,988</b>    |
| Change in net assets  | 2,165,343                     | 1,818,741                  | 3,984,084           |
| Net assets at beginning of year   | 15,089,530                    | 9,924,432                  | 25,013,962          |
| <b>Net assets at end of year</b>  | <b>\$ 17,254,873</b>          | <b>\$ 11,743,173</b>       | <b>\$28,998,046</b> |

*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, 2024*

|                            | Program Expenses    |                     |                     |                          | Total<br>Program<br>Expenses | Supporting<br>Services   |                     | Summarized<br>Total for the<br>Year Ended<br>June 30, 2023 |
|----------------------------|---------------------|---------------------|---------------------|--------------------------|------------------------------|--------------------------|---------------------|--|
|                            | Instructional       | Academic<br>Support | Student<br>Services | Auxiliary<br>Enterprises |                              | Institutional<br>Support | 2024 Total          |  |
| Salaries and benefits      | \$ 3,499,508        | \$ 394,438          | \$ 2,053,269        | \$ 216,760               | \$ 6,163,975                 | \$ 1,109,648             | <b>\$ 7,273,623</b> | \$ 6,701,948   |
| Contract services          | 110,804             | 14,933              | 94,810              | 1,577,260                | 1,797,807                    | 232,800                  | <b>2,030,607</b>    | 2,023,906  |
| Supplies and services      | 89,031              | 88,910              | 494,632             | 225,179                  | 897,752                      | 114,196                  | <b>1,011,949</b>    | 1,203,521  |
| Travel                     | 31,567              | -                   | 474,680             | -                        | 506,247                      | 11,813                   | <b>518,060</b>      | 521,973  |
| Marketing and dues         | 20,996              | 5,099               | 53,188              | -                        | 79,283                       | 64,270                   | <b>143,553</b>      | 163,966  |
| Insurance                  | -                   | -                   | 7,579               | -                        | 7,579                        | 202,961                  | <b>210,540</b>      | 207,310  |
| Bad debt expense           | -                   | -                   | -                   | -                        | -                            | 177,377                  | <b>177,377</b>      | 241,835  |
| Utilities                  | 157,852             | 84,041              | 172,628             | 224,275                  | 638,796                      | 135,202                  | <b>773,998</b>      | 659,966  |
| Repairs and<br>maintenance | 33,069              | 12,792              | 63,811              | 34,138                   | 143,810                      | 273,923                  | <b>417,733</b>      | 420,479  |
| Depreciation               | 290,591             | 154,711             | 317,793             | 412,869                  | 1,175,964                    | 131,825                  | <b>1,307,789</b>    | 1,185,547  |
| Interest                   | 60,144              | 32,021              | 65,774              | 85,452                   | 243,390                      | 27,284                   | <b>270,674</b>      | 274,651  |
| Other                      | 175,625             | 889                 | 27,899              | -                        | 204,413                      | -                        | <b>204,413</b>      | 161,793  |
| <b>Total</b>               | <b>\$ 4,469,187</b> | <b>\$ 787,834</b>   | <b>\$ 3,826,063</b> | <b>\$ 2,775,933</b>      | <b>\$11,859,017</b>          | <b>\$ 2,481,299</b>      | <b>\$14,340,316</b> | <b>\$ 13,766,895</b>                                       |

*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, 2023*

|                            | Program Expenses    |                     |                     |                          | Total<br>Program<br>Expenses | Supporting<br>Services   |                      |
|----------------------------|---------------------|---------------------|---------------------|--------------------------|------------------------------|--------------------------|----------------------|
|                            | Instructional       | Academic<br>Support | Student<br>Services | Auxiliary<br>Enterprises |                              | Institutional<br>Support | Total                |
| Salaries and benefits      | \$ 3,178,311        | \$ 371,888          | \$ 1,793,141        | \$ 192,565               | \$ 5,535,905                 | \$ 1,166,042             | \$ 6,701,948         |
| Contract services          | 37,979              | 17,387              | 133,627             | 1,602,965                | 1,791,958                    | 231,948                  | 2,023,906            |
| Supplies and services      | 69,814              | 87,165              | 537,157             | 377,100                  | 1,071,236                    | 132,284                  | 1,203,521            |
| Travel                     | 10,025              | 1,493               | 484,652             | -                        | 496,170                      | 25,803                   | 521,973              |
| Marketing and dues         | 33,961              | 9,190               | 45,709              | -                        | 88,860                       | 75,106                   | 163,966              |
| Insurance                  | -                   | -                   | 7,579               | -                        | 7,579                        | 199,731                  | 207,310              |
| Bad debt expense           | -                   | -                   | -                   | -                        | -                            | 241,835                  | 241,835              |
| Utilities                  | 133,068             | 70,843              | 145,520             | 180,033                  | 529,465                      | 130,501                  | 659,966              |
| Repairs and<br>maintenance | 40,460              | 16,923              | 67,388              | 43,006                   | 167,777                      | 252,702                  | 420,479              |
| Depreciation               | 267,448             | 142,384             | 292,474             | 361,841                  | 1,064,147                    | 121,400                  | 1,185,547            |
| Interest                   | 61,959              | 32,986              | 67,756              | 83,826                   | 246,526                      | 28,124                   | 274,651              |
| Other                      | 82,462              | 3,272               | 36,744              | 8,304                    | 130,781                      | 31,014                   | 161,795              |
| <b>Total</b>               | <b>\$ 3,915,487</b> | <b>\$ 753,531</b>   | <b>\$ 3,611,747</b> | <b>\$ 2,849,640</b>      | <b>\$ 11,130,405</b>         | <b>\$ 2,636,490</b>      | <b>\$ 13,766,895</b> |

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

**Brewton-Parker College**  
**Consolidated Statements of Cash Flows**

| <i>For the years ended June 30,</i>   | <b>2024</b>         | <b>2023</b>         |
|---|---------------------|---------------------|
| <b>Operating Activities</b>   |                     |                     |
| Change in net assets  | \$ 3,046,122        | \$ 3,984,084        |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                     |                     |
| Change in provision for uncollectible receivables   | (56,421)            | 95,049              |
| Contributions restricted to long-term investment  | (695,920)           | (377,194)           |
| Depreciation  | 1,307,789           | 1,185,547           |
| Amortization of bond issuance costs   | 5,244               | 5,245               |
| Unrealized and realized loss (gain) on investments  | (1,771,698)         | (799,326)           |
| Change in funds held in trust   | (39,590)            | (49,745)            |
| Changes in operating assets and liabilities:  |                     |                     |
| Student receivables   | 199,631             | (70,330)            |
| Receivable from the Georgia Baptist Mission Board   | (9,835)             | 38,614              |
| Receivable from the Georgia Baptist Foundation  | (109)               | 508                 |
| Grant receivable  | 323,486             | (323,486)           |
| Contributions receivable  | -                   | -                   |
| Other assets  | (40,459)            | (10,599)            |
| Accounts payable and accrued expenses   | 108,831             | 320,033             |
| Performance obligation liabilities  | 45,233              | 57,650              |
| Deferred revenue - food services provider   | (117,554)           | (190,486)           |
| Net cash provided by (used in) operating activities   | <b>2,304,750</b>    | <b>3,865,564</b>    |
| <b>Investing Activities</b>   |                     |                     |
| Purchase of property and equipment  | (1,786,232)         | (1,534,136)         |
| Purchase of investments   | (1,406,952)         | (3,661,315)         |
| Proceeds from sale of investments   | 2,234,864           | 1,194,622           |
| Net cash provided by (used in) investing activities   | <b>(958,320)</b>    | <b>(4,000,829)</b>  |
| <b>Financing Activities</b>   |                     |                     |
| Contributions restricted to long-term investment  | 695,920             | 377,194             |
| Payments on note payable  | (92,931)            | (89,433)            |
| Net cash provided by (used in) financing activities   | <b>602,989</b>      | <b>287,761</b>      |
| Net change in cash and cash equivalents   | <b>1,949,419</b>    | <b>152,496</b>      |
| Cash and cash equivalents at beginning of year  | <b>4,401,758</b>    | <b>4,249,262</b>    |
| Cash and cash equivalents at end of year  | <b>\$ 6,351,177</b> | <b>\$ 4,401,758</b> |
| <b>Schedule of Certain Cash Flow Information</b>  |                     |                     |
| Cash paid for interest  | <b>\$ 272,182</b>   | <b>\$ 275,678</b>   |

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

## Brewton-Parker College

### Notes to Consolidated 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. The College conducts the following programs:

*Instructional* – Expenses incurred for all activities that are part of the College’s instructional programs.

*Academic Support* – Expenses incurred to provide support services for the College’s instructional programs. These include the library, academic administration, course and curriculum development and academic support information technology.

*Student Services* – Expenses incurred for offices of admissions and the registrar and activities that contribute to the student’s emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instructional programs. In addition to admissions and the registrar, student services include offices student services administration, counseling and financial aid.

*Auxiliary Enterprises* – Expenses incurred for those services provided to students, faculty, and others for which a separate fee is directly charged. The College’s primary auxiliaries include campus housing and dining operations.

#### **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 credit losses related to student receivables.

**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

***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 represent amounts owed to the College and are presented in the consolidated statements of financial position net of the allowance for credit losses.

***Allowance for Credit Losses***

The College provides for losses on student receivables 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. The allowance also considers current market conditions as well as reasonable and supportable forecasts.

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.

***Grant Receivable***

Grant receivable consists of amounts due to the College from a state government agency in accordance with a cost-reimbursement contract. The grant receivable is considered fully collectible and is expected to be collected in its entirety within the subsequent fiscal year.

**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 discount 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.

***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 over the estimated useful lives of the assets.

**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

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***

Revenue from tuition and fees, sales and services of auxiliary enterprises and payments under various contracts are recognized as 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.



**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenue Recognition (continued)***

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 consolidated financial statements since the recognition criteria were not met.

***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 \$273,000 and \$277,000 during the years ended June 30, 2024 and 2023, 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.

## Brewton-Parker College

### Notes to Consolidated Financial Statements

#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Income Taxes (continued)***

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, 2024 and 2023, 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, September 24, 2024, 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 consolidated financial statements.

##### ***Recently Adopted Accounting Guidance***

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

The College adopted ASU 2016-13 on July 1, 2023. The impact of the adoption was not material to the consolidated financial statements and primarily resulted in enhanced disclosures only.

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The College adopted the standard effective July 1, 2022. The implementation of this standard did not have a material effect on the consolidated financial statements and did not result in the recognition of either a right-of-use asset or lease liability.

**Brewton-Parker College**  
**Notes to 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>   | <b>2024</b>          | <b>2023</b>         |
|---|----------------------|---------------------|
| Total assets at year end  | \$ 40,965,309        | \$ 37,805,365       |
| Less non-financial assets   |                      |                     |
| Other assets  | (86,469)             | (46,010)            |
| Property and equipment, net   | (16,810,077)         | (16,166,635)        |
| Financial assets at year-end  | <b>24,068,763</b>    | 21,592,720          |
| 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   | (4,525,614)          | (3,442,461)         |
| Restricted in perpetuity  | (9,072,227)          | (8,300,712)         |
| Financial assets available to meet cash needs for general expenditures within one year                              | <b>\$ 10,470,922</b> | <b>\$ 9,849,547</b> |

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.

**Note 4: STUDENT RECEIVABLES**

Student receivables consist of the following:

| <i>June 30,</i>                   | <b>2024</b>       | <b>2023</b>       |
|-----------------------------------|-------------------|-------------------|
| Student accounts receivable       | \$ 757,540        | \$ 825,556        |
| Other student receivables         | 218,367           | 321,057           |
| Federal Perkins Loan Program      | 12,260            | 41,185            |
| Total student receivables         | <b>988,167</b>    | 1,187,798         |
| Less: allowance for credit losses | (342,206)         | (398,627)         |
| Student receivables, net          | <b>\$ 645,961</b> | <b>\$ 789,171</b> |

**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**Note 4: STUDENT RECEIVABLES (Continued)**

Changes in the allowance for credit losses during the year were as follows:

| <i>For the year ended June 30,</i> | 2024              |
|------------------------------------|-------------------|
| Balance, beginning of year         | \$ 398,627        |
| Provision for credit losses        | 177,377           |
| Write-offs                         | (219,280)         |
| Recoveries                         | (14,518)          |
| <b>Balance, end of year</b>        | <b>\$ 342,206</b> |

**Note 5: INVESTMENTS**

Investments in marketable securities at fair value consist of the following:

| <i>June 30,</i>   | 2024                 | 2023                 |
|---|----------------------|----------------------|
| Certificate of deposits   | \$ -                 | \$ 358,086           |
| Corporate bonds   | 329,014              | 146,280              |
| Fixed income securities   | -                    | 230,000              |
| Equities  | 4,214,139            | 3,606,003            |
| Exchange traded products  | 3,169,250            | 1,649,139            |
| Mutual funds  | 2,371,210            | 2,246,281            |
| <b>Total investments in marketable securities</b>                 | <b>10,083,613</b>    | <b>8,235,789</b>     |
| Other investments held at Georgia Baptist Foundation (Brown Fund) | 4,170,476            | 4,078,698            |
| Cash and cash equivalent investments                              | 1,715,300            | 2,711,116            |
| <b>Total investments</b>  | <b>\$ 15,969,389</b> | <b>\$ 15,025,603</b> |

**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**Note 5: INVESTMENTS (Continued)**

The following summarizes the College's total investment return for the years ended June 30, 2024 and 2023, net of investment management expenses of \$33,885 and \$35,812, respectively, and its classification in the consolidated statements of financial activities:

| <b><i>For the year ended June 30, 2024</i></b>                            | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| Dividend and interest income, net   | \$ 487,726                    | \$ 352,398                 | \$ <b>840,124</b>   |
| Net realized and unrealized gains and losses                              | 334,114                       | 1,437,584                  | <b>1,771,698</b>    |
| Total investment returns  | 821,840                       | 1,789,982                  | <b>2,611,822</b>    |
| Less: investment returns appropriated<br>for operating activities         | (521,850)                     | (554,112)                  | <b>(1,075,962)</b>  |
| Investment returns, net of amounts<br>appropriated for current operations | \$ 299,990                    | \$ 1,235,870               | \$ <b>1,535,860</b> |
| <hr/>   |                               |                            |                     |
| <b><i>For the year ended June 30, 2023</i></b>                            | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| Dividend and interest income, net   | \$ -                          | \$ 724,416                 | \$ 724,416          |
| Net realized and unrealized gains and losses                              | 498,083                       | 301,243                    | 799,326             |
| Total investment returns  | 498,083                       | 1,025,659                  | 1,523,742           |
| Less: investment returns appropriated<br>for operating activities         | (332,654)                     | (487,039)                  | (819,693)           |
| Investment returns, net of amounts<br>appropriated for current operations | \$ 165,429                    | \$ 538,620                 | \$ 704,049          |

**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**Note 6: PROPERTY AND EQUIPMENT**

The components of property and equipment at June 30, 2024 and 2023 are as follows:

|   | Estimated Useful<br>Lives (in years) | <b>2024</b>          | 2023                 |
|---|--------------------------------------|----------------------|----------------------|
| Building                                      | 10-40                                | <b>\$ 20,666,025</b> | \$ 19,996,536        |
| Building improvements                         | 5-40                                 | <b>11,465,461</b>    | 10,696,644           |
| Furniture, fixtures and equipment             | 3-15                                 | <b>9,813,344</b>     | 9,167,623            |
| Total depreciable property and equipment      |                                      | <b>41,944,830</b>    | 39,860,803           |
| Less accumulated depreciation                 |                                      | <b>(26,378,514)</b>  | (25,192,143)         |
| Total depreciable property and equipment, net |                                      | <b>15,566,316</b>    | 14,668,660           |
| Land  |                                      | <b>818,439</b>       | 818,439              |
| Construction in progress                      |                                      | <b>425,322</b>       | 679,536              |
| <b>Total property and equipment, net</b>      |                                      | <b>\$ 16,810,077</b> | <b>\$ 16,166,635</b> |

Depreciation expense for the years ended June 30, 2024 and 2023 amounted to \$1,307,789 and \$1,185,547, respectively.

**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**Note 7: LONG-TERM DEBT**

Long-term debt consists of the following:

| <i>June 30,</i>  | <b>2024</b>         | 2023                |
|--|---------------------|---------------------|
| 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. | <b>\$ 6,931,524</b> | \$ 7,024,455        |
| Less unamortized debt issuance costs   | <b>(182,701)</b>    | (187,945)           |
| Long-term debt less unamortized debt issuance costs  | <b>6,748,823</b>    | 6,836,510           |
| Less current portion   | <b>(96,499)</b>     | (92,899)            |
| <b>Long-term debt, less current portion</b>  | <b>\$ 6,652,324</b> | <b>\$ 6,743,611</b> |

Interest expense related to the loan agreement was \$270,674 and \$274,651 for the years ended June 30, 2024 and 2023, respectively.

Maturities of long-term debt subsequent to June 30, 2024, consists of the following:

| <i>For the years ending June 30,</i> |           |                  |
|--------------------------------------|-----------|------------------|
| 2025                                 | \$        | 96,499           |
| 2026                                 |           | 100,238          |
| 2027                                 |           | 104,122          |
| 2028                                 |           | 108,157          |
| 2029                                 |           | 112,348          |
| Thereafter                           |           | 6,410,160        |
| <b>Total</b>                         | <b>\$</b> | <b>6,931,524</b> |

**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**Note 8: NET ASSETS**

A summary of net assets without donor restrictions consists of the following:

| <i>June 30,</i>   | <b>2024</b>          | 2023                 |
|---|----------------------|----------------------|
| Undesignated  | \$ 8,385,073         | \$ 7,924,748         |
| Property, plant and equipment, net of related notes payable | <b>10,061,254</b>    | 9,330,125            |
| <b>Total net assets without donor restrictions</b>          | <b>\$ 18,446,327</b> | <b>\$ 17,254,873</b> |

A summary of net assets with donor restrictions consists of the following:

| <i>June 30,</i>                                     | <b>2024</b>          | 2023                 |
|---|----------------------|----------------------|
| Purpose restricted                                  |                      |                      |
| Student financial assistance                        | \$ 1,550,503         | \$ 1,013,659         |
| Instruction and other support                       | <b>2,368,278</b>     | 2,139,172            |
| Property acquisition, construction and maintenance  | <b>606,833</b>       | 289,630              |
| <b>Total purpose restricted</b>                     | <b>4,525,614</b>     | 3,442,461            |
| Held in perpetuity                                  |                      |                      |
| Endowments  | <b>8,058,488</b>     | 7,326,563            |
| Perpetual trusts held by Georgia Baptist Foundation | <b>1,013,739</b>     | 974,149              |
| <b>Total held in perpetuity</b>                     | <b>9,072,227</b>     | 8,300,712            |
| <b>Total net assets with donor restrictions</b>     | <b>\$ 13,597,841</b> | <b>\$ 11,743,173</b> |

A summary of the release of donor restrictions follows:

| <i>For the years ended June 30,</i>                      | <b>2024</b>         | 2023                |
|--|---------------------|---------------------|
| Purpose restrictions                                     |                     |                     |
| Student financial assistance                             | \$ 540,262          | \$ 620,623          |
| Instruction and other support                            | <b>1,114,293</b>    | 874,257             |
| Property acquisition, construction and maintenance       | <b>236,323</b>      | 113,308             |
| <b>Total net assets released from donor restrictions</b> | <b>\$ 1,890,878</b> | <b>\$ 1,608,188</b> |



**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**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, 2024, there is \$272,331 of performance obligations remain to be satisfied, all of which are expected to be recognized in revenue in 2025. 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.

***Disaggregated Revenue***

A summary of disaggregated revenue information follows:

| <i>For the years ended June 30,</i>                        | <b>2024</b>          | 2023          |
|--|----------------------|---------------|
| Tuition and fees, net (recognized over time)               |                      |               |
| Tuition revenue  | \$ 10,920,959        | \$ 10,585,362 |
| Fee revenue  | 1,401,927            | 1,487,556     |
| Financial aid discount (funded)                            | (516,014)            | (632,826)     |
| Financial aid discount (unfunded)                          | (4,460,897)          | (4,683,483)   |
| <b>Total tuition and fees, net (recognized over time)</b>  | <b>7,345,975</b>     | 6,756,609     |
| Auxiliary enterprises                                      |                      |               |
| Housing and dining services revenue - recognized over time | 3,647,550            | 4,195,123     |
| Other auxiliary revenue - recognized as of a point in time | 65,967               | 31,932        |
| <b>Total auxiliary enterprises</b>                         | <b>3,713,517</b>     | 4,227,055     |
| Grants and contributions (non-exchange)                    | 2,871,751            | 4,732,027     |
| Other revenue (non-exchange)                               | 1,185,515            | 904,300       |
| <b>Total operating revenue</b>                             | <b>\$ 15,116,758</b> | \$ 16,619,991 |

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

Contract assets and liabilities related to revenue from contracts with customers consists of the following:

| <i>June 30,</i>                                       | <b>2024</b> | 2023       |
|---|-------------|------------|
| Contract assets                                       |             |            |
| Student receivables, beginning of year                | \$ 789,171  | \$ 813,890 |
| Student receivables, end of year                      | \$ 645,961  | \$ 789,171 |
| Contract liabilities                                  |             |            |
| Performance obligation liabilities, beginning of year | \$ 227,098  | \$ 169,448 |
| Performance obligation liabilities, end of year       | \$ 272,331  | \$ 227,098 |

## Brewton-Parker College

### Notes to Consolidated Financial Statements

#### Note 10: ENDOWMENTS

The College's endowment consists of 115 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.

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 the 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, 2024 and 2023, no deficiencies of this nature existed.

**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**Note 10: ENDOWMENTS (Continued)**

Changes in endowment net assets consists of the following for the years ended June 30, 2024 and 2023:

|  | With donor restrictions |  |                                  |
|--|-------------------------|--|----------------------------------|
|  | Original Gift           | Accumulated<br>Gains (Losses)<br>and Other | Total<br>Endowment<br>Net Assets |
| <b><i>June 30, 2024</i></b>            |                         |  |                                  |
| Endowment net assets - July 1,         | \$ 7,326,563            | \$ 1,502,956                               | \$ 8,829,519                     |
| Contributions                          | 694,920                 | -  | 694,920                          |
| Investment income allocation           | 37,005                  | 1,118,859                                  | 1,155,864                        |
| Net appreciation (depreciation)        | -                       | 334,114                                    | 334,114                          |
| Amounts appropriated for expenditure   | -                       | (422,930)                                  | (422,930)                        |
| <b>Endowment net assets - June 30,</b> | <b>\$ 8,058,488</b>     | <b>\$ 2,532,999</b>                        | <b>\$ 10,591,487</b>             |

|  | With donor restrictions |  |                                  |
|--|-------------------------|--|----------------------------------|
|  | Original Gift           | Accumulated<br>Gains (Losses)<br>and Other | Total<br>Endowment<br>Net Assets |
| <b><i>June 30, 2023</i></b>            |                         |  |                                  |
| Endowment net assets - July 1,         | \$ 6,927,503            | \$ 1,000,841                               | \$ 7,928,344                     |
| Contributions                          | 377,194                 | -  | 377,194                          |
| Investment income allocation           | 21,866                  | 331,569                                    | 353,435                          |
| Net appreciation (depreciation)        | -                       | 498,083                                    | 498,083                          |
| Amounts appropriated for expenditure   | -                       | (327,537)                                  | (327,537)                        |
| <b>Endowment net assets - June 30,</b> | <b>\$ 7,326,563</b>     | <b>\$ 1,502,956</b>                        | <b>\$ 8,829,519</b>              |

**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, 2024 and 2023.

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

*Corporate bonds, fixed income securities, and certificates of deposit:* 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 and exchange-traded products:* 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 Consolidated 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, 2024 and 2023:

| <b>June 30, 2024</b>                       | Level 1              | Level 2           | Level 3             | Total                |
|--|----------------------|-------------------|---------------------|----------------------|
| Cash and money market account              | \$ 1,715,300         | \$ -              | \$ -                | \$ 1,715,300         |
| Corporate bonds                            | -                    | 329,014           | -                   | 329,014              |
| Common stocks                              | 4,214,139            | -                 | -                   | 4,214,139            |
| Exchange traded products                   | 3,169,250            | -                 | -                   | 3,169,250            |
| Mutual Funds                               | 2,371,210            | -                 | -                   | 2,371,210            |
| Investments held at GBF (Brown Fund)       | -                    | -                 | 4,170,476           | 4,170,476            |
| Perpetual trust funds held by GBF          | -                    | -                 | 1,013,739           | 1,013,739            |
| <b>Total assets measured at fair value</b> | <b>\$ 11,469,899</b> | <b>\$ 329,014</b> | <b>\$ 5,184,215</b> | <b>\$ 16,983,128</b> |

| <b>June 30, 2023</b>                       | Level 1              | Level 2           | Level 3             | Total                |
|--|----------------------|-------------------|---------------------|----------------------|
| Cash and money market account              | \$ 2,711,116         | \$ -              | \$ -                | \$ 2,711,116         |
| Certificates of deposit                    | -                    | 358,086           | -                   | 358,086              |
| Corporate bonds                            | -                    | 146,280           | -                   | 146,280              |
| Fixed income securities                    | -                    | 230,000           | -                   | 230,000              |
| Common stocks                              | 3,606,003            | -                 | -                   | 3,606,003            |
| Exchange traded products                   | 1,649,139            | -                 | -                   | 1,649,139            |
| Mutual Funds                               | 2,246,281            | -                 | -                   | 2,246,281            |
| Investments held at GBF (Brown Fund)       | -                    | -                 | 4,078,698           | 4,078,698            |
| Perpetual trust funds held by GBF          | -                    | -                 | 974,149             | 974,149              |
| <b>Total assets measured at fair value</b> | <b>\$ 10,212,539</b> | <b>\$ 734,366</b> | <b>\$ 5,052,847</b> | <b>\$ 15,999,752</b> |

The following is a reconciliation of the change in fair value of Level 3 investments and funds held in trust at GBF for the years ended June 30, 2024 and 2023.

| <b>For the years ended June 30,</b>                    | <b>2024</b>         | <b>2023</b>         |
|--|---------------------|---------------------|
| Investments and funds held in trust                    |                     |                     |
| Balance, beginning of year                             | \$ 5,052,847        | \$ 4,637,887        |
| Change in value of investments and funds held in trust | 131,368             | 414,960             |
| <b>Balance, end of year</b>                            | <b>\$ 5,184,215</b> | <b>\$ 5,052,847</b> |

**Brewton-Parker College**  
**Notes to Consolidated Financial Statements**

**Note 11: FAIR VALUE MEASUREMENTS (Continued)**

***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, 2024 and 2023, 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, 2024 and 2023 in excess of federally insured limits of \$5,791,000 and \$3,918,000, 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, 2024 and 2023.

## Brewton-Parker College

### Notes to Consolidated Financial Statements

#### **Note 15: RELATED PARTIES**

During the years ended June 30, 2024 and 2023, 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, 2024 and 2023, the College was due approximately \$88,000 and \$78,000, 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 year ending June 30, 2023, the College was awarded Higher Education Emergency Relief Fund (HEERF) grants totaling \$72,564. The College was not awarded any HEERF grant funds during the year ending June 30, 2024.

##### ***Employee Retention Credit***

During the year ended June 30, 2023, the College was approved to receive \$673,608 in employee retention credits under the CARES Act. The amount was reported as other revenue in the statement of activities. During the year ended June 30, 2023, the College received the full amount of the credit and, as a result, there were no amounts receivable at June 30, 2023. The credits are provided to help defer the payroll cost of employees who were retained on staff and continued to receive their regular wages despite a decrease in activity at the College for a period of time as a result of the pandemic.



# SUPPLEMENTARY INFORMATION







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**INDEPENDENT AUDITOR’S 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 consolidated financial statements of Brewton-Parker College (the College) (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2024, 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, and have issued our report thereon dated September 24, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated 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 consolidated 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.

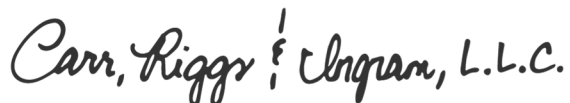
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia  
September 24, 2024