

**NORTHPOINT BIBLE COLLEGE**  
***FINANCIAL STATEMENTS***  
***WITH SUPPLEMENTAL SCHEDULES***  
***AND OTHER REPORTS***  
***YEARS ENDED APRIL 30, 2021 AND 2020***  
***AND***  
***INDEPENDENT AUDITOR'S REPORT***

NORTHPOINT BIBLE COLLEGE  
FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL SCHEDULES  
AND OTHER REPORTS  
YEARS ENDED APRIL 30, 2021 AND 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 21
Supplemental Schedules:	
Financial Responsibility Ratio Supplemental Schedule	22
Financial Responsibility Ratio Disclosure	23
Schedule of Expenditures of Federal Awards	24
Notes to Schedule of Expenditures of Federal Awards	25
Other Reports:	
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 <i>Government Auditing Standards</i>	26 - 27
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	28 - 29
Schedule of Findings and Questioned Costs	30 - 32
Corrective Action Plan	33 - 34
Summary Schedule of Prior Audit Findings	35

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Northpoint Bible College

**Report on the Financial Statements**

We have audited the accompanying financial statements of Northpoint Bible College (the "College"), which comprise the statements of financial position as of April 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northpoint Bible College as of April 30, 2021 and 2020, 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Emphasis of Matter**

As discussed in Note 5 to the financial statements, the College's operations and cash flow requirements are heavily dependent on contributions from a single donor. Management's efforts to generate additional revenues and reduce expenses and are also described in Note 5. Our opinion is not modified with respect to this matter.

**Other Matter**

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Financial Responsibility Ratio Supplemental Schedule and Financial Responsibility Ratio Disclosure, as required under the U.S. Department of Education financial responsibility standards, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2022, on our consideration of Northpoint Bible 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 Northpoint Bible 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 Northpoint Bible College's internal control over financial reporting and compliance.

*Ballus Lynch, LLP*

Worcester, Massachusetts  
August 29, 2022

NORTHPOINT BIBLE COLLEGE  
STATEMENTS OF FINANCIAL POSITION  
APRIL 30, 2021 AND 2020

	2021	2020
Assets		
Current assets		
Cash and equivalents	\$ 490,651	\$ 788,571
Restricted cash and equivalents	331,410	296,399
Student fees receivable, net of allowance for uncollectible accounts of \$134,183 and \$90,221 in 2021 and 2020, respectively	427,902	559,232
Prepaid expenses and other current assets	47,618	20,997
Total current assets	1,297,581	1,665,199
Property and equipment, net	17,287,318	17,906,345
Other assets		
Investments	663,017	520,331
Note receivable	50,000	-
Library books, net of accumulated amortization of \$191,033 and \$190,446 in 2021 and 2020, respectively	-	587
	713,017	520,918
	\$ 19,297,916	\$ 20,092,462
Liabilities and Net Assets		
Current liabilities		
Note payable, other	\$ -	\$ 555,200
Current portion of capital lease obligation	-	9,703
Accounts payable	224,518	243,942
Advance tuition and other deposits	10,301	189,600
Refundable advances	-	211,555
Accrued and other liabilities	84,893	74,550
Total current liabilities	319,712	1,284,550
Long-term liabilities		
Capital lease obligation, net of current portion	-	13,791
Total liabilities	319,712	1,298,341
Net assets		
Without donor restrictions	17,921,958	17,806,893
With donor restrictions	1,056,246	987,228
Total net assets	18,978,204	18,794,121
Total liabilities and net assets	\$ 19,297,916	\$ 20,092,462

See accompanying independent auditor's report and notes to financial statements.

NORTHPOINT BIBLE COLLEGE

STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues:</b>			
Student tuition and fees, net of financial aid of \$561,111	\$ 1,797,876	\$ -	\$ 1,797,876
Contributions	1,154,118	159,910	1,314,028
Government grants	1,228,810	-	1,228,810
Auxiliary enterprises	426,260	-	426,260
Net investment return	-	142,687	142,687
Other income	28,360	-	28,360
Net assets released from restriction	<u>233,579</u>	<u>(233,579)</u>	<u>-</u>
Total	<u>4,869,003</u>	<u>69,018</u>	<u>4,938,021</u>
<b>Expenses:</b>			
Education	2,472,501	-	2,472,501
Auxiliary enterprises	356,548	-	356,548
Management and general	1,850,611	-	1,850,611
Fundraising	<u>74,278</u>	<u>-</u>	<u>74,278</u>
Total	<u>4,753,938</u>	<u>-</u>	<u>4,753,938</u>
Change in net assets	115,065	69,018	184,083
Net assets, beginning of year	<u>17,806,893</u>	<u>987,228</u>	<u>18,794,121</u>
Net assets, end of year	<u>\$ 17,921,958</u>	<u>\$ 1,056,246</u>	<u>\$ 18,978,204</u>

See accompanying independent auditor's report and notes to financial statements.

NORTHPOINT BIBLE COLLEGE

STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Student tuition and fees, net of financial aid of \$267,732	\$ 2,628,715	\$ -	\$ 2,628,715
Contributions	1,801,539	220,395	2,021,934
In-kind contribution	813,120	-	813,120
Auxiliary enterprises	856,563	-	856,563
Net investment return	-	(38,277)	(38,277)
Other income	207,254	-	207,254
Net assets released from restriction	126,332	(126,332)	-
	<u>6,433,523</u>	<u>55,786</u>	<u>6,489,309</u>
Expenses:			
Education	2,635,950	-	2,635,950
Auxiliary enterprises	457,661	-	457,661
Management and general	2,301,393	-	2,301,393
Fundraising	188,410	-	188,410
	<u>5,583,414</u>	<u>-</u>	<u>5,583,414</u>
Change in net assets	850,109	55,786	905,895
Net assets, beginning of year	<u>16,956,784</u>	<u>931,442</u>	<u>17,888,226</u>
Net assets, end of year	<u>\$ 17,806,893</u>	<u>\$ 987,228</u>	<u>\$ 18,794,121</u>

See accompanying independent auditor's report and notes to financial statements.

NORTHPOINT BIBLE COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED APRIL 30, 2021

	Supporting Services				Total
	Education	Auxiliary Enterprises	Management and General	Fundraising	
Salaries	\$ 1,347,986	\$ 40,197	\$ 589,154	\$ 12,112	\$ 1,989,449
Payroll tax expense	49,017	1,948	29,133	927	81,025
Employee benefits	144,794	-	46,439	286	191,519
Dues and membership fees	21,168	30	86,747	822	108,767
In-service training and seminars	42	-	2,308	-	2,350
Conference and travel	8,934	-	6,707	-	15,641
Employee and student recruitment	4,986	-	-	-	4,986
Insurance	5,586	5,586	94,958	5,585	111,715
Office supplies	14,607	-	14,485	535	29,627
Copier lease and supplies	-	-	16,144	-	16,144
Telephone	35,232	4,027	8,556	2,516	50,331
Printing	-	-	2,572	-	2,572
Postage	781	-	5,327	5	6,113
Professional fees	2,383	-	54,483	-	56,866
Bank and finance charges	56	-	21,765	66	21,887
Small equipment and tools	1,763	2,230	22,657	-	26,650
Crandell life estate	-	-	58,582	-	58,582
Utilities	284,954	32,566	69,202	20,354	407,076
Vehicle expense	207	-	3,971	-	4,178
Building and equipment maintenance	36	684	142,923	-	143,643
Janitorial supplies	180	-	28,185	-	28,365
Outsourced services	5,651	-	19,038	-	24,689
Depreciation and amortization	433,730	49,569	105,334	30,981	619,614
Property tax	-	-	8,283	-	8,283
Software and hardware support	1,799	-	356,504	68	358,371
Library and textbook purchases	772	-	851	-	1,623
Food cost	-	219,711	348	-	220,059
Honorariums and guest expenses	161	-	1,040	21	1,222
Mission fellowship expense	85	-	-	-	85
Miscellaneous expenses	107,370	-	9,372	-	116,742
Class expenses	221	-	1,580	-	1,801
Bad debt expense	-	-	43,963	-	43,963
<b>Total expenses</b>	<b>\$ 2,472,501</b>	<b>\$ 356,548</b>	<b>\$ 1,850,611</b>	<b>\$ 74,278</b>	<b>\$ 4,753,938</b>

See accompanying independent auditor's report and notes to financial statements.



NORTHPOINT BIBLE COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED APRIL 30, 2020

	Education	Auxiliary Enterprises	Supporting Services		Total
			Management and General	Fundraising	
Salaries	\$ 1,370,583	\$ 62,714	\$ 701,697	\$ 87,797	\$ 2,222,791
Payroll tax expense	61,248	3,872	58,446	10,325	133,891
Employee benefits	168,191	-	71,475	543	240,209
Dues and membership fees	19,166	-	3,997	532	23,695
In-service training and seminars	990	-	382	-	1,372
Conference and travel	62,601	-	35,543	3,789	101,933
Employee and student recruitment	29,810	-	-	-	29,810
Insurance	12,477	1,248	86,263	2,494	102,482
Student health insurance	-	-	66,923	-	66,923
Office supplies	18,680	99	28,297	3,941	51,017
Copier lease and supplies	-	-	21,590	-	21,590
Telephone	34,248	3,914	8,317	2,446	48,925
Printing	-	-	266	3,845	4,111
Postage	501	-	4,883	9,534	14,918
Professional fees	118	-	69,435	-	69,553
Bank and finance charges	1,127	-	31,051	98	32,276
Interest	-	-	24,415	-	24,415
Small equipment and tools	1,578	3,459	3,204	-	8,241
Crandell life estate	-	-	52,932	-	52,932
Utilities	276,912	31,647	67,250	19,779	395,588
Vehicle expense	1,944	-	5,034	39	7,017
Building and equipment maintenance	600	1,174	110,513	-	112,287
Janitorial supplies	-	-	12,071	-	12,071
Outsourced services	7,154	-	19,155	-	26,309
Depreciation and amortization	434,620	49,671	105,551	31,044	620,886
Property tax	-	-	5,875	-	5,875
Software and hardware support	20,376	-	358,618	36	379,030
Library and textbook purchases	8,060	-	496	-	8,556
Food cost	-	299,863	-	-	299,863
Honorariums and guest expenses	701	-	5,048	804	6,553
Mission fellowship expense	1,371	-	-	-	1,371
Miscellaneous expenses	90,301	-	17,815	1,624	109,740
Zionian and alumni expenses	12,048	-	3,755	9,740	25,543
Class expenses	545	-	-	-	545
Bad debt expense	-	-	321,096	-	321,096
<b>Total expenses</b>	<b>\$ 2,635,950</b>	<b>\$ 457,661</b>	<b>\$ 2,301,393</b>	<b>\$ 188,410</b>	<b>\$ 5,583,414</b>

See accompanying independent auditor's report and notes to financial statements.

NORTHPOINT BIBLE COLLEGE

STATEMENTS OF CASH FLOWS

YEARS ENDED APRIL 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 184,083	\$ 905,895
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	619,614	620,886
Forgiveness of note payable, other	(555,200)	-
Net investment losses (gains)	(139,131)	41,636
Bad debt expense	43,963	321,096
In-kind donation of land and building	-	(813,120)
(Increase) decrease in operating assets:		
Student fees receivable	87,367	(520,841)
Prepaid expenses and other current assets	(26,621)	3,139
Increase (decrease) in operating liabilities:		
Accounts payable	(19,424)	(34,564)
Advance tuition and other deposits	(179,299)	82,939
Refundable advances	(211,555)	211,555
Accrued and other liabilities	10,343	(148,822)
Total adjustments	<u>(369,943)</u>	<u>(236,096)</u>
Net cash provided by (used in) operating activities	<u>(185,860)</u>	<u>669,799</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(252,691)
Issue of note receivable	(50,000)	-
Proceeds from sale of investments	1,680	5,627
Purchases of investments	<u>(5,235)</u>	<u>(8,986)</u>
Net cash used in investing activities	<u>(53,555)</u>	<u>(256,050)</u>
Cash flow from financing activities:		
Payments on note payable, bank	-	(200,000)
Proceeds from note payable, other	-	555,200
Payments on capital lease obligation	<u>(23,494)</u>	<u>(9,188)</u>
Net cash provided by (used in) financing activities	<u>(23,494)</u>	<u>346,012</u>
Net increase (decrease) in cash	(262,909)	759,761
Cash and equivalents, beginning of year	<u>1,084,970</u>	<u>325,209</u>
Cash and equivalents, end of year	<u>\$ 822,061</u>	<u>\$ 1,084,970</u>

See accompanying independent auditor's report and notes to financial statements.

# NORTHPOINT BIBLE COLLEGE

## NOTES TO FINANCIAL STATEMENTS

### 1 - DESCRIPTION OF ORGANIZATION

Northpoint Bible College (the “College”) is a not-for-profit educational institution founded in 1924. The College is an accredited Bible college located in Haverhill, Massachusetts, offering programs in biblical studies ranging from one to four years, which are designed to prepare students for the ministry. The College serves a student population consisting of students from the United States and several foreign countries. The College is supported primarily by tuition and contributions from alumni and the general public.

### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The College prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the College are described subsequently to enhance the usefulness and understandability of the financial statements.

#### Basis of accounting

The accompanying financial statements of the College have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the College obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

#### Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the College’s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The College’s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

#### Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets 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. In addition, the governing board of the College may elect to designate such resources for specific purposes. This designation may be removed at the board’s discretion.

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the College must continue to use the resources in accordance with the donor’s instructions.

The College’s unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets (continued)

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 financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the College, unless the donor provides more specific directions about the period of its use.

Classification of transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash and equivalents

The College maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The College has not experienced any losses in such accounts. The College believes it is not exposed to any significant credit risk on cash and cash equivalents.

The College's restricted cash and equivalents includes donor restricted contributions received for specifically imposed stipulations at a later date, as well amounts internally set aside for specific operating purposes.

Student fees receivable

Student fees receivable are reported net of any anticipated losses due to uncollectible amounts. The College considers an account to be past due when a student has an account balance after the final payment due date for a given semester or when a student leaves the College with an unpaid account balance. Past due accounts are subject to internal collection efforts and are subsequently placed with third-party collection agencies. The collectability of individual accounts is evaluated closely at the close of each fiscal year, and the allowance for uncollectible accounts is adjusted to a level which, in management's judgment, is adequate to absorb potential losses inherent in amounts receivable. The College does not assess finance charges against student receivables that are past due.

Contributions receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. There are no contributions receivable as of April 30, 2021 and 2020.

NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at fair value. The net investment return is reported in the statement of activities as increases or decreases in net assets without donor restrictions unless its use is restricted by explicit donor stipulations or by law.

Endowment funds

The College's endowment consists of individual donor restricted funds established with contributions to provide scholarship and financial aid to students. As required by generally accepted accounting principles, net assets associated with endowment funds, including any funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed or legal restrictions.

As required by generally accepted accounting principles, the College classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by state law.

In accordance with the Uniform Prudent Management of Institutional Funds Act, the College may consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the College and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the College; and the investment policies of the College.

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for its programs while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a fixed stream of income while assuming a moderate level of investment risk. 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, dividends and net rental income). The College has invested in mutual funds that target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The College has a policy of reinvesting 25% of the income generated by the endowment fund's investments into the endowment. In establishing this policy, the College considered the long-term expected return on its endowment. This is consistent with the College's objective to maintain the purchasing power of its endowment.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor-imposed restrictions require the College to retain as a fund of perpetual duration. There were no such deficiencies as of April 30, 2021 and 2020.

NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$2,500 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets.

Advance tuition

Certain deposits and advance payments received for tuition and fees related to the ensuing academic year are deferred and are recorded as advance tuition and other liabilities.

Impairment of long-lived assets and long-lived assets to be disposed of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Contributions and grants

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Expense recognition and allocation

The cost of providing the College's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on time spent by the employees on the College's programs and supporting activities.
- Depreciation and amortization, telephone and utilities are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

Management periodically evaluates the basis on which costs are allocated.

Management and General expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the College.

NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense recognition and allocation (continued)

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The College generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred. Advertising expense was insignificant in 2021 and 2020, respectively.

Tax-exempt status

The College is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the College are tax deductible to donors under Section 170 of the IRC. The College is not classified as a private foundation.

3 - RISK AND UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad impact on commerce and financial markets around the world. The United States and global markets experienced significant volatility resulting from uncertainty caused by the pandemic. The College is closely monitoring its operations and is actively working to minimize the impact of this situation. The extent of the impact of COVID-19 on the College's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the College's students, donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the College's financial position, change in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Additionally, it is reasonable possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including the allowance for doubtful accounts and valuation of investments. See footnote 17 for additional risks regarding the College's investments.

The College was a recipient of allocations from the Higher Education Emergency Relief Fund ("HEERF") of the CARES Act in the amount of \$423,110. Fifty percent of these funds were to be distributed directly to students and fifty percent of the funds were to cover the institutional costs for any costs associated with significant changes to the delivery of instruction due to the coronavirus. During the year ended April 30, 2020, the College received \$211,555 for the student aid portion of the funding. These funds have been recorded as refundable advances at April 30, 2020 and disbursed to qualifying students in May 2020. The remaining \$211,555 was received in May 2020. In August 2020, the College received an additional \$76,890 increasing the total allocation to \$500,000. The additional funds were for institutional purposes.

In April 2021, the College was a recipient of allocations from HEERF of the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA Act") in the amount of \$596,720, of which \$211,555 was to be refunded to students and \$385,165 was to cover the institutional costs related to the coronavirus.

NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS

(Continued)

4 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of April 30:

	2021	2020
Financial assets		
Cash and equivalents	\$ 490,651	\$ 788,571
Restricted cash and equivalents	331,410	296,399
Student fees receivable, net	427,902	559,232
Note receivable	50,000	-
Investments	663,017	520,330
Total financial assets	1,962,980	2,164,532
Less: Financial assets held to meet donor-imposed restrictions		
Purpose-restricted net assets	343,229	416,897
Donor-restricted endowment funds	713,017	570,331
Amount available for general expenditures within one year	\$ 906,734	\$ 1,177,304

The above table reflects donor-restricted endowment funds as unavailable because it is the College's intention to invest those resources for the long-term support of the College. However, in the case of need, the Board of Trustees could appropriate resources from the donor-restricted funds available for general use. (\$713,017, of which \$403,930 is the original gift). Note 2 provides more information about those funds and about the spending policies for all endowment funds.

The College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to the available financial assets summarized above, the College has various sources of liquidity at its disposal, including a line of credit. See note 9 for information about the College's line of credit.

5 - FINANCIAL CONDITION

Operating activities and cash flow needs of the College are heavily dependent on contributions received from a single related party donor (\$800,000 and \$1,600,000 during 2021 and 2020, respectively). As a result, annual changes in net assets and cash flow from operations fluctuate in direct correlation to this support. This donor continued to support the College, contributing \$500,000 during the year ended April 30, 2022 and \$1,000,000 in May 2022.

Management presented and is monitoring a balanced budget for the April 30, 2023 fiscal year. The new budget includes cost saving measure and a staff reorganization that reflects the shifting needs of the College. The reorganization involves employees diligently cross-training for better support in all areas. The College has also initiated a lighting system upgrade for energy efficiency and additional reduced costs. Lastly, management is holding discussions on additional physical plant projects that will maximize rebates in the April 30, 2023 fiscal year and further improve these efficiencies.

Management also continues to focus efforts on revenue growth in all areas. To boost student enrollment, the College has shifted resources and operational focus to improve and broaden student recruitment efforts. Three additional instructional sites, several new partnerships with varied ecclesiastical bodies and language groups have been established to generate additional enrollment and create diverse streams of revenue. The College is also expanding its online education footprint to increase this revenue source. These areas of revenue growth will continue to be a focus of the College moving forward.



NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS  
(Continued)

5 - FINANCIAL CONDITION (Continued)

To assist with grant writing and donor relations, the College has hired a Chief Development Officer who is spearheading and establishing a strategy for comprehensive and diverse donor programs (alumni giving, fund-raising for the Annual Fund, estate planning, and building the endowment). Lastly, the College is renting its facilities to mission-compatible groups to generate additional revenue.

6 - INVESTMENTS

Investments are included, at fair value, in the following classes of net assets:

	2021	2020
Donor restricted endowment funds:	\$ 663,017	\$ 520,331

Investments are composed of the following:

	2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Money market fund	\$ 235,021	\$ 235,021	\$ 234,315	\$ 234,315
Mutual funds - equity based	282,798	427,996	263,407	286,016
	\$ 517,819	\$ 663,017	\$ 497,722	\$ 520,331

The net investment return for 2021 and 2020 is composed of the following:

	2021	2020
Interest and dividends	\$ 5,236	\$ 7,241
Net investments gains (losses)	139,131	(41,636)
Investment fees	(1,680)	(3,882)
	\$ 142,687	\$ (38,277)

7 - PROPERTY AND EQUIPMENT

Property and equipment, together with estimated useful lives, consists of the following:

	Estimated Useful Lives	2021	2020
Land	-	\$ 4,377,600	\$ 4,377,600
Buildings and improvements	25 - 40 years	17,235,723	17,235,723
Equipment and furniture	3 - 10 years	1,882,658	1,882,658
		23,495,981	23,495,981
Less: Accumulated depreciation		6,208,663	5,589,636
		\$ 17,287,318	\$ 17,906,345

Depreciation expense for property and equipment was \$619,027 and \$619,242 for the years ended April 30, 2021 and 2020, respectively.

NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS

(Continued)

8 - NOTE RECEIVABLE

On October 25, 2020, the College provided \$50,000 of donor restricted endowment funds to Heritage Investment Services Fund. The College received a five-year promissory note receivable for the entire \$50,000. Interest on the unpaid principal shall accrue at a rate of 3.75%. The balance of this note was \$50,000 as of April 30, 2021.

9 - NOTE PAYABLE, BANK

The College has a \$500,000 revolving line of credit with its bank, secured by all business assets of the College. The note bears interest at an adjustable annual rate equal to the Wall Street Journal Prime Rate, plus one percent (4.25% as of April 30, 2021). There is no expiration date for this line of credit. The agreement will end at a time when both parties agree in writing to end the arrangement. There were no outstanding balances on this revolving line of credit at April 30, 2021 and 2020.

10 - NOTE PAYABLE, OTHER

In April 2020, the College received proceeds in the amount of \$555,200 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for operating needs with an opportunity for such loans to be forgiven as a grant by meeting certain established spending requirements. The College accounted for these proceeds as a conditional grant in accordance with FASB ASC 958-65, whereby grant revenue is not recognized until certain conditions are substantially met or explicitly waived. The College believed that its use of the funds was consistent with the PPP and it met the conditions for forgiveness of the loan. As a result, these proceeds were recorded as a note payable, other on the statement of financial position as of April 30, 2020 and on the statement of activities as a government grant during the year ended April 30, 2021. The loan was formally forgiven during the year ended April 30, 2021.

11 - ENDOWMENT ASSETS

Changes in endowment assets for the year ended April 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, April 30, 2019	\$ -	\$ 608,608	\$ 608,608
Net investment return	-	(38,277)	(38,277)
Endowment assets, April 30, 2020	-	570,331	570,331
Net investment return	-	142,687	142,687
Endowment assets, April 30, 2021	\$ -	\$ 713,018	\$ 713,018

NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS

(Continued)

12 - COMMITMENTS

Consulting Agreement

The College has a consulting agreement with a retired former president of the College. The agreement provides for annual consulting payments, a housing allowance, and an auto allowance, all of which were paid during the years ended April 30, 2021 and 2020. In addition, supplemental health insurance premiums, prescription drugs, medications, and other medical costs are paid as part of the agreement. No funds have been set aside or restricted in the accompanying financial statements for these obligations and such future costs have not been calculated and/or determined. The following amounts were paid during the year in connection with this agreement:

	2021	2020
Consulting	\$ 5,667	\$ 5,135
Housing allowance	33,535	30,389
Automobile allowance	15,346	13,906
Health insurance and medical costs	3,884	3,502
	\$ 58,432	\$ 52,932

Residential House Contribution - Life Estate

During the year ended June 30, 1999, the College received residential property valued at \$155,000. This was given to the College with the condition that the donors live in the property rent-free until their death. During the year ended June 30, 2007, the Life Estate was amended to allow the donors to relocate. The College purchased a second residential property for this purpose and sold the original.

The amended Life Estate agreement required that \$50,000 of the sale proceeds be maintained in an escrow account to pay the annual real estate taxes and any repairs exceeding \$500. Amounts paid by the College during the years ended April 30, 2021 and 2020 to cover such expenses were \$6,120 and \$5,875, respectively. Funds in this escrow were depleted in prior years. Payments for these expenses going forward will be funded out of the College's operations.

Deferred Housing and Health Insurance Agreements

The College has verbal agreements with former employees to provide them various expenses including housing and/or living allowances of approximately \$300 to \$670 per month, and/or health insurance premiums. Expenditures paid by the College for the years ended April 30, 2021 and 2020 were \$33,822 and \$15,152, respectively.

13 - LEASES

The College secured equipment under various lease agreements. These leases are classified as either capital or operating in the financial statements. Total rent and related expense was \$16,145 and \$21,590 for the years ended April 30, 2021 and 2020, respectively.

Property and equipment includes the following acquired under capital lease agreements:

	2021	2020
Machinery and equipment	\$ 38,010	\$ 38,010
Less: Accumulated depreciation	(20,272)	(12,670)
	\$ 17,738	\$ 25,340

NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS  
(Continued)

13 - LEASES (Continued)

The Capital lease was paid in full as of April 30, 2021.

Operating lease

Future minimum payments under noncancelable operating leases with initial or remaining terms in excess of one year are as follows:

2022	\$	14,232
2023		10,642
2024		9,924
2025		<u>1,654</u>
Total	\$	<u><u>36,452</u></u>

14 - NET ASSETS WITH DONOR RESTRICTIONS

At April 30, 2021 and 2020, net assets with donor restrictions are available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Purpose restrictions, available for spending:		
Scholarships	\$ 307,848	\$ 245,890
Capital improvements	1,320	1,613
Other	<u>34,060</u>	<u>169,394</u>
Total purpose restricted net assets	343,228	416,897
Endowment funds, which must be appropriated by the Board of trustees before use:		
Scholarships (original gifts of \$403,930 in 2021 and \$402,622 in 2020)	<u>713,018</u>	<u>570,331</u>
Total net assets with donor restrictions	<u><u>\$ 1,056,246</u></u>	<u><u>\$ 987,228</u></u>

During 2021 and 2020, amounts were paid and released from donor restrictions for the following purposes:

	<u>2021</u>	<u>2020</u>
Scholarships	\$ 88,530	\$ 93,874
Capital improvements	293	19,797
Other	<u>144,756</u>	<u>12,661</u>
	<u><u>\$ 233,579</u></u>	<u><u>\$ 126,332</u></u>

15 - PENSION PLAN

The College has a 403(b) defined contribution plan which covers substantially all employees. The College will contribute an amount equal to three percent of each eligible employees' annual salary. Contribution expense to the plan was approximately \$9,071 and \$25,032 in 2021 and 2020, respectively.

NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS

(Continued)

16 - FAIR VALUE MEASUREMENTS

The College reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

When available, the College measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the College is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in the College's financial statements are:

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- recurring measurement of endowment and long-term investments.

Determination of fair value

Following is a description of the valuation methodologies used for items measured at fair value. There have been no changes in the methodologies used during the year ended April 30, 2021 or 2020.

*Money market funds:* Valued at the closing price reported in the market in which the individual securities are traded. Fair value hierarchy for each is based on the level of active trading within the respective markets for each asset or liability.

*Mutual funds - equity based:* Valued at the closing price reported on the active market in which the individual securities are traded. These funds held by the College are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the College are deemed to be actively traded.

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 the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS

(Continued)

16 - FAIR VALUE MEASUREMENTS (Continued)

*Determination of fair value* (continued)

The College's financial assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at April 30, 2021 as follows:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 235,021	\$ -	\$ -	\$ 235,021
Mutual funds - equity based	427,996	-	-	427,996
	\$ 663,017	\$ -	\$ -	\$ 663,017

The College's financial assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at April 30, 2020 follows:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 234,315	\$ -	\$ -	\$ 234,315
Mutual funds - equity based	286,016	-	-	286,016
	\$ 520,331	\$ -	\$ -	\$ 520,331

There were no significant transfers between the levels during the year. The College's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

The College does not measure any liabilities at fair value on a recurring or non-recurring basis on the statement of financial position.

17 - CONCENTRATIONS OF RISK

The College's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Market risks include global events which could impact the value of investment securities such as a pandemic or international conflict. Further, because of the significance of the investments to the College's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

18 - RELATED PARTY TRANSACTIONS

During the year ended April 30, 2021 and 2020, the College received contributions of \$800,000 and \$1,600,000, respectively, from a member of the Board of Trustees. This amount represents 67% and 79% of the College's contributions received during each respective year.

NORTHPOINT BIBLE COLLEGE

NOTES TO FINANCIAL STATEMENTS  
(Continued)

19 - STATEMENT OF CASH FLOWS

Supplemental disclosures of cash flows information is as follows:

	<u>2021</u>	<u>2020</u>
Cash paid during the year for interest	\$ -	\$ 24,415

20 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 29, 2022, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

SUPPLEMENTAL SCHEDULES



NORTHPOINT BIBLE COLLEGE

FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE

APRIL 30, 2021

**Supplemental Schedule - Financial Responsibility Calculation Supplemental Components**

<b>Primary Reserve Ratio:</b>		
		<b>Expendable Net Assets:</b>
1	Statement of Financial Position (SFP)	Net assets without donor restrictions \$ 17,921,958
2	SFP	Net assets with donor restrictions 1,056,246
3	Supplemental Disclosure (SD)	Net assets restricted in perpetuity 713,018
4	SD Line 20	Unsecured related-party receivable -
5	SD Line 2d	Donor restricted annuities, term endowments, life income funds -
6	SD Line 3d	Property, plant, and equipment pre-implementation 17,287,318
7	SD Line 4d	Property, plant, and equipment post-implementation with outstanding debt for original purchase -
8	SD Line 5	Construction in progress purchased with long-term debt -
9	SFP	Lease right-of-use asset, pre-implementation (grandfather of leases option not chosen) -
10	SFP	Lease right-of-use asset, post-implementation -
11	SFP	Intangible assets -
12	SFP	Post-employment and pension liabilities -
13	SD Line 8d	Long-term debt - for long-term purposes pre-implementation -
14	SD Line 9d	Long-term debt - for long-term purposes post-implementation -
15	SD Line 10	Line of credit for construction in progress -
16	SFP	Pre-implementation right-of-use asset liability -
17	SFP	Post-implementation right-of-use asset liability -
		<b>Total Expenses and Losses:</b>
18	Statement of Activities (SOA)	Total expenses (operating and nonoperating) without donor restrictions 4,753,938
19	SOA	Nonservice component of pension/postemployment (nonoperating) cost, (if loss) -
20	SD Line 22	Sale of fixed assets (if loss) -
21	SOA	Change in value of interest-rate swap agreements (if loss) -
<b>Equity Ratio:</b>		
		<b>Modified Net Assets:</b>
22	SFP	Net assets without donor restrictions \$ 17,921,958
23	SFP	Net assets with donor restrictions 1,056,246
24	SFP	Intangible assets -
25	SD Line 20	Unsecured related-party receivables -
		<b>Modified Assets:</b>
26	SFP	Total assets 19,297,916
27	SFP	Lease right-of-use asset pre-implementation -
28	SFP	Intangible assets -
29	SD Line 20	Unsecured related-party receivables -
<b>Net Income Ratio:</b>		
30	SOA	<b>Change in Net Assets Without Donor Restrictions</b> \$ 115,065
		<b>Total Revenues and Gains:</b>
31	SOA	Total operating revenue (including net assets released from restrictions) 4,869,003
32	SOA	Investments gain, net (aggregate operating and nonoperating interest, dividends, realized and unrealized gains) 142,687
33	SOA	Nonservice component of pension/postemployment (nonoperating) cost (if gain) -
34	SOA	Pension-related changes other than net periodic pension costs (if gain) -
35	SOA	Change in value of annuity agreement (typically in nonoperating) -
36	SOA	Change in value of interest-rate swap agreements (if gain) -
37	SD Line 25	Sale of fixed assets (if gain) -
38	SOA	Other gains 28,360

See accompanying independent auditor's report.

NORTHPOINT BIBLE COLLEGE

FINANCIAL RESPONSIBILITY RATIO DISCLOSURE

APRIL 30, 2021

The Department of Education issued regulations on February 23, 2019, which became effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV.

**Net Assets**

1	Net assets with donor restrictions: restricted in perpetuity	\$ 713,018
2	Other net assets with donor restrictions (not restricted in perpetuity):	
	a. Annuities with donor restrictions	\$ -
	b. Term endowments	-
	c. Life income funds (trusts)	-
	d. Total annuities, term endowments, and life income funds with donor restrictions	<u>\$ -</u>

**Property, Plant, and Equipment, net**

3	Pre-implementation property, plant and equipment, net	
	a. Ending balance of last financial statements submitted to and accepted by the Department of Education (April 30, 2020, financial statement)	\$ 17,906,345
	b. Reclassify capital lease assets previously included in PPE, net prior to the implementation of ASU 2016-02 leases standard	-
	c. Less subsequent depreciation and disposals (net of accumulated depreciation)	<u>(619,027)</u>
	d. Balance pre-implementation property, plant and equipment, net	17,287,318
4	Debt financed post-implementation property, plant, and equipment, net long-lived assets acquired with debt subsequent to April 30, 2020:	
	a. Equipment	-
	b. Land improvements	-
	c. Building	<u>-</u>
	d. Total property, plant, and equipment, net acquired with debt exceeding 12 months	-
5	Construction in progress - acquired with debt subsequent to April 30, 2020	-
6	Post-implementation property, plant, and equipment, net, acquired without debt:	
	a. Long-lived assets acquired without use of debt subsequent to April 30, 2020	-
7	Total property, plant and equipment, net - April 30, 2021	<u>\$ 17,287,318</u>

**Debt to be excluded from expendable net assets**

8	Pre-implementation debt:	
	a. Ending balance of last financial statements submitted to the Department of Education (April 30, 2020):	\$ -
	b. Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standard.	-
	c. Less subsequent debt repayments	<u>-</u>
	d. Balance Pre-implementation Debt	-
9	Allowable post-implementation debt used for capitalized long-lived assets:	
	a. Equipment - all capitalized	-
	b. Land improvements	-
	c. Buildings	<u>-</u>
	d. Balance Post-implementation Debt	-
10	Construction in progress (CIP) financed with debt or line of credit	-
11	Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value	<u>-</u>
		<u>\$ -</u>

**Unsecured related-party receivables**

19	Secured related-party receivables	\$ -
20	Unsecured related party receivables	-
21	Total secured and unsecured related-party receivables	<u>\$ -</u>

See accompanying independent auditor's report.

NORTHPOINT BIBLE COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED APRIL 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education:				
Student Financial Assistance Cluster				
Federal Supplemental Education Opportunity Grant	84.007	N/A	\$ -	\$ 15,457
Federal Work Study Program	84.033	N/A	-	11,439
Federal Pell Grant Program	84.063	N/A	-	727,806
Federal Direct Student Loans	84.268	N/A	-	920,894
Total Student Financial Assistance Cluster			-	1,675,596
Education Stabilization Fund				
Higher Education Emergency Relief Fund (HEERF)				
Student Aid Portion	84.425E	N/A	-	423,110
HEERF Institutional Portion	84.425F	N/A	-	673,610
Total Education Stabilization Fund			-	1,096,720
Total U.S. Department of Education			-	2,772,316
Total expenditures of Federal Awards			\$ -	\$ 2,772,316

See accompanying independent auditor's report and notes to schedule.

NORTHPOINT BIBLE COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR YEAR ENDED APRIL 30, 2021

1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Northpoint Bible College (the "College") under programs of the Federal government for the year ended April 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the College and departments of the federal government.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or a limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect cost rate

The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3 - FEDERAL STUDENT LOAN PROGRAMS

Federally-guaranteed loans issued to students of the College during the year ended April 30, 2021 are summarized as follows:

	<u>Disbursements for the year ended April 30, 2021</u>
CFDA Number 84.268	
Federal Direct Student Loans	\$ 920,894

The College is only responsible for the performance of certain administrative duties with respect to federally-guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in the College's general purpose financial statements. It is not practical to determine the balance of loans outstanding to students and former students of the College as of April 30, 2021.

## OTHER REPORTS

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

Board of Trustees  
Northpoint Bible College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northpoint Bible College (the "College"), which comprise the statement of financial position as of April 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2022.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questions Costs* as item 2021-001, that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying *Schedule of Findings and Questions Costs* as item 2021-001.

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

(Continued)

**Northpoint Bible College's Response to Finding**

Northpoint Bible College's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 result 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.

*Ballus Lynch, LLP*

Worcester, Massachusetts  
August 29, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees  
Northpoint Bible College

**Report on Compliance for Each Major Federal Program**

We have audited Northpoint Bible College's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended April 30, 2021. The College's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2021.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

Northpoint Bible College's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

**Report on Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* as item 2021-001, that we consider to be a material weakness.

Northpoint Bible College's response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Ballus Lynch, LLP*

Worcester, Massachusetts  
August 29, 2022

NORTHPOINT BIBLE COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED APRIL 30, 2021

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes       No

Significant deficiency(ies) identified?

Yes       None Reported

Noncompliance material to financial statements noted?

Yes       No

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?

Yes       No

Significant deficiency(ies) identified?

Yes       None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

Yes       No

Identification of major programs:

Federal Assistance Listing Numbers

Name of Federal Program or Cluster

Student Financial Assistance Cluster:

84.007

Federal Supplemental Educational Opportunity Grant

84.033

Federal Work Study Program

84.063

Federal Pell Grant Program

84.268

Federal Direct Student Loans

Education Stabilization Fund:

84.425E

HEERF Student Aid Portion

84.425F

HEERF Institutional Portion

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

Yes       No

NORTHPOINT BIBLE COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED APRIL 30, 2021

(Continued)

II. FINANCIAL STATEMENT FINDINGS

A. Internal Control Findings

Finding 2021-001

*Criteria:* Reporting requirements under Uniform Guidance require accounting records support all internal reporting and the Schedule of Expenditures of Federal Awards.

*Condition:* Over the past few years, there have been multiple instances where the College's internal records are not being reconciled regularly. During our audit as of and for the year ended April 30, 2021, this trend has continued and included the following:

- The operating cash account was not reconciled as of April 30, 2021. There was a \$50,000 variance between the reconciliation and the general ledger.
- The accounts receivable subsidiary ledger was not regularly reconciled to the general ledger. In addition, no formal allowance for doubtful account analysis was performed.
- Accounts payable included approximately \$48,000 of expenses recorded in the incorrect period.
- Other assets and liabilities, including prepaid expenses and accrued liabilities were not regularly reconciled to the general ledger.
- Approximately \$300,000 of contributions restricted for scholarships were improperly posted as deferred revenue.

It is our opinion that failure to monitor and reconcile the College's internal records, on a regular basis, prevents the College from meeting the noted requirements under Uniform Guidance.

*Cause:* Over the past few years, the College has experienced a period of ongoing transition of individuals within the College's finance department. This has resulted in a lack of proper financial oversight by the College's high-level management and Board of Trustees.

*Effect or potential effect:* This failure to regularly reconcile the College's internal financial records resulted in a series of material misstatements requiring adjustments during the audit process.

*Known questioned costs:* There are no known questioned costs related to the College's participation in the Student Financial Assistance Cluster or the Education Stabilization Fund.

*Recommendations:* Timely analysis and adjustment of accounts is a necessary component of internal control and will help to ensure the accuracy of the College's financial information. This analysis and adjustment should be performed monthly.

B. Compliance Findings

See finding 2021-001 above.

NORTHPOINT BIBLE COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED APRIL 30, 2021

(Continued)

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Internal Control Over Compliance

See finding 2021-001 above.

B. Compliance Findings

See finding 2021-001 above.

NORTHPOINT BIBLE COLLEGE

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED APRIL 30, 2021

Finding 2021-001 - Internal Control Finding:

*Criteria:* Reporting requirements under Uniform Guidance require accounting records support all internal reporting and the Schedule of Expenditures of Federal Awards.

*Condition:* Over the past few years, there have been multiple instances where the College's internal records are not being reconciled regularly. During our audit as of and for the year ended April 30, 2021, this trend has continued and included the following:

- The operating cash account was not reconciled as of April 30, 2021. There was a \$50,000 variance between the reconciliation and the general ledger.
- The accounts receivable subsidiary ledger was not regularly reconciled to the general ledger. In addition, no formal allowance for doubtful account analysis was performed.
- Accounts payable included approximately \$48,000 of expenses recorded in the incorrect period.
- Other assets and liabilities, including prepaid expenses and accrued liabilities were not regularly reconciled to the general ledger.
- Approximately \$300,000 of contributions restricted for scholarships were improperly posted as deferred revenue.

It is our opinion that failure to monitor and reconcile the College's internal records, on a regular basis, prevents the College from meeting the noted requirements under Uniform Guidance.

*Cause:* Over the past few years, the College has experienced a period of ongoing transition of individuals within the College's finance department. This has resulted in a lack of proper financial oversight by the College's high-level management and Board of Trustees.

*Effect or potential effect:* This failure to regularly reconcile the College's internal financial records resulted in a series of material misstatements requiring adjustments during the audit process.

*Know questioned costs:* There are no known questioned costs related to the College's participation in the Student Financial Assistance Cluster or the Education Stabilization Fund

*Recommendations:* Timely analysis and adjustment of accounts is a necessary component of internal control and will help to ensure the accuracy of the College's financial information. This analysis and adjustment should be performed monthly.

Corrective Actions Taken or Planned:

Finding 2021-001: During the year ended April 30, 2020, the College hired Pamela Perron as Chief Financial Officer (CFO) who has training and extensive experience in accounting. She was tasked with addressing these findings by the end of fiscal 2022 (April 30, 2022). During this time, the College encountered several challenges to accomplish this goal. To further assist the CFO, the College is hiring and providing cross-training for additional new accounting staff. The College also hired a Director for Human Resources to provide proper onboarding of employees, including the benefits portion of this process, to ensure all eligible employees are receiving proper attention. This should lighten the supervisory and payroll function of the CFO.

NORTHPOINT BIBLE COLLEGE

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED APRIL 30, 2021

(Continued)

Corrective Actions Taken or Planned: (continued)

In addition, the following changes have been implemented to address the weakness ahead of this deadline:

- The CFO is working to ensure that the College's financials are being regularly reconciled to the general ledger. This includes the accounts receivable and accounts payable subsidiary ledgers, prepaid expenses, accrued liabilities, and other assets and liabilities. The College has achieved this by hiring a temporary staff member for this specific purpose and assist the CFO in her many tasks. The person will become a permanent full-time employee of the College starting September 2022.
- With more up-to-date account information, the College is aggressively monitoring student accounts receivable. Policies to limit readmission of students with large balances have been adopted. We are integrating our systems to ensure all data is concise. We were a target of a cyber-attack at the end of our 2021/22 fiscal year which caused us to transition all our accounts to new accounts. Having accurate information allowed this process to be seamless though very time consuming. The attack was averted with no theft of College funds.
- The CFO has worked to provide management with timely analysis and information regarding the adjustment of accounts. This has helped management provide more informed and effective internal control. The CFO has also implemented a Purchase Order system to help with budgetary purchases and approval processes. It has helped to ensure the accuracy of the College's financial information that is communicated to both internal and external parties.

The CFO has been with the College for just over 2 years. We are continuing to make great strides in the overall efficiency of our financial recordkeeping.

*Name of contact person(s) responsible for corrective action plan:* Dr. David Arnett, President and Pamela Perron, Chief Financial Officer

NORTHPOINT BIBLE COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED APRIL 30, 2020

Finding 2020-001 - Internal Control Finding:

Over the past few years, we have noted a period of ongoing transition of certain individuals within the College's finance department. This period has resulted in a lack of proper financial oversight by the College's high-level management and Board of Trustees. Further, this transition appears to have resulted in multiple instances where the College's internal records are not being reconciled regularly. During our audit as of and for the year ended April 30, 2020, we noted this trend has continued and included the following:

- Net assets per the College's internal records did not properly roll into the year ended April 30, 2020. This was attributed to a transition in the College's general ledger software which was not reconciled when the original transition occurred.
- The accounts receivable subsidiary ledger was not regularly reconciled to the general ledger. In addition, a lack of regular monitoring of student fees receivable resulted in a write-off of approximately \$321,000.
- The accounts payable subsidiary ledger was not regularly reconciled to the general ledger, including the reversal of adjustments posted during the 2019 audit. Further, audit adjustments were posted to include unrecorded liabilities at April 30, 2020.
- Other assets and liabilities, including prepaid expenses and accrued liabilities were not regularly reconciled to the general ledger.

This failure to regularly reconcile the College's internal financial records resulted in a series of material misstatements requiring adjustments during the audit process. Timely analysis and adjustment of accounts is a necessary component of internal control and will help to ensure the accuracy of the College's financial information. In addition, reporting requirements under Uniform Guidance require accounting records support all internal reporting and the Schedule of Expenditures of Federal Awards. It is our opinion that failure to monitor and reconcile the College's internal records, on a regular basis, prevents the College from meeting this requirement.

Corrective Actions Taken or Planned:

Finding 2020-001: During the year ended April 30, 2020, the College hired Pamela Perron as Chief Financial Officer (CFO) who has training and extensive experience in accounting. She has been tasked with addressing these findings by the end of fiscal 2021 (April 30, 2021). To assist the CFO, the College is hiring and providing cross-training for additional new accounting staff. The College also hired a Director for Human Resources to provide proper onboarding of employees as well to lighten the supervisory and payroll function of the CFO.

In addition, the following changes have been implemented to address the weakness ahead of this deadline:

- The CFO is working to ensure that the College's financials are being regularly reconciled to the general ledger. This includes the accounts receivable and accounts payable subsidiary ledgers, prepaid expenses, accrued liabilities, and other assets and liabilities.
- With more up-to-date account information, the College is aggressively monitoring student accounts receivable. Policies to limit readmission of students with large balances have been adopted.
- The new CFO has worked to provide management with timely analysis and information regarding the adjustment of accounts. This has helped management to provide more informed and effective internal control. It has helped to ensure the accuracy of the College's financial information that is communicated to both internal and external parties.