

## **Sattler College, Inc. – FY 2022 Financial Statement Summary**

Pursuant to regulations defined in the Massachusetts General Law Chapter 69, Section 31B, and as governed by 610 CMR 13.00, an independent institution of higher education within the state of Massachusetts “must post on its website a copy of the Institution’s annual financial report or audited financial statement and a summary of the report, however termed, that is written in terms that are understandable by the general public.” For this purpose, Sattler College provides the following summary report of its fiscal year 2022 financial statements, followed by a copy of said financial statements.

### **Note from Sattler College Management:**

We have fulfilled our responsibility for the preparation and fair presentation of the financial statements for Sattler College in the fiscal year ending June, 2022, in accordance with US GAAP.

### **Key Results of Sattler College FY 2022 Independent Audit:**

- Following the financial challenges of the 2019-2021 COVID-19 era, we recognized the need to engage in careful cost analysis and budgeting disciplines in order to increase available cash flow. This focused effort in early 2022 produced significant results and promises to continue to improve the working capital available for the college’s day to day operations. Improvements were seen both in increased revenue as well as decreased expenditures.
- Our generous donors contributed over \$3.6 million more than in the previous year, providing ample working cash flow throughout the year and ending the year with \$1.7M more available cash than in the previous year.
- Net revenue originating from students increased by \$74,000 over FY 2021.
- While 2022 costs increased by a modest \$250,000 over 2021, 90% of that increase was seen in internal scholarships granted to students. This demonstrates the rigor of the cost savings efforts that the college engaged in, avoiding a significant increase in total expenditures in all remaining categories.
- Looking forward, Sattler College anticipates the benefits of an amended lease contract that cuts our student housing costs by almost 50%. While this amended lease was ratified in early 2022, its significant cost reductions only became effective at the beginning of FY 2023. Similarly, multiple other cost-reducing decisions were implemented at the beginning of the new fiscal year that promise to make the college’s financial future increasingly viable and sustainable.

### **Auditors’ Opinion on Financial Statements:**

- Financial position was fairly stated in all respects by the following financial statements.

**SATTLER COLLEGE, INC.**

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**Audited Financial Statements**  
**Years Ended June 30, 2022 and 2021**

# Sattler College, Inc.

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STAFFORD, GAUDET & ASSOCIATES, LLC  
Certified Public Accountants

## Independent Auditors' Report

To the Board of Trustees of  
Sattler College, Inc.  
Cambridge, MA 02238

### Opinion

We have audited the accompanying financial statements of Sattler College, Inc. (a Massachusetts nonprofit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sattler College, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Sattler College, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the 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 Sattler College, Inc.'s ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Sattler College, Inc.'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 Sattler College, Inc.'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.

*Stafford, Gaudet & Associates, LLC*

STAFFORD, GAUDET & ASSOCIATES, LLC

Chelmsford, MA

November 29, 2022

# Sattler College, Inc.

## Statements of Financial Position

<i>June 30,</i>	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,286,860	\$ 587,186
Cash and cash equivalents, restricted	-	3,000
Accounts receivable, net of allowance for doubtful accounts of \$23,000 and \$15,000, respectively	172,406	106,833
Prepaid expenses	45,658	59,904
Total Current Assets	2,504,924	756,923
<b>Property and Equipment, net</b>	<b>815,654</b>	<b>977,830</b>
<b>Other Assets</b>		
Security deposit	1,185,257	1,604,409
<b>Total Assets</b>	<b>\$ 4,505,835</b>	<b>\$ 3,339,162</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 12,048	\$ 196,270
Accrued expenses	-	31,266
Student deposits	6,750	2,900
Total Current Liabilities	18,798	230,436
Due to affiliate	685,256	685,256
Deferred rent	494,562	514,471
<b>Total Liabilities</b>	<b>1,198,616</b>	<b>1,430,163</b>
<b>Net Assets</b>		
Net assets without donor restriction	3,307,219	1,905,999
Net assets with donor restriction	-	3,000
<b>Total Net Assets</b>	<b>3,307,219</b>	<b>1,908,999</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,505,835</b>	<b>\$ 3,339,162</b>

*See accompanying notes and independent auditors' report.*

# Sattler College, Inc.

## Statement of Activities and Net Assets

<i>Years Ended June 30,</i>	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>			
Support:			
Contributions and pledges	\$ 8,117,984	\$ 500	\$ 8,118,484
Release from restrictions	3,500	( 3,500 )	-
<b>Total Support</b>	<b>8,121,484</b>	<b>( 3,000 )</b>	<b>8,118,484</b>
Revenues:			
Tuition and fees	2,107,534	-	2,107,534
Room and board	926,710	-	926,710
Programs	56,205	-	56,205
Recovery of bad debt	18,133	-	18,133
Other	8,260	-	8,260
Loss on disposal of assets	( 2,079 )	-	( 2,079 )
<b>Total Revenues</b>	<b>3,114,763</b>	<b>-</b>	<b>3,114,763</b>
<b>Total Support and Revenues</b>	<b>11,236,247</b>	<b>( 3,000 )</b>	<b>11,233,247</b>
<b>Expenses</b>			
Program services	8,443,000	-	8,443,000
Management and general	1,392,027	-	1,392,027
<b>Total Expenses</b>	<b>9,835,027</b>	<b>-</b>	<b>9,835,027</b>
<b>Change in Net Assets</b>	<b>1,401,220</b>	<b>( 3,000 )</b>	<b>1,398,220</b>
<b>Net Assets, Beginning of Year</b>	<b>1,905,999</b>	<b>3,000</b>	<b>1,908,999</b>
<b>Net Assets, End of Year</b>	<b>\$ 3,307,219</b>	<b>\$ -</b>	<b>\$ 3,307,219</b>

*See accompanying notes and independent auditors' report.*

# Sattler College, Inc.

## Statement of Activities and Net Assets

<i>Years Ended June 30,</i>	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>			
Support:			
Contributions and pledges	\$ 4,402,625	3,000	\$ 4,405,625
In-kind gifts	70,106	-	70,106
<b>Total Support</b>	<b>4,472,731</b>	<b>3,000</b>	<b>4,475,731</b>
Revenues:			
Tuition and fees	1,852,058	-	1,852,058
Room and board	882,859	-	882,859
Programs	50,835	-	50,835
<b>Total Revenues</b>	<b>2,785,752</b>	<b>-</b>	<b>2,785,752</b>
<b>Total Support and Revenues</b>	<b>7,258,483</b>	<b>3,000</b>	<b>7,261,483</b>
<b>Expenses</b>			
Program services	8,645,330	-	8,645,330
Management and general	940,341	-	940,341
<b>Total Expenses</b>	<b>9,585,671</b>	<b>-</b>	<b>9,585,671</b>
<b>Change in Net Assets</b>	<b>( 2,327,188 )</b>	<b>3,000</b>	<b>( 2,324,188 )</b>
<b>Net Assets, Beginning of Year</b>	<b>4,233,187</b>	<b>-</b>	<b>4,233,187</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,905,999</b>	<b>\$ 3,000</b>	<b>\$ 1,908,999</b>

# Sattler College, Inc.

## Statement of Functional Expenses

Year Ended June 30	Program Services					2022	
	Educational	Student Housing	Student Activity	Work Study	Total		Management and General
Scholarship	\$ 2,345,349	-	-	-	2,345,349	-	\$ 2,345,349
Housing	-	2,218,153	-	-	2,218,153	-	2,218,153
Rent	1,772,506	-	-	-	1,772,506	7,708	1,780,214
Salaries and wages	947,026	-	111,382	85,983	1,144,391	561,903	1,706,294
Employee benefits	51,222	-	12,037	974	64,233	232,494	296,727
Outside services	3,220	1,207	91,865	1,475	97,767	105,096	202,863
Payroll taxes	22,257	-	3,323	13,678	39,258	99,070	138,328
Professional services	-	-	-	-	-	130,503	130,503
Depreciation	111,067	-	-	-	111,067	10,985	122,052
External courses	116,555	-	-	-	116,555	-	116,555
Dues, licenses and fees	20,311	-	48,812	1,737	70,860	37,878	108,738
Clubs and activities	19	-	92,401	-	92,420	5,816	98,236
Utilities	87,341	-	2	-	87,343	6,825	94,168
Marketing	262	-	2,414	-	2,676	75,800	78,476
Software and technology	956	2,302	52,876	-	56,134	14,125	70,259
Amortization	57,000	-	-	-	57,000	5,637	62,637
Professional development	16,712	-	7,710	-	24,422	32,889	57,311
Food service	-	-	56,298	-	56,298	-	56,298
Travel and meetings	6,188	-	2,986	-	9,174	23,785	32,959
Supplies	18,472	-	3,970	-	22,442	3,522	25,964
Meals and entertainment	2,200	31	5,716	-	7,947	9,569	17,516
Real estate taxes	15,669	-	-	-	15,669	-	15,669
Insurance	-	-	2,423	-	2,423	10,082	12,505
Bad debt	-	10,194	-	-	10,194	-	10,194
Public relations	-	-	-	-	-	9,000	9,000

See accompanying notes and independent auditors' report.

# Sattler College, Inc.

## Statement of Functional Expenses

Year Ended June 30	Program Services						2022
	Educational	Student Housing	Student Activity	Work Study	Total	Management and General	Total
Sub-total	\$ 5,594,332	\$ 2,231,887	\$ 494,215	\$ 103,847	\$ 8,424,281	\$ 1,382,687	\$ 9,806,968
Repair and maintenance	6,426	-	479	-	6,905	( 200 )	6,705
Graduation	-	-	5,508	-	5,508	27	5,535
Library	3,995	-	159	-	4,154	-	4,154
Admissions	-	-	-	-	-	3,932	3,932
Equipment rental	1,723	-	-	-	1,723	185	1,908
Printing and copying	-	-	202	-	202	1,671	1,873
Postage	71	-	156	-	227	1,432	1,659
Advertising	-	-	-	-	-	1,602	1,602
Gifts	-	-	-	-	-	691	691
<b>Total Expenses</b>	<b>\$ 5,606,547</b>	<b>\$ 2,231,887</b>	<b>\$ 500,719</b>	<b>\$ 103,847</b>	<b>\$ 8,443,000</b>	<b>\$ 1,392,027</b>	<b>\$ 9,835,027</b>

See accompanying notes and independent auditors' report.

# Sattler College, Inc.

## Statement of Functional Expenses

Year Ended June 30

2021

	Program Services					Total	Management and General	Total
	Educational	Student Housing	Student Activity	Work Study	Total			
Housing	\$ 21,100	2,269,648	-	-	2,290,748	-	\$ 2,290,748	
Scholarship	2,119,800	-	-	-	2,119,800	-	2,119,800	
Salaries and wages	1,218,681	-	-	78,531	1,297,212	394,658	1,691,870	
Rent	1,484,415	-	-	-	1,484,415	88,207	1,572,622	
Employee benefits	295,628	-	261	669	296,558	67,372	363,930	
Utilities	133,871	-	-	-	133,871	13,240	147,111	
Payroll taxes	95,353	-	-	16,518	111,871	31,794	143,665	
Clubs and activities	-	-	140,898	-	140,898	-	140,898	
Dues, licenses and fees	101,823	-	-	3,198	105,021	29,138	134,159	
External courses	121,327	-	-	-	121,327	-	121,327	
Professional services	12,490	-	-	-	12,490	103,813	116,303	
Depreciation	105,392	-	-	-	105,392	10,423	115,815	
Marketing	-	-	-	-	-	110,354	110,354	
In-kind gifts	-	68,780	-	-	68,780	1,326	70,106	
Amortization	55,990	-	-	-	55,990	5,537	61,527	
Professional development	59,663	-	-	-	59,663	-	59,663	
Outside Services	28,552	-	12,840	-	41,392	-	41,392	
Bad debt	-	41,216	-	-	41,216	-	41,216	
Food service	-	-	38,153	-	38,153	-	38,153	
Supplies	16,271	-	-	-	16,271	21,614	37,885	
Public relations	-	-	-	-	-	36,023	36,023	
Software and technology	28,546	-	-	-	28,546	-	28,546	
Real estate taxes	25,744	-	-	-	25,744	-	25,744	
Travel and meetings	19,860	-	-	-	19,860	-	19,860	

See accompanying notes and independent auditors' report.

# Sattler College, Inc.

## Statement of Functional Expenses

Year Ended June 30

2021

	Program Services						Total	Management and General	Total
	Educational	Student Housing	Student Activity	Work Study	Total	Management and General			
Sub-total	\$ 5,944,506	\$ 2,379,644	\$ 192,152	\$ 98,916	\$ 8,615,218	\$ 913,499	\$ 9,528,717		
Meals and entertainment	7,660	-	10,861	-	18,521	-	18,521		
Insurance	-	-	-	-	-	10,203	10,203		
Admissions	-	-	-	-	-	9,728	9,728		
Repair and maintenance	5,747	-	-	-	5,747	-	5,747		
Printing and copying	-	-	-	-	-	3,350	3,350		
Advertising	-	-	-	-	-	2,450	2,450		
Equipment rental	2,220	-	-	-	2,220	-	2,220		
Graduation	-	-	1,914	-	1,914	-	1,914		
Gifts	-	-	1,200	-	1,200	111	1,311		
Postage	-	-	-	-	-	1,000	1,000		
Studio	420	-	-	-	420	-	420		
Work study program	-	-	-	90	90	-	90		
<b>Total Expenses</b>	<b>\$ 5,960,553</b>	<b>\$ 2,379,644</b>	<b>\$ 206,127</b>	<b>\$ 99,006</b>	<b>\$ 8,645,330</b>	<b>\$ 940,341</b>	<b>\$ 9,585,671</b>		

See accompanying notes and independent auditors' report.

# Sattler College, Inc.

## Statements of Cash Flows

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Activities</b>		
Change in net assets	\$ 1,398,220	\$ (2,324,188)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	184,689	177,342
Loss on disposal of capital asset	( 2,079 )	-
(Increase) decrease in assets:		
Accounts receivable, net	( 65,573 )	(55,084)
Due from employees	-	51
Prepaid expenses	14,246	53,863
Security deposit	419,152	50,339
Increase (decrease) in liabilities:		
Accounts payable	( 184,222 )	151,080
Accrued expenses	( 31,266 )	23,320
Due to landlord	-	(54,533)
Student deposits	3,850	(8,250)
Deferred rent	( 19,909 )	5,142
Net Cash Provided (Used) by Operating Activities	1,717,108	( 1,980,918 )
<b>Investing Activities</b>		
Acquisition of property and equipment	( 21,151 )	( 88,905 )
Disposal of property and equipment, net	1,362	-
Net Cash Used by Investing Activities	( 19,789 )	( 88,905 )
<b>Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents</b>	<b>1,697,319</b>	<b>(2,069,823)</b>
<b>Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning of Year</b>	<b>590,186</b>	<b>2,660,009</b>
<b>Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,287,505</b>	<b>\$ 590,186</b>
Cash and cash equivalents, end of year	\$ 2,286,860	\$ 587,186
Cash and cash equivalents (restricted), end of year	-	3,000
	<b>\$ 2,286,860</b>	<b>\$ 590,186</b>

Sattler College, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 and 2021

**NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES**

Sattler College, Inc. (the “College”) is a Massachusetts nonprofit corporation, incorporated in February 2017. The College is organized and shall be operated exclusively for charitable, religious, and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws (the “Internal Revenue Code”) to establish and administer a college that shall: a) confer the following degrees:

1. Bachelor of Science in Human Biology
2. Bachelor of Science in Computer Science
3. Bachelor of Science in Business
4. Bachelor of Arts in Biblical and Religious Studies
5. Bachelor of Arts in History

and offer any and all courses relating or incidental thereto; and b) promote and advance the precepts and values of the historic Christian faith.

The College commenced its principal operations in September 2018. Tuition and fees, room and board, and program activity fees paid by students are the majority of sources of revenue earned by the College. The College continues to operate with funds from contributions and pledges from one donor who is committed to a six-year funding stream.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**New Accounting Pronouncement**

In June 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”), 2016-02, *Leases (Topic 842). Effective Dates for Certain Entities*, which among other things, provided entities with an additional year to implement ASU 2016-02. As a result, for nonpublic companies the effective date for ASU 2016-02 has been extended to be effective for annual reporting periods beginning after December 15, 2021, and interim periods beginning after December 15, 2022. Early application of the amendments in this ASU is permitted.

**Basis of Presentation**

The financial statements of the College have been prepared in accordance with generally accepted accounting principles in the United States of America on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The College reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Basis of Presentation - continued**

Net assets without donor restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

**Cash and Cash Equivalents and Restricted Cash and Cash Equivalents**

The College considers all highly liquid debt instruments with a maturity of three months or less when acquired to be cash equivalents. Amounts included in restricted cash represent those

required to be set aside by donor restrictions. Cash is held in bank demand deposit accounts which may, at times, exceed federally insured limits. The Collage believes it is not exposed to any significant credit risk with respect to cash and cash equivalents and has not experienced any losses in such accounts. Cash and cash equivalents as shown on the statements of cash flows as of June 30, 2022 and 2021 were \$2,286,860 and \$587,186, respectively. Restricted cash and cash equivalents as shown on the statements of cash flows as of June 30, 2022 and 2021 were \$0 and \$3,000, respectively.

**Accounts Receivable**

The College recognizes an allowance for accounts receivable in an amount equal to the estimated doubtful accounts. The allowance is based on an analysis of historical experience, age of receivables and expected future write-offs as well as assessments of specific identifiable accounts considered to be at risk or uncollectible. The expense associated with the allowance is recognized as a program expense. Recoveries of accounts receivable previously written off are recorded when received. The valuation allowance for accounts receivable for the years ended Jun 30, 2022 and 2021, was \$23,000 and \$15,000, respectively.

**Property and Equipment**

Equipment, furniture and fixtures, and leasehold improvements are stated at cost if purchased or fair value at the date of contribution if contributed. The cost or repairs and maintenance are charged to expense when incurred. The capitalization policy is to capitalize property and equipment exceeding \$500. Depreciation and amortization are provided using the straight-line method over the estimated useful lives as follows:

Computer equipment and technology	5 years
Audio/visual system	7 years

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Property and Equipment - continued**

Furniture and fixtures	7 years
Leasehold improvements	Lesser of lease term or useful life

**Support Recognition**

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with net assets with donor restrictions, if any, on the contributions.

Contributions received with donor-imposed restrictions are reported as revenues and as net assets with donor restrictions when they are received. A reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions in the year the restriction is met.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as net assets without donor restrictions. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues and as net assets without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as revenues and as net assets with donor restrictions, and the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributions of services are reported as revenues and expenses without donor stipulations at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the College if they had not been provided by individuals with those skills. Contributions of materials to be used in program operations are reported as revenues and expenses of the net assets without donor restrictions category at the time the materials are received. The College received in-kind donations of \$0 and \$70,106 for rent and student housing for the years ended June 30, 2022 and 2021, respectively.

**Revenue Recognition**

The College derives its revenue primarily from tuition and fees, room and board, and program activity fees and are recognized in the period classes and services are provided. Tuition and fees, room and board, and program activity fees collected for future period are reported as student deposits. Discounts in the form of scholarships are reported as a reduction of student revenues.

Sattler College, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 and 2021

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Revenue Recognition - continued**

Scholarships awarded to students for the years ending June 30, 2022 and 2021 were \$2,345,349 and \$2,119,800, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Advertising**

The College expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2022 and 2021 were \$1,602 and \$2,450, respectively.

**Income Taxes**

The College is exempt from federal and state income taxes for general purpose operations under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation; therefore, no provision for income taxes has been made in these financial statements. The College's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of these returns.

**Functional Allocation of Expenses**

The costs of providing the various programs and other support activities have been summarized on a functional basis in the statement of activities and net assets. Accordingly, costs have been allocated among the program and supporting services benefited.

**NOTE C – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, prepaid expenses, and accrued liabilities approximate their fair values because of the relatively short maturity of these instruments.

**NOTE D – CONCENTRATIONS**

The College maintains its cash balances at several financial institutions and the balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution.

Sattler College, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2022 and 2021

**NOTE D – CONCENTRATIONS - continued**

The balances that exceeded FDIC limits for the years ended June 30, 2022 and 2021 were \$1,741,416 and \$161,123, respectively.

The College’s primary source of contributions was provided by one donor. Contributions percentages received by the single donor for the years ended June 30, 2022 and 2021 were approximately 99% and 99.8%, respectively.

**NOTE E – PREPAID EXPENSES**

The College recognizes expenses in the year in which they are incurred. Costs relating to various programs and other support activities for the following year are included in prepaid expenses. Prepaid expenses for the years ended June 30, 2022 and 2021 were \$45,658 and \$59,904, respectively.

**NOTE F – ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following as of June 30,

	<u>2022</u>	<u>2021</u>
Room and board	\$ -	\$ 102,250
Student deposit	-	-
Tuition	-	18,826
Tutoring	-	282
Parking	-	475
Accounts receivable	92,990	
Student agreements	102416	
Allowance for doubtful accounts	<u>(23,000)</u>	<u>(15,000)</u>
Accounts receivable, net	<u>\$ 172,406</u>	<u>\$ 106,833</u>

**NOTE G – SECURITY DEPOSITS**

Building Lease

During the year ended June 30, 2018, the College entered into a ten-year lease agreement requiring an agreed upon deposit amount of \$685,256 for the College’s facilities. Notwithstanding, provided the College is not in default of the lease agreement, the security deposit shall be reduced after the fourth and fifth anniversary of the commencement date, to \$456,837 and \$228,419, respectively. The College is currently in discussions with the landlord regarding the partial return of the security deposit as of the fourth anniversary as stated in the lease agreement.

Sattler College, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2022 and 2021

**NOTE G – SECURITY DEPOSITS - continued**

Student Housing

During the year ended June 30, 2019, the College entered into a ten-year lease agreement requiring an initial deposit amount of \$1,000,000 for student housing. The security deposit was be credited against the annual lease payments on the first day of each of the twelve-calendar months.

During the year ended June 30, 2022, the College amended its housing lease under the First Amendment to Housing Contract, (effective date being January 1, 2022) and entered into the first day of February, 2022. The College waived and relinquished to the lessor \$395,424 of the original deposit as a credit toward amounts that would have been due under the Original Housing Contract and as consideration for the lessor agreeing to reduce the terms of the Housing Contract to four (plus) years. The balance of the Original Deposit applicable to this Amendment is \$500,000.

Security deposits consists of the following as of June 30,

	<u>2022</u>	<u>2021</u>
Student housing	\$ 500,000	\$ 919,152
100 Cambridge Street	<u>685,257</u>	<u>685,257</u>
	<u><u>1,185,257</u></u>	<u><u>1,604,409</u></u>

The College requires a \$250 deposit from each student for housing for each school year. Student deposits for the years ended June 30, 2022 and 2021, were \$6,750 and \$2,900, respectively.

**NOTE H – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30,

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 583,703	\$ 564,897
Audio and visual system	136,433	135,133
Computer and equipment	99,152	93,764
Leasehold improvements	<u>644,273</u>	<u>648,616</u>
	1,463,561	1,442,410
Less accumulated depreciation and amortization	<u>647,907</u>	<u>464,580</u>
	<u><u>\$ 815,654</u></u>	<u><u>\$ 977,830</u></u>

Sattler College, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2022 and 2021

**NOTE H – PROPERTY AND EQUIPMENT- continued**

Depreciation expense for the years ended June 30, 2022 and 2021 was \$122,052 and \$115,815, respectively. Amortization expense for the years ended June 30, 2022 and 2021 was \$62,637 and \$61,527, respectively.

**NOTE I – DUE TO AFFILIATE**

As part of a commitment to help establish Sattler College, Anchor-Cross Ministries provided funding for the College’s security deposit for a ten-year lease agreement located at the 100 Cambridge Street, Boston, Massachusetts. At the end of the lease agreement, the deposit will be returned to the Anchor-Cross Ministries. For the years ended June 30, 2022 and 2021, the amount of the security deposit was \$685,256.

**NOTE J – DEFERRED RENT**

The College received six free months of rent, upon exercising its fully executed 10-year term lease agreement for its facility. The average monthly rent expense of \$148,406 was calculated based on the total cost of the lease over the total months of occupancy. Deferred rent for the years ended June 30, 2022 and 2021, was \$494,562 and \$514,471, respectively.

**NOTE K – ACCRUED EXPENSES**

Accrued expenses consisting of utilities, professional fees, and program related expenses for the years ended June 30, 2022 and 2021, were \$0 and \$31,266, respectively.

**NOTE L – NET ASSEST WITH DONOR RESTRICTIONS**

The College’s restricted net assets are available for the following purposes at June 30,

	<u>2022</u>	<u>2021</u>
Human traffic and sexual abuse ministry	\$ <u>          -</u>	\$ <u>      3,000</u>

**NOTE M– OPERATING LEASES AND CONTRACTS**

Student Housing Contract

On March 1, the College signed the First Amendment to the Housing Contract (“Amendment Effect Date” being January 1 2022) whereby agreeing to shorten the terms of the Original Housing Contract and modify payment terms as provided in the Amendment. The Amendment

Sattler College, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE M- OPERATING LEASES AND CONTRACTS - continued**

Student Housing Contract - continued

during the term hereof, shall be for the remainder of the current school year (2021-2022) and four (4) additional school years commencing with the September 1 2022 and continuing through August 31, 2026.

For the balance of the 2021-2022 school year, the College occupied 72 beds at properties located at 125 & 127 Commonwealth Avenue and paid fees of \$125,000 per month through June 2022.

Estimated future net obligations under the amended student housing contract for the next four years are as follows:

Year Ending June 30,		<u>Amount</u>
2023	\$	<u>1,136,520</u>
2024		1,136,520
2025		1,239,840
2026		<u>1,239,840</u>
	\$	<u><u>4,752,720</u></u>

Building Lease

The College leases space at the 100 Cambridge Street building for its administrative offices and classrooms in Boston, Massachusetts. On October 12, 2017, the College signed a lease for 15,486 square feet on the 17<sup>th</sup> floor of the building for the period April 27, 2018 through October 31, 2028. The College has a one-time option to extend the lease for five years. In order to exercise this option, the College must notify the lessor no less than twelve months prior to the date the term is scheduled to expire.

Improvements to the facility are capitalized as leasehold improvements and amortized over the remaining extended lease period or the improvements useful life, whichever is shorter. The lessor shall provide to the College a tenant work allowance of up to \$67.50 per square foot of the College's rentable floor area. Up to 15% of the tenant work allowance may be used for soft costs and up to 15% of any unused portion may be credited to rent due under the lease with a threshold amount of \$50,000. Rental payments under the lease for the first six months is \$59 per square foot, for the next six months is \$61 per square foot, and an annual adjustment of \$1 per square foot thereafter for the remainder of the lease term.

Sattler College, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2022 and 2021

**NOTE M- OPERATING LEASES AND CONTRACTS – continued**

First Amendment to Building Lease

On December 3, 2018, the College signed an expansion premises lease for an additional 12,815 square feet on the 17<sup>th</sup> floor of the building for the periods October 1, 2020 through October 31, 2028. Commencing on the effective date, the lease term with respect to the expansion premises lease shall commence and continue thereafter so as to run coterminous with the term of the lease for the current premises and expire on the expiration date, as the same may be extended in accordance with the terms and condition of the lease.

In connection with the amendment, the landlord shall provide to the College an additional tenant work allowance of up to \$75 per net rentable area of the expansion premises, or \$961,125, to be used by the College to pay for hard and soft costs associated with improvements to the current premises and expansion premises.

Estimated future obligations under these leases and contract for the next five years are as follows:

Year ending June 30,	<u>Building Lease</u>	<u>First Amendment</u>	<u>Total</u>
2023	985,942	826,868	\$ 1,812,810
2024	1,001,428	839,383	1,840,811
2025	1,016,914	852,198	1,869,112
2026	1,032,400	865,013	1,897,413
2027	1,047,886	877,828	1,925,714
thereafter	1,419,550	890,643	2,310,193
	<u>\$ 6,504,120</u>	<u>\$ 5,151,933</u>	<u>\$ 11,656,053</u>

Rent expense for the years ending June 30, 2022 and 2021 was \$1,780,214, and \$1,572,662, respectively.

Academic Volume License Agreement

On August 27, 2020, the College entered into a license agreement with Faithlife, LLC, where currently enrolled students and active academic faculty or staff members of the College are authorized users of the Faithlife products and/or services included in their custom library. The College purchased 250 licenses at a price of \$337 per license. An initial payment of \$25,275 was due upon signing of the agreement.

**NOTE M- OPERATING LEASES AND CONTRACTS – continued**

Academic Volume License Agreement - continued

Estimated future net obligations under the College’s academic volume license agreement for the next three years are as follows:

Year ending June 30,		
2023	\$	16,850
2024		<u>16,850</u>
	\$	<u><u>33,700</u></u>

**NOTE N - CONDITIONAL PROMISES TO GIVE**

To create and sustain the College, Dr. Kuruvilla is pledging conditional funds from his donor-advised fund at an independent 501(c)(3) foundation, the National Christian Foundation, and from the National Christian Foundation to the College. The contributions shall be limited on an annual basis from Dr. Kuruvilla’s financial interest of his donor-advised fund. The College also expects to seek additional funds from new sources as it evolves, for which each annual contribution from Dr. Kuruvilla may be reduced by an amount equal to half of the total revenue (other than net tuition and fees) received by the College from other sources that year (which reductions would occur in the following year).

The amount of funding that Dr. Kuruvilla has conditionally pledged is as follows:

<u>Year</u>		<u>Amount</u>
2023	\$	2,400,000
2024		<u>2,400,000</u>
	\$	<u><u>4,800,000</u></u>

**NOTE O – RELATED PARTY TRANSACTIONS**

The College uses TheHistoricFaith.com, a subscription-based service that provides lessons in historic Christian faith. The service is based on research and development by David Bercot, for which he receives a 20% royalty commission paid monthly. Total paid for year ended June 30, 2022 and 2021 was \$12,239 and \$8,153, respectively. David was a Board member at Sattler College until he tendered his resignation effective June 6, 2022.

Sattler College, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2022 and 2021

**NOTE P – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The College’s primary source of support and revenues was from contributions, tuition and fees, student housing and other programs for the year ended June 30, 2022.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following as of June 30,

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,286,860	\$ 590,186
Less restricted cash and cash equivalents	-	3,000
Accounts receivable, net	<u>172,406</u>	<u>106,833</u>
	<u>\$ 2,459,266</u>	<u>\$ 694,019</u>

**NOTE Q SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 29, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.