NAZARENE BIBLE COLLEGE

NAZARENE BIBLE COLLEGE

Financial Statements
With Independent Auditors' Report
and
Federal Awards
In Accordance with the Uniform Guidance

Year Ended June 30, 2020

CAPINCROUSE LLP

NAZARENE BIBLE COLLEGE

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Nazarene Bible College
Lenexa, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of Nazarene Bible College (the College), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities 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.

Auditors' 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 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 entity'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 entity'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.

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Board of Trustees
Nazarene Bible College
Lenexa, Kansas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nazarene Bible College as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Capin Crouse LLP

Colorado Springs, Colorado
October 30, 2020

NAZARENE BIBLE COLLEGE

Statements of Financial Position

	June 30, 2020	June 30, 2019
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 320,898	$ 149,582
Accounts receivable–net	54,054	43,992
Prepaid expenses and other assets	80,585	40,020
Perkins loan receivable	41,868	42,254
Investments	1,273,138	1,163,852
	1,770,543	1,439,700
Property held for sale	-	3,131,422
Property, plant, and equipment–net	105,713	150,976
Investments held for endowments	3,706,819	2,772,847
Total Assets	$ 5,583,075	$ 7,494,945
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued liabilities	$ 66,928	$ 132,408
Federal student loan funds	28,327	29,083
Deferred revenue	165,134	77,341
	260,389	238,832
Defined benefit pension liability	3,070,020	4,369,176
	3,330,409	4,608,008
Net assets:		
Without donor restrictions	(573,356)	(25,657)
With donor restrictions:		
Restricted by purpose or time	822,230	823,709
Restricted in perpetuity	2,003,792	2,088,885
	2,252,666	2,886,937
Total Liabilities and Net Assets	$ 5,583,075	$ 7,494,945

See notes to financial statements

NAZARENE BIBLE COLLEGE

Statements of Activities

	Year Ended June 30,							
	2020				2019			
		With Donor Restrictions				With Donor Restrictions		
	Without Donor Restrictions	Restricted by Purpose or Time	Restricted in Perpetuity	Total	Without Donor Restrictions	Restricted by Purpose or Time	Restricted in Perpetuity	Total
SUPPORT AND REVENUE:								
Tuition and fees, net	$ 1,975,927	$ -	$ -	$ 1,975,927	$ 2,388,972	$ -	$ -	$ 2,388,972
Gifts and grants	1,110,834	452,894	-	1,563,728	1,323,860	75,273	-	1,399,133
Investment and interest income	89,385	-	-	89,385	131,110	-	-	131,110
Auxiliary enterprises and other	81,223	-	-	81,223	71,984	-	-	71,984
Total Support and Revenue	3,257,369	452,894	-	3,710,263	3,915,926	75,273	-	3,991,199
NET ASSETS RELEASED:								
Purpose and time restrictions	537,328	(537,328)	-	-	185,277	(185,277)	-	-
EXPENSES:								
Institutional support	1,516,819	-	-	1,516,819	1,732,529	-	-	1,732,529
Instruction	1,135,850	-	-	1,135,850	1,272,848	-	-	1,272,848
Academic support	783,202	-	-	783,202	795,322	-	-	795,322
Marketing and recruitment	244,919	-	-	244,919	266,011	-	-	266,011
Operations and maintenance	31,065	-	-	31,065	129,077	-	-	129,077
Auxiliary	47,598	-	-	47,598	63,972	-	-	63,972
Depreciation and amortization	50,778	-	-	50,778	54,444	-	-	54,444
	3,810,231	-	-	3,810,231	4,314,203	-	-	4,314,203
Change in Net Assets from Operating Activities	(15,534)	(84,434)	-	(99,968)	(213,000)	(110,004)	-	(323,004)

(continued)

See notes to financial statements

NAZARENE BIBLE COLLEGE

Statements of Activities
(continued)

	2020				2019			
		With Donor Restrictions				With Donor Restrictions		
	Without Donor Restrictions	Restricted by Purpose or Time	Restricted in Perpetuity	Total	Without Donor Restrictions	Restricted by Purpose or Time	Restricted in Perpetuity	Total
NON-OPERATING ACTIVITES:								
Contributions	-	-	14,907	14,907	-	-	18,022	18,022
Loss on impairment of property held for sale	-	-	-	-	(2,463,854)	-	-	(2,463,854)
Investment gain on endowments	21,520	82,955	-	104,475	-	140,973	-	140,973
Release–purpose restriction	100,000	-	(100,000)	-	-	-	-	-
Net periodic pension cost other than service cost	(339,087)	-	-	(339,087)	(231,929)	-	-	(231,929)
Pension-related changes other than net periodic pension cost	(314,598)	-	-	(314,598)	(440,247)	-	-	(440,247)
Change in Net Assets	(547,699)	(1,479)	(85,093)	(634,271)	(3,349,030)	30,969	18,022	(3,300,039)
Net Assets, Beginning of Year	(25,657)	823,709	2,088,885	2,886,937	3,323,373	792,740	2,070,863	6,186,976
Net Assets, End of Year	$ (573,356)	$ 822,230	$ 2,003,792	$ 2,252,666	$ (25,657)	$ 823,709	$ 2,088,885	$ 2,886,937

Year Ended June 30,

See notes to financial statements

NAZARENE BIBLE COLLEGE

Statements of Cash Flows

	Year Ended June 30, 2020	Year Ended June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (634,271)	$ (3,300,039)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	50,778	54,444
Reinvested dividends	(71,066)	(69,208)
Net unrealized and realized gains on investments	(122,794)	(202,875)
Loss on impairment of property held for sale	-	2,463,854
Loss on disposal of property held for sale	9,742	-
Loss on disposal of property, plant, and equipment	1,203	3,483
Change in defined benefit pension liability	(1,299,156)	711,408
Loan forgiveness	(415,000)	-
Change in operating assets and liabilities:		
Accounts receivable	(10,062)	207,616
Inventory	10,527	10,527
Prepaid expenses and other assets	(51,092)	31,875
Accounts payable and accrued expenses	(65,480)	(50,263)
Deferred revenue	87,793	(252,450)
Net Cash Used by Operating Activities	(2,508,878)	(391,628)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(6,718)	(48,956)
Purchases of investments	(999,398)	-
Proceeds from sales of investments	150,000	270,000
Proceeds from sale of property held for sale	3,121,680	-
Net Perkins loans and federal student loan transactions	(370)	615
Net Cash Provided by Investing Activities	2,265,194	221,659
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program note payable	415,000	-
Net Cash Provided by Financing Activities	415,000	-
Net Change in Cash and Cash Equivalents	171,316	(169,969)
Cash and Cash Equivalents, Beginning of Year	149,582	319,551
Cash and Cash Equivalents, End of Year	$ 320,898	$ 149,582
SUPPLEMENTAL DISCLOSURE:		
Non-cash financing transaction to recognize loan forgiveness	$ 415,000	$ -

See notes to financial statements

NAZARENE BIBLE COLLEGE

Notes to Financial Statements

June 30, 2020 and 2019

1. NATURE OF ORGANIZATION:

Nazarene Bible College (the College) is a nonprofit educational institution of the Church of the Nazarene (the Church) specializing in training and educating students for Christian vocations. The College is governed by a board of trustees which is elected by the General Assembly of the Church. The College is a nonprofit corporation exempt, as a subordinate unit of the Church, from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law(s). However, the College is subject to federal income tax on any unrelated business taxable income. In addition, the College is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

The principal sources of revenue are from tuition, fees, and gifts from the Church. The College operates in both online formats and in Colorado Springs, Colorado, and has affiliations with various Multicultural Extension Training Centers (METCs) throughout the United States. The administrative offices of the College are located in Lenexa, Kansas.

The METCs are designed to provide classroom education to students in their cultural context. The accompanying financial statements do not include the operations of the METCs because they do not meet the criteria of reporting related entities for consolidation purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The College maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings, and money market accounts. As of June 30, 2020 and 2019, the College's cash balances exceeded federally insured limits by approximately $142,000 and $0, respectively. The College has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS AND INVESTMENTS HELD FOR ENDOWMENTS

Investments and investments held for endowments consist of a group investment fund held at Northern Trust (Northern) and funds held at the Wesleyan Investment Foundation (WIF). Investments held at Northern are measured at fair value using net asset value (NAV) as a practical expedient and investments held at WIF consist of cash and cash equivalents and are not subject to fair value measurements. Earnings are included within investment and interest income on the statements of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from students for tuition and fees and are net of an allowance for doubtful accounts of $65,551 and $82,150, as of June 30, 2020 and 2019, respectively. Management's estimate of uncollectible accounts was based upon an analysis of past due accounts and historical collections. Accounts are written off when all methods to collect have been exhausted. As of June 30, 2020 and 2019, there were no accounts that were accruing interest.

PERKINS LOAN FUNDS

Loans made to students under the National Direct Student Loan Act (Perkins loans) are not due for repayment until subsequent to graduation and may be cancellable through teaching, military service, death, or bankruptcy. Management believes all loans are fully collectible and has not recorded an allowance as of June 30, 2020 and 2019. These loans are reflected as assets in the statements of financial position. Delinquent loans are computed using a historical default rate. Loans in default assigned to the U.S. Department of Education are charged to the allowance in the year in which they are assigned. Loans are written off when all methods to collect have been exhausted. A prorated portion of the federal contributions may be refundable to the federal government in the future and is shown as a liability.

PROPERTY, PLANT, AND EQUIPMENT

The College records property, plant, and equipment at cost or, if donated, at fair value as of the date of the gift. Property, plant, and equipment donated with restrictions regarding its use and contributions of cash to acquire property and equipment are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time. The College capitalizes purchases or donations greater than $1,000. Depreciation for financial reporting purposes is provided using the straight-line method over the estimated useful lives:

Building and improvements	40 years
Land improvements	25 years
Furniture and equipment	5-10 years
Vehicles	5-10 years
Computers and software	5 years

2. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:</u>

PROPERTY HELD FOR SALE

During the year ended June 30, 2017, as a result of the College moving its operational headquarters, the property, plant, and equipment and undeveloped land located in Colorado Springs was actively marketed, resulting in a reclassification from property, plant, and equipment to property held for sale. Property held for sale is valued at the lower of carrying value or fair value less costs to sell.

During the year ended June 30, 2019, the property held for sale went under contract and closed January 2020. Based on the fair value of the contract less estimated selling costs, an impairment loss of $2,463,854 was recorded and is included within impairment loss on property held for sale during the year ended June 30, 2019 on the statements of activities. During the year ended June 30, 2020, the property was sold and proceeds of $3,121,680 were received and a loss on sale of $9,742 was recognized and is included within the loss on sale and disposal of property, plant, and equipment, and property held for sale on the statements of cash flows.

STUDENT FINANCIAL ASSISTANCE PROGRAMS

The College participates in the delivery of student financial assistance under various programs and administered by the U.S. Department of Education. The related activity is subject to audit both by an independent certified public accountant and representatives of the administering agency regarding compliance with applicable regulations. Any resultant findings of non-compliance could potentially result in the required return of related funds received and/or the assessment of fines or penalties, or the discontinuation of eligibility for participation. A significant amount of the revenue earned by the College is received from student financial assistance funds provided to students. In the opinion of management, the ultimate outcome of any such audits will not have a material impact on the College's financial statements.

CLASSES OF NET ASSETS

The net assets of the College are reported in the following two classes:

Net assets without donor restrictions represent those net assets whose use is not restricted by the donors; however, their use may be limited by board designation. Included in net assets without donor restrictions are resources that are used to support current operations, including property, plant, and equipment. Board designated amounts are not available to management for operations.

Net assets with donor restrictions include donor-restricted contributions for specified exempt purposes, earnings from endowments, and gift instruments requiring the principal be invested in perpetuity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS, continued

Management of the College has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as net assets restricted in perpetuity (a) the original value of the gifts donated to the endowment, and (b) the original value of the subsequent gifts to the endowment. This will then have the net assets restricted in perpetuity reflect the historical cost value of the endowment. All investment gains and losses will be added to the net assets with purpose restrictions until which time a determination is made as to its disposition.

Spending policies and how the investment objectives relate to spending policy: The College has a policy of appropriating for distribution each year 5 percent of its endowment fund’s balance as of the prior fiscal year end, except that disbursements shall not exceed earnings. In establishing this policy, the College considered the long-term expected return on its endowment investments. The primary investment objective of endowment funds is to follow those policies that will preserve the principal value, provide predictable income and, to the extent possible with prudence, to increase the principal to offset the long-term effects of inflation. Accordingly, over the long-term, the College expects the current spending policy to allow its endowment to grow on an annual basis. Actual results in any given year may vary.

REVENUE, SUPPORT, AND EXPENSES

Tuition and fees are recognized when students have participated in classes and/or extra-curricular activities, net of scholarships and grants, and are non-refundable by the College. Amounts received in advance are recorded as deferred revenue and amounts earned but not received are treated as accounts receivable. Tuition and fees are recorded net of scholarships of $318,137 and $713,486, for the years ended June 30, 2020 and 2019, respectively, in the statements of activities.

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

During the year ended June 30, 2020, the College received a Paycheck Protection Program loan of $415,000. The loan is eligible for forgiveness based on the College incurring various qualifying expenses such as normal payroll costs and utilities. Because the College has overcome the required barriers related to these funds as of June 30, 2020, the total amount has been recorded as gifts and grants with donor restrictions on the statements of activities. The College intends to apply for forgiveness during the year ending June 30, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE, SUPPORT, AND EXPENSES, continued
Investment income is recognized when earned. Unrealized gains and losses are recorded to reflect the investments at their fair market value.

Auxiliary enterprises income is recognized when earned. There are no advance receipts of payments and all payments are collected when the item is sold, creating no accounts receivable.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting.

ADVERTISING
The College uses advertising to recruit prospective students. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2020 and 2019, was $215,242 and $257,120, respectively.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS
In 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The College adopted the provisions of this new standard during the year ended June 30, 2020. This new standard provides guidance on determining whether transactions should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. Adoption of this standard had no effect on change in net assets or net assets in total.

The College also adopted ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost & Net Periodic Postretirement Benefit Cost,* during the year ended June 30, 2020. The new standard modifies the presentation of the service cost component and other components of net periodic benefit cost within the statements of activities. Adoption of this standard had no effect on change in net assets or net assets in total.

3. LIQUIDITY AND AVAILABLITY OF FINANCIAL ASSETS:

The following table reflects the College's financial assets, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, held in perpetual endowments and the accumulated earnings thereof, net of appropriations within one year subject to donor purpose or time restrictions, net of spending pursuant to the restrictions within one year or because funds are set aside by the governing board.

	June 30, 2020	June 30, 2019
Financial assets:		
Cash and cash equivalents	$ 320,898	$ 149,582
Accounts receivable–net	54,054	43,992
Investments	1,273,138	1,163,852
Investments held for endowments	3,706,819	2,772,847
Financial assets, year-end:	5,354,909	4,130,273
Less those unavailable for general expenditure within one year, due to:		
Investments held for endowments	(2,505,968)	(2,547,947)
Investments held for quasi-endowment	(1,000,000)	-
Financial assets available to meet cash needs for general expenditures within one year	$ 1,848,941	$ 1,582,326

The College has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of the College's liquidity management, it invests cash in excess of daily requirements in appropriate short-term interest bearing accounts. The College also has an unsecured line of credit, which may be drawn upon in the event of an anticipated liquidity need. See Note 8 for further detail.

4. FAIR VALUE MEASUREMENTS:

The College uses Net Asset Value (NAV) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Per ASU 2009-12, *Fair Value Measurements and Disclosures*, the following table lists investments in group investment funds by major category as of June 30, 2020.

Investment Category	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Group investment fund	$ 9,045,705	$ -	Daily	Immediate

The following table lists investments in private equity funds by major category as of June 30, 2019.

Investment Category	Fair Value Determined Using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Group investment fund	$ 6,542,759	$ -	Daily	Immediate

The group investment fund is a fund held by Northern that seeks to maintain a diversified portfolio across multiple asset classes. Targeted allocation of this fund is 3% cash and cash equivalents, 33% fixed income, 54% equities, and 10% other. Investments and investments helds for endowments as of June 30, 2020, include $359,453 of cash and cash equivalents held at Wesleyan Investment Foundation which are not subject to fair value measurements.

5. INVESTMENTS:

Operating investments as of June 30, 2020 and 2019, consist of the following:

	June 30, 2020	June 30, 2019
Church of the Nazarene Operating Fund	$ 9,045,705	$ 6,542,759
Wesleyan Investment Foundation	359,453	-
Assets held for defined benefit plan	(4,425,201)	(2,606,060)
Assets held for endowment	(3,706,819)	(2,772,847)
	$ 1,273,138	$ 1,163,852

Investment and interest income consists of the following:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Non-operating		
Realized and unrealized gain	$ 104,475	$ 140,973
Operating		
Realized and unrealized gain	$ 32,171	$ 73,483
Interest and dividends	71,066	69,208
Less: investment expenses	(13,852)	(11,581)
	$ 89,385	$ 131,110

6. PROPERTY, PLANT, AND EQUIPMENT–NET:

Property, plant, and equipment–net consist of:

	June 30, 2020	June 30, 2019
Computers	$ 652,456	$ 1,039,820
Furniture and equipment	78,288	96,219
	730,744	1,136,039
Accumulated depreciation and amortization	(625,031)	(985,063)
	$ 105,713	$ 150,976

7. RETIREMENT PLANS:

DEFINED BENEFIT PLAN

On January 1, 1996, the College established a Defined Benefit Pension Plan (the Plan) covering eligible employees who chose to participate. The Plan was frozen effective May 31, 2010. Approximately one quarter of the College's current employees participate in the Plan. The benefits are based on years of service and the employee's highest average compensation. The funding policy is to review the Plan's status annually and make contributions in accordance with the Plan's objectives. Plan assets are held with the group investment fund (see Notes 4 and 5, above). The following table sets forth the Plan's funded status and amounts recognized in the College's statements of financial position in accordance with the ASC topic of Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans:

	Year Ended June 30,	
	2020	2019
Change in Benefit Obligation:		
Benefit obligation at beginning of year	$ 6,975,236	$ 6,388,585
Service cost	102,083	87,031
Interest cost	233,646	257,133
Plan participant contributions	23,729	21,323
Actuarial loss/(gain)	558,144	592,887
Administrative expenses paid	(71,588)	(75,981)
Benefits paid	(326,029)	(295,742)
Benefit Obligation at End of Year	$ 7,495,221	$ 6,975,236

	Year Ended June 30,	
	2020	2019
Change in Plan Assets:		
Fair value of plan assets at beginning of year	$ 2,606,060	$ 2,730,817
Actual return on plan assets	138,105	177,844
Employer contributions	2,054,924	47,799
Plan participant contributions	23,729	21,323
Administrative expenses paid	(71,588)	(75,981)
Benefits paid	(326,029)	(295,742)
Fair Value of Plan Assets at End of Year	$ 4,425,201	$ 2,606,060

7. RETIREMENT PLANS, continued:

DEFINED BENEFIT PLAN, continued

	June 30, 2020	June 30, 2019
Reconciliation of Funded Status:		
Funded status (underfunded)	$ (3,070,020)	$ (4,369,176)
Defined Benefit Pension Liability	$ (3,070,020)	$ (4,369,176)

	Year Ended June 30, 2020	Year Ended June 30, 2019
Net Periodic Benefit Cost, included in functional expenses:		
Service cost	$ 102,083	$ 87,031
Interest cost	233,646	257,133
Expected return on plan assets	(168,222)	(179,425)
Net loss amortization	273,663	154,221
Net periodic pension cost other than service cost	339,087	231,929
Net Periodic Benefit Cost	$ 441,170	$ 318,960

Pension related changes other than net periodic benefit cost, included in nonoperating activities, are as follows:

	Year Ended June 30, 2020	Year Ended June 30, 2019
Amortization of net loss to net periodic benefit cost	$ (588,261)	$ (594,468)
Amortization of prior service cost to net periodic benefit cost	273,663	154,221
	$ (314,598)	$ (440,247)

7. RETIREMENT PLANS, continued:

DEFINED BENEFIT PLAN, continued

Weighted-average assumptions and method disclosures include:

	Year Ended June 30,	
	2020	2019
Discount rate	2.60%	3.45%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	2.50%	2.50%
Amortization method	Straight-line	Straight-line

DEFINED CONTRIBUTION PLAN

On January 1, 1996, the College's employees also became eligible to participate in the Church's defined contribution plan. Under this tax-sheltered 403(b)(9) annuity plan, participants can contribute pre-tax earnings toward their retirement. The College then contributes a matching portion of up to 3% of the employee compensation. Employees hired prior to May 1, 2017, are grandfathered at the College contribution of up to 7% of employee compensation if not a participant in the Defined Benefit Plan. Employees who participate in the Defined Benefit Plan are eligible for a matching portion of up to 4% of the employee compensation. Employees vest in their employer contributions after five years of service. Total contributions by the College amounted to $62,283 and $55,354, for the years ended June 30, 2020 and 2019, respectively.

8. LINE AND LETTER OF CREDIT:

In September 2017, the College obtained a revolving line of credit of $350,000 with an interest rate of 5.5%, held at a financial institution, secured by real property, accounts receivable, equipment, and general intangibles. The line of credit matures September 2020. As of June 30, 2020 and 2019, the line of credit was not drawn upon. Subsequent to the year ended June 30, 2020, the line of credit was extended until September 2021. The College also held at letter of credit with a financial institution totaling $6,415 as of June 30, 2019. The letter of credit was not drawn upon as of June 30, 2020 and 2019.

9. RELATED PARTY TRANSACTIONS:

The College received contributions from the Church for education services of $943,833 for both years ended June 30, 2020 and 2019. These contributions represent approximately 24% and 22% of total support and revenue received during the years ended June 30, 2020 and 2019, respectively.

The College received funds from various individual Nazarene congregations as an annual offering. For the years ended June 30, 2020 and 2019, the annual offerings totaled $137,547 and $144,616, respectively.

During the year ended June 30, 2018, the College entered into an operating lease with the Church for office space. Lease expense totaled $64,602 and $61,772, for the years ended June 30, 2020 and 2019, respectively.

10. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing various program services and supporting activities of the College have been summarized on a functional basis below. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses require allocation on a reasonable basis that consistently applied. Salaries and benefits are allocated based on average estimates of time and effort by employees. Depreciation and occupancy expenses are allocated based on square footage. Remaining expenses are allocated based on the underlying nature of the expense. The College had not identified joint costs for the years ended June 30, 2020 and 2019.

The following tables presents the functional allocation of expenses:

	For the Year Ended June 30, 2020			
	Program Services	General & Administrative	Fund-raising	Total
Salaries and benefits	$ 2,249,655	$ 750,725	$ 158,754	$ 3,159,134
Occupancy	138,614	40,831	9,184	188,629
Supplies & other	180,503	58,370	13,936	252,809
Professional services	180,921	89,594	12,211	282,726
Advertising/events	162,453	29,560	23,229	215,242
Depreciation and amortization	38,591	10,156	2,031	50,778
	$ 2,950,737	$ 979,236	$ 219,345	$ 4,149,318

	For the Year Ended June 30, 2019			
	Program Services	General & Administrative	Fund-raising	Total
Salaries and benefits	$ 2,378,858	$ 777,891	$ 161,652	$ 3,318,401
Occupancy	159,713	44,083	9,646	213,442
Supplies & other	253,168	81,996	19,355	354,519
Professional services	223,538	109,900	14,768	348,206
Advertising/events	183,436	44,906	28,778	257,120
Depreciation and amortization	41,377	10,889	2,178	54,444
	$ 3,240,090	$ 1,069,665	$ 236,377	$ 4,546,132

11. NET ASSETS WITH DONOR RESTRICITONS:

Net assets with donor restrictions consist of:

	June 30, 2020	June 30, 2019
Restricted by purpose or time:		
Scholarships	$ 101,616	$ 122,160
Benevolence	17,587	17,587
Undistributed endowment earnings:		
Scholarships	498,134	473,664
Lectureship	144,012	138,519
Other	60,881	71,779
	822,230	823,709
Restricted in perpetuity:		
Assets held for endowment fund	2,003,792	2,088,885
	$ 2,826,022	$ 2,912,594

12. ENDOWMENT FUNDS AND RELATED ASSETS:

Assets held for endowment fund consist of:

	June 30, 2020	June 30, 2019
Church of the Nazarene Operating Fund	$ 3,706,819	$ 2,772,847

Permanently restricted net assets consist of:

	2020	2019
Scholarships	$ 1,180,082	$ 1,165,174
Pastoral care	517,864	517,864
Other	305,846	405,847
	$ 2,003,792	$ 2,088,885

12. ENDOWMENT FUNDS AND RELATED ASSETS, continued:

The endowment net asset composition by type consists of:

	June 30, 2020	June 30, 2019
Donor restricted endowment funds:		
Restricted by purpose or time	$ 703,027	$ 683,962
Restricted in perpetuity	2,003,792	2,088,885
Quasi-endowment	1,000,000	-
	$ 3,706,819	$ 2,772,847

Changes in endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions: Original Gift Amount	With Donor Restrictions: Accumulated Gains	Total
Endowment net assets, beginning of year	$ -	$ 2,088,885	$ 683,962	$ 2,772,847
Investment income	21,520	-	82,955	104,475
Contributions	1,000,000	14,907	-	1,014,907
Released from restriction	-	(100,000)	-	(100,000)
Appropriated for expenditure	(21,520)	-	(63,890)	(85,410)
Endowment net assets, end of year	$ 1,000,000	$ 2,003,792	$ 703,027	$ 3,706,819

12. ENDOWMENT FUNDS AND RELATED ASSETS, continued:

Changes in endowment net assets for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions: Original Gift Amount	With Donor Restrictions: Accumulated Gains	Total
Endowment net assets, beginning of year	$ -	$ 2,070,863	$ 638,893	$ 2,709,756
Investment income	-		140,973	140,973
Contributions	-	18,022	-	18,022
Appropriated for expenditure	-	-	(95,904)	(95,904)
Endowment net assets, end of year	$ -	$ 2,088,885	$ 683,962	$ 2,772,847

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. There were no deficiencies of this nature as of both June 30, 2020 and 2019. During the year ended June 30, 2020, the College was notified that $100,000 of amounts previously classified as held in perpetuity were released from restriction by the donor and are shown as appropriated for expenditure above.

13. OPERATING LEASES:

As part of its exempt activities, the College has incurred certain obligations and commitments relating to internet, office space, and software services. Total lease expense for the years ended June 30, 2020 and 2019, was $360,488 and $309,444, respectively. Future minimum payments related to operating leases are:

Year Ending June 30,	
2021	$ 35,350
2022	36,576
2023	37,802
2024	38,013
2025	6,335
	$ 154,076

14. OPERATING AND NONOPERATING ACTIVITIES:

The activity of the College has been reported in the statements of activities in the following two categories: operating and non-operating. Operating includes the core educational activities of the College. Non-operating includes all other activity that is not considered to be "core educational", such as the loss on impairment of property held for sale, contributions with donor restrictions to be held in perpetuity, pension-related changes other than net periodic pension cost, and investment income related to endowments. These activities may be reoccurring or one time events and management does not rely on or budget for these non-operating activities.

15. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the College for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

16. SUBSEQUENT EVENTS:

Subsequent events were evaluated through October 30, 2020, which is the date the financial statements were available to be issued.

FEDERAL AWARDS

CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Trustees
Nazarene Bible College
Lenexa, Kansas

We have audited the financial statements of Nazarene Bible College as of and for the years ended June 30, 2020 and 2019, and our report thereon dated October 30, 2020, which expressed an unmodified opinion on those financial statements, appears on page 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 24 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. The financial responsibility supplemental schedule on pages 33-37 is also presented for the purpose of additional analysis as required by the U.S. Department of Education and is 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.

Capin Crouse LLP

Colorado Springs, Colorado
October 30, 2020

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NAZARENE BIBLE COLLEGE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER:					
U.S. Department of Education:					
Federal Direct Student Loan Program	84.268			$ -	$ 985,258
Federal Pell Grants	84.063			-	491,493
Federal Supplemental Educational Opportunity Grant Program	84.007			-	25,101
Federal Perkins Loan Program (Note 5)	84.038			-	42,254
Total Student Financial Assistance Cluster					1,544,106
Total Expenditures of Federal Awards					$ 1,544,106

See notes to schedule of expenditures of federal awards

NAZARENE BIBLE COLLEGE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2020

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Nazarene Bible College (the College) under programs of the federal government for the year ending June 30, 2020. The information in the 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). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Expenditures in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are 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. If the College is required to match certain federal assistance, as defined by the grant agreements, no such matching has been included as expenditures in the schedule.

2. INDIRECT COST RATE:

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

3. RELATIONSHIP TO FINANCIAL STATEMENTS:

The amount of total expenditures of federal awards reconciles to the revenue in the statement of activities as follows:

Total expenditures of federal awards	$	1,544,106
Less:		
Federal Direct Student Loan Program		(985,258)
Federal Pell Grants		(491,493)
Perkins loan program		(42,254)
Government grants included in gifts and grants per statement of activities	$	25,101

4. SUBRECIPIENTS, NON-CASH ASSISTANCE, FEDERAL INSURANCE, LOANS, AND LOAN GUARANTEES:

The College did not provide any federal funds to subrecipients nor did they receive any federal non-cash assistance, insurance, or loan guarantees. The College did receive a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan in the amount of $415,000. (See Note 2 to the financial statements) The SBA has indicated that PPP loans are not subject to Uniform Guidance audit requirements and therefore, the PPP loan is not included in the schedule of expenditures of federal awards.

5. FEDERAL PERKINS LOAN PROGRAM:

The College administers the Perkins Loan Program. For purposes of the schedule, the amount reported includes the outstanding loan balance at the beginning of the fiscal year. Due to regulation changes, no further loans can be made from the program and no administrative cost allowance can be taken from the loan fund.

Outstanding loan balance at June 30, 2019	$	42,254
Outstanding loan balance at June 30, 2020	$	41,868

Schools have the option of continuing to collect on outstanding loan balances or can voluntarily liquidate the program. The College has no current plans to begin the Perkins liquidation process, however, is required to periodically return excess cash on hand from the program to the Department of Education.

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

Board of Trustees
Nazarene Bible College
Lenexa, Kansas

We have audited, 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, the financial statements of Nazarene Bible College (the College), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2020.

Internal Control Over Financial Reporting

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

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

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

Board of Trustees
Nazarene Bible College
Lenexa, Kansas

Compliance and Other Matters

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

Purpose of This Report

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

Capin Crouse LLP

Colorado Springs, Colorado
October 30, 2020

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

Board of Trustees
Nazarene Bible College
Lenexa, Kansas

Report on Compliance for Each Major Federal Program

We have audited Nazarene Bible College's (the College) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2020. The College's major federal programs are identified in the summary of auditors' 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.

Auditors' 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 of America; 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, Nazarene Bible 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 June 30, 2020.

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Board of Trustees
Nazarene Bible College
Lenexa, Kansas

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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.

Capin Crouse LLP

Colorado Springs, Colorado
October 30, 2020

NAZARENE BIBLE COLLEGE

Schedule of Findings and Questioned Costs

June 30, 2020

Section I - Summary of Audit Results

Financial Statements:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ______ yes ✔ no
- Significant deficiency(ies) identified that are not considered a material weakness? ______ 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 that are not considered a material weakness? ______ yes ✔ none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR Part 200.516(a)? ______ yes ✔ no

Identification of major program(s):

CFDA Numbers	Name of Federal Program or Cluster
84.268, 84.063, 84.007, and 84.038	Student Financial Assistance

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ______ yes ✔ no

NAZARENE BIBLE COLLEGE

Schedule of Findings and Questioned Costs

June 30, 2020

Section II - Financial Statement Findings

There are no current findings in internal control over financial reporting required to be reported in accordance with *Government Auditing Standards.*

Section III - Federal Award Findings and Questioned Costs

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

NAZARENE BIBLE COLLEGE

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2020

	Primary Reserve Ratio:				
		Expendable Net Assets:			
1	Statements of Financial Position - Net assets without donor restrictions, page 3	**Net assets without donor restrictions**		$	(573,356)
2	Statements of Financial Position - Net assets with donor restrictions, page 3	**Net assets with donor restrictions**		$	2,826,022
3	None	**Secured and Unsecured related party receivable**	-		
4	None	Unsecured related party receivable		$	-
5	Statements of Financial Position - Property, plant, and equipment–net, page 3 and Financial Responsibility Reconciliation Property, plant and equipment, net, Line 3.	**Property, plant and equipment, net (includes Construction in progress)**	105,713		
6	Financial Responsibility Reconciliation, Property, plant and equipment, net, Line 1c	Property, plant and equipment pre-implementation		$	98,995
7	None	Property, plant and equipment post-implementation with outstanding debt for original purchase		$	-
8	Financial Responsibility Reconciliation, Property, plant and equipment, net, Line 2a	Property, plant and equipment post-implementation without outstanding debt for original purchase		$	6,718
9	None	Construction in progress		$	-
10	None - ASU 2016-02 has not been implemented as of June 30, 2020	**Lease right-of-use asset, net**	-		
11	None - ASU 2016-02 has not been implemented as of June 30, 2020	Lease right-of-use asset, pre-implementation		$	-
12	None - ASU 2016-02 has not been implemented as of June 30, 2020	Lease right-of-use asset, post-implementation		$	-
13	None	Intangible assets		$	-
14	Statements of Financial Position - Defined benefit pension liability, page 3	Post-employment and pension liabilities		$	3,070,020

NAZARENE BIBLE COLLEGE

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2020

15	None	**Long-term debt - for long term purposes**	-		
16	None	Long-term debt - for long term purposes pre-implementation		$	-
17	None	Long-term debt - for long term purposes post-implementation		$	-
18	None	Line of Credit for Construction in progress		$	-
19	None - ASU 2016-02 has not been implemented as of June 30, 2020	**Lease right-of-use asset liability**	-		
20	None - ASU 2016-02 has not been implemented as of June 30, 2020	Pre-implementation right-of-use asset liability		$	-
21	None - ASU 2016-02 has not been implemented as of June 30, 2020	Post-implementation right-of-use asset liability		$	-
22	None	**Annuities, term endowments and life income with donor restrictions**	-		
23	None	Annuities with donor restrictions		$	-
24	None	Term endowments with donor restrictions		$	-
25	None	Life income funds with donor restrictions		$	-
26	Statements of Financial Position - Net assets with donor restrictions-restricted in perpetuity, page 3	Net assets with donor restrictions: restricted in perpetuity		$	2,003,792
		<u>Total Expenses and Losses:</u>			
27	Statements of Activities - Total Operating Expenses, (Total from Statement of Activities prior to adjustments), page 4	Total expenses without donor restrictions - taken directly from Statement of Activities	3,810,231		
28	None: Other losses	Nonoperating other losses	-		
29	None: Net investment is a gain so it is excluded from total expenses and losses (see #48 below)	Net investment losses	-		

NAZARENE BIBLE COLLEGE

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2020

30	Statements of Activities - Pension-related changes other than net periodic pension cost, page 5	Pension -related changes other than net periodic costs	314,598		
31	Statements of Activities - Total Expenses, add pension-related changes other than net periodic pension cost	**Total Expenses and Losses**		$	4,124,829
	Equity Ratio:				
		Modified Net Assets:			
32	Statement of Financial Position - Net Assets without Donor Restrictions, page 3.	**Net assets without donor restrictions**		$	(573,356)
33	Statement of Financial Position - Total Net Assets with Donor Restriction, page 3.	**Net assets with donor restrictions**		$	2,826,022
34	Intangible Assets - (None)	**Intangible assets**			-
35	Goodwill - (None)	**Intangible assets**			-
36	None	**Secured and Unsecured related party receivables**	-		
37	None	Unsecured related party receivables			-
		Modified Assets:			
38	Statements of Financial Position - Total assets, page 3	Total assets		$	5,583,075
39	None - ASU 2016-02 has not been implemented as of June 30, 2020	Lease right-of-use asset pre-implementation			-
40	None - ASU 2016-02 has not been implemented as of June 30, 2020	Pre-implementation right-of-use asset liability			-
41	Goodwill (None)	Intangible assets			-
42	None	Secured and Unsecured related party receivables	-		
43	None	Unsecured related party receivables			-

NAZARENE BIBLE COLLEGE

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2020

	Net Income Ratio:				
44	Statements of Activities - Change in Net Assets Without Donor Restrictions, page 5	**Change in Net Assets Without Donor Restrictions**		$	(572,800)
45	Statements of Activities - Total Operating Support and Revenue, page 4	Net Assets Without Donor Restrictions - Operating Support and Revenue	3,257,369		
46	Statements of Activities - Net Assets Released from Purpose and Time Restrictions, pages 4-5	Net Assets Without Donor Restrictions - Operating and nonoperating purpose and time releases	637,328		
47	Statements of Activities - Net Assets Without Donor Restrictions, Operating Investment and Interest Income, page 4	Less: Net Assets Without Donor Restrictions - Operating investment and interest income	(89,385)		
48	Statements of Activities - Net Assets Without Donor Restrictions, Operating Investment and Interest Income and Nonoperating Investment Gain on Endowments, pages 4-5	Net Assets Without Donor Restrictions - Operating investment and interest income and nonoperating investment gain on endowments for operations	110,905		
49	Statements of Activities - Total Operating Support and Revenue, add operating and nonoperating net assets released from purpose and time restrictions, add nonoperating investment gain on endowments, pages 4-5	**Total Revenues and Gains**		$	3,916,217

NAZARENE BIBLE COLLEGE

Financial Responsibility Reconciliation

Year Ended June 30, 2020

The Department of Education issued regulations, effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV. These disclosures are not required by accounting principles generally accepted in the United States of America but are intended for use by the Department of Education and to ensure compliance with Federal Title IV regulations.

Property, Plant and Equipment, net		
1 Pre-implementation property, plant and equipment, net (PP&E, net)		
a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2019 financial statement)	$	150,976
b. Less subsequent depreciation and disposals		(51,981)
c. Balance Pre-implementation property, plant and equipment, net		98,995
2 Post-implementation property, plant and equipment, net, acquired without debt:		
a. Long-lived assets acquired without use of debt subsequent to June 30, 2019		6,718
3 Total Property, Plant and Equipment, net - June 30, 2020	$	105,713

17001 PRAIRIE STAR PARKWAY, SUITE 300, LENEXA, KS 66220

NAZARENE BIBLE COLLEGE
Established 1967

(719) 884-5000 INFO@NBC.EDU WWW.NBC.EDU

Auditee Summary Schedule of Prior Year Findings

6/30/2020

Financial Statement Findings

2019-001 Impairment Assessment/Material Audit Adjustment (*Material Weakness)*

Condition: Overstatement of property held for sale due to impairment identified during the financial statement audit.

Recommendation: It was recommended an annual assessment of impairment over all fixed assets to ensure financial statements are prepared in accordance with GAAP and are free from material misstatement.

Current Status: Corrected. Finding occurred as client was waiting to make entry until discussion with auditors. Property of reference has been sold. Client will continue to make annual assessments of fixed assets for possible impairment.

Reason for Reoccurring Finding and Planned Corrective Action: Not applicable.

Federal Award Findings

There were no prior audit findings or questioned costs.