



Veritas Baptist College

Financial Statements
With Independent Auditor's Report

June 30, 2022

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Veritas Baptist College

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expense	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplemental Schedule A - Composite Financial Index	12
Supplemental Schedule B - Financial Responsibility Ratio	13

Independent Auditor's Report

To the Board of Trustees
Veritas Baptist College
Greendale, Indiana

Opinion

We have audited the financial statements of Veritas Baptist College, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Veritas Baptist 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Veritas Baptist 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

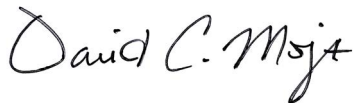
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Veritas Baptist 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Veritas Baptist 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.



Reidsville, GA
July 29, 2022

Veritas Baptist College
Statement of Financial Position
June 30, 2022

	June 30, 2022
ASSETS	
Cash and cash equivalents	\$ 550,617
Accounts receivable - net	23,973
Other current assets	6,802
Total Current Assets	581,392
Property and equipment, net	35,912
Total assets	\$ 617,304
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued expenses	\$ 30,380
Deferred revenue	58,939
Other current liabilities	-
Total Current Liabilities	89,319
Long-term debt, net of current portion	-
Total liabilities	89,319
NET ASSETS	
Without donor restrictions	
Undesignated	527,985
Total net assets	527,985
Total liabilities and net assets	\$ 617,304

See notes to financial statements

Veritas Baptist College

Statement of Activities
Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 15,635	\$ 675	\$ 16,310
Government grants	-	-	-
Tuition and fees - net	929,862	-	929,862
Gifts in kind	-	-	-
Investment income - net	40	-	40
Rental income - net	-	-	-
Special events income - net	-	-	-
Other income	411	-	411
Net assets released from restrictions	675	(675)	-
	<u>946,623</u>	<u>-</u>	<u>946,623</u>
Total revenues and other support			
EXPENSES			
Program services	1,059,145	-	1,059,145
Management and general	405,828	-	405,828
Fundraising	5,876	-	5,876
	<u>1,059,145</u>	<u>-</u>	<u>1,059,145</u>
Total expenses			
Change in net assets	<u>(112,522)</u>	<u>-</u>	<u>(112,522)</u>
Net assets, beginning of year	<u>640,507</u>	<u>-</u>	<u>640,507</u>
Net assets, end of year	<u>\$ 527,985</u>	<u>\$ -</u>	<u>\$ 527,985</u>

See notes to financial statements

Veritas Baptist College
Statement of Functional Expenses
Year ended June 30, 2022

	<u>Institutional Support</u>			Total
	Program Services	Management and general	Fundraising	
Salaries	\$ 526,584	\$ 223,023	\$ -	\$ 749,607
Benefits	32,788	13,887		46,675
Total salaries and benefits	559,372	236,910	-	\$ 796,282
Professional fees	-	9,683	-	9,683
Advertising	29,725	-	-	29,725
Office expenses	-	8,535	-	8,535
Information technology	-	67,479	-	67,479
Occupancy	19,458	-	-	19,458
Travel	-	33,064	5,876	38,940
Conferences, meetings	-	5,152	-	5,152
Interest	-	-	-	-
Depreciation and amortization	-	16,801	-	16,801
Insurance	6,543	1,636	-	8,179
Student services	32,343	-	-	32,343
Other expenses	-	26,568	-	26,568
TOTALS	\$ 647,441	\$ 405,828	\$ 5,876	\$ 1,059,145

See notes to financial statements

Veritas Baptist College

Statement of Cash Flows

Year ended June 30, 2022

	<u>June 30, 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (112,522)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	16,801
Changes in operating assets and liabilities:	
Accounts receivable	3,638
Other current assets	(4,995)
Accounts payable	14,285
Deferred revenue	(8,882)
Other current liabilities	(5,058)
Notes payable	-
Net cash provided by (used in) operating activities	<u>(96,733)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase/sale of fixed assets	<u>(8,512)</u>
Net cash used in investing activities	<u>(8,512)</u>
Net increase (decrease) in cash and cash equivalents	(105,245)
Cash and cash equivalents, beginning of year	<u>655,862</u>
Cash and cash equivalents, end of year	<u><u>550,617</u></u>

See notes to financial statements

Veritas Baptist College
Notes to financial statements
June 30, 2022

Note 1 – Description of the Organization

Veritas Baptist College (the College), Inc. was started as a ministry of Faith Baptist Church, a nonprofit organization. It was founded in 1984 as Berean Baptist College but changed its name to Virginia Baptist College in 1994. On August 16, 2018, the College transferred its state of organization from Virginia to Indiana. The move to Indiana was due to that state's processes for becoming accredited in all fifty States as opposed to Virginia's processes. As part of this move the College has changed its name to Veritas Baptist College, Inc. effective August 22, 2018.

The majority of the funding for the College is in the form of tuition and fees from the students.

Measure of operations – The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the College's ongoing educational services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents – the College's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Concentrations of credit risk – Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents and investments. The College maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. the College's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The College has not experienced, nor does it anticipate, any losses with respect to such accounts.

Contributions receivable – 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 future years are recorded at the present value of their estimated 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. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Property and equipment, net – Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from 5 to 10 years. the College's policy is to capitalize renewals and betterments acquired for greater than \$500 and expense normal repairs and maintenance as incurred. the College's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Veritas Baptist College
Notes to financial statements
June 30, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Several volunteers have made contributions of their time in furtherance of the College's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income taxes – the College is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The College has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The College has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Veritas Baptist College
Notes to financial statements
June 30, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Functional expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among educational services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries	Time and effort
Benefits	Time and effort
Professional services	Full Time Equivalent
Advertising	Full Time Equivalent
Office expenses	Square Footage
Information technology	Full Time Equivalent
Occupancy	Square Footage
Travel	Time and effort
Conferences, meetings	Full Time Equivalent
Interest	Square Footage
Depreciation	Square Footage
Student services	Full Time Equivalent
Other	Time and effort

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 3 – Availability and Liquidity

The following represents the College’s financial assets at June 30, 2022:

Financial assets at year end:	2022
Cash and cash equivalents	\$ 550,617
Accounts receivable	\$ 23,973
Other current assets	6,802
Total financial assets	<u>581,392</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	-
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 581,392</u>

The College’s goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in savings accounts that pay interest at market rates.

Veritas Baptist College
Notes to financial statements
June 30, 2022

Note 4 – Property and Equipment, Net

Property and equipment, net consisted of the following at June 30, 2022:

	2022
Leasehold improvements	12,514
Equipment	100,788
Less: accumulated depreciation	(77,390)
Property and equipment, net	35,912

For the year ended June 30, 2022, depreciation expense totaled \$ 16,801

Note 5 – Tuition and Fees

Tuition and fees are considered earned by the College evenly throughout each semester. The amounts are shown net of scholarships and discounts in the Statement of Activities. For the year ended June 30, 2022 Tuition and fees were as follows:

	2022
Institute Tuition and fees	\$ 1,007,999
less: Scholarships and discounts	(78,137)
Tuition and fees - net	929,862

Note 6 – Revenue Recognition

The College recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Payment for tuition and fees is generally invoiced at the beginning of each term and payment is required no later than the specified add/drop date. All amounts received prior to the commencement of the academic year, including enrollment deposits, are deferred to the applicable period. Scholarships provided to students are recorded as a reduction from the posted tuition rates at the time revenue is recognized.

Note 7 – Commitments and Contingencies

The College is subject to certain claims arising out of the ordinary course of business. Although it is not possible to predict the outcome of all claims, management believes they have properly recorded liabilities for any outcomes where the liability can be reasonably measured and has not recorded liabilities for any claims which will not have a material effect on the financial condition of the College.

Veritas Baptist College
Notes to financial statements
June 30, 2022

Note 8 – Related Party Transactions

There were no significant or unusual transactions with related parties in accordance with AU-C section 550 nor were there reportable transactions under SFAS 57 for the year ended June 30, 2022. Transactions with members of management, board members, or their family members included amounts paid for reasonable compensation and/or reimbursed expenses under an accountable reimbursement plan.

Note 9 – Subsequent Events

The College has evaluated subsequent events through July 29, 2022, which is the date the financial statements were available to be issued. the College is not aware of any material subsequent events.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown.

Veritas Baptist College

June 30, 2022

SUPPLEMENTAL SCHEDULE A

Composite Financial Index

In order to participate in the Student Financial Assistance (SFA) Program, an institution must demonstrate that it is financially responsible. One of the general standards for nonprofit institutions is the composite score standard in 34 CFR 668.172. The composite score combines different measures of fundamental elements of financial health to yield a single measure of an institution's overall financial health.

The College's composite score is calculated as follows:

Primary reserve ratio	1.2000
Equity ratio	1.2000
Net income ratio	<u>-0.2000</u>
 SUM OF ALL RATIOS	 <u>2.2000</u>
 COMPOSITE SCORE	 <u>2.2</u>

As the composite score is between 1.5 and 3.0, the College is considered financially responsible under this standard.

Veritas Baptist College
SUPPLEMENTAL SCHEDULE B
Financial Responsibility Ratio
Year ended June 30, 2022

Primary Reserve Ratio			
Expendable Net Assets			
Financial Statement and Financial Statement Line Item or Footnote Disclosure		Financial Statement Line Item Amount	Amount Used For Ratio
Statement of Financial Position - Net assets without donor restrictions- Undesignated	Net assets without donor restrictions	527,985	527,985
Statement of Financial Position - Net assets with donor restrictions Restricted by purpose or time	Net assets with donor restrictions	-	-
N/A	Net assets with donor restrictions; restricted in perpetuity	-	-
N/A	Annuities with donor restrictions	-	-
N/A	Term endowments with donor restrictions	-	-
N/A	Life income funds with donor restrictions	-	-
N/A	Secured and unsecured related party receivable	-	-
N/A	Unsecured related party receivable	-	-
Statement of Financial Position- Property, plant and equipment, net & Note 4 - Property and Equipment, Net	Property, plant and equipment, net, including construction in progress	-	-
N/A	Property, plant and equipment; pre-implementation, leases grandfathered	27,623	27,623
N/A	Property, plant and equipment; post- implementation - with outstanding debt for acquisition	-	-
N/A	Property, plant and equipment: post- implementation - without outstanding debt for acquisition	8,289	8,289
N/A	Construction in progress	-	-
N/A	Lease right of use assets, net	-	-
N/A	Lease right of use assets; pre-implementation, leases are grandfathered	-	-
N/A	Lease right of use assets; post-implementation	-	-
N/A	Intangible assets	-	-
N/A	Post-employment and pension liabilities	-	-
Statement of Financial Position- Long-term debt, net of current portion	Long-term debt; for long term purposes	-	-
N/A	Long-term debt; for long term purposes pre-implementation, debt grandfathered	-	-
N/A	Long-term debt; for long term purposes post implementation	-	-
N/A	Line of Credit for Construction in progress	-	-
N/A	Right of use asset lease obligation	-	-
N/A	Right of use asset lease obligation; pre-implementation, leases grandfathered	-	-
N/A	Right of use asset lease obligation; post-implementation	-	-
	Total Expendable Net Assets		492,073

Total Expenses and Losses			
Statement of Activities - Total expenses	Total expenses without donor restrictions	1,059,145	1,059,145
N/A	Investment loss, net investment return appropriated for spending	-	-
N/A	Other components of net periodic pension costs	-	-
N/A	Change in value of split interest agreements	-	-
N/A	Other losses	-	-
N/A	Pension-related changes other than net periodic pension costs	-	-
N/A	Non-operating and net investment loss	-	-
N/A	Investment loss, net investment return appropriated for spending	-	-
N/A	Pension-related changes other than net periodic costs	-	-
Total expenses and losses			1,059,145

Equity Ratio			
Modified Net Assets			
Statement of Financial Position - Net assets without donor restrictions- Undesignated	Net assets without donor restrictions	527,985	527,985
N/A	Net assets with donor restrictions	-	-
N/A	Intangible assets	-	-
N/A	Secured and Unsecured related party receivable	-	-
N/A	Unsecured related party receivable	-	-
Total modified net assets			527,985
Modified Assets			
Statement of Financial Position - Total Assets	Total assets	617,304	617,304
N/A	Lease right-of-use asset; pre-implementation, leases grandfathered	-	-
N/A	Lease right-of-use liability; pre-implementation, leases grandfathered	-	-
N/A	Intangible assets	-	-
N/A	Secured and Unsecured related party receivable	-	-
N/A	Unsecured related party receivable	-	-
Total modified assets			617,304

Net Income Ratio			
Change in Net Assets Without Donor Restrictions			
Statement of Activities - Change in Net Assets (Without Donor Restrictions column)	Change in Net Assets Without Donor Restrictions; increase (decrease)	(112,522)	(112,522)
Total Revenue and Gains			
Statement of Activities - Total revenues and other support (Without Donor Restrictions column)	Total revenue without donor restrictions, including net assets released from restrictions	946,623	946,623
N/A	Net investment return appropriated for spending	-	-
N/A	Total net investment return, including investment return appropriated for spending	-	-
N/A	Change in value of split-interest agreements	-	-
N/A	Other gains	-	-
N/A	Pension-related changes other than net periodic pension	-	-
Total revenues and gains without donor restrictions			946,623