

**SAGINAW AREA CATHOLIC SCHOOLS**  
**Saginaw, Michigan**

**FINANCIAL STATEMENTS**  
**June 30, 2022**



**Gardner | Provenzano**  
**Thomas & Luplow**

CERTIFIED PUBLIC ACCOUNTANTS

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# Gardner | Provenzano Thomas & Luplow

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

December 15, 2022

To the Board of Trustees  
Saginaw Area Catholic Schools  
Saginaw, Michigan

### Qualified Opinion

We have audited the accompanying financial statements of Saginaw Area Catholic Schools, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of expensing the purchases of property, furniture, and equipment with an estimated useful life of greater than one year in the year of purchase described in the Basis for Qualified Opinion section of our report, the financial statements described in the first paragraph present fairly, in all material respects, the financial position of Saginaw Area Catholic Schools as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Qualified Opinion

As explained in Note 1 to the financial statements, Saginaw Area Catholic Schools chooses to expense purchases of property, furniture, and equipment with an estimated useful life greater than one year in the year of purchase. Accounting principles generally accepted in the United States of America require that all capital expenditures be capitalized and depreciated over their estimated useful lives. The effects on the accompanying financial statements of the failure to capitalize and depreciate capital assets have not been determined.

### Responsibilities of Management 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, 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 Saginaw Area Catholic Schools' 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of Saginaw Area Catholic Schools' 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Saginaw Area Catholic Schools' 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.

**Report on Summarized Comparative Information**

We have previously audited Saginaw Area Catholic Schools' 2021 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated August 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Adoption of New Accounting Standards**

As described in Note 1 to the financial statements, Saginaw Area Catholic Schools changed its method of accounting for lease agreements in 2021 as required by provisions of FASB Accounting Standards Update 2016-2 Leases. Our opinion is not modified with respect to this matter.

*Hendrie, Provencenzo, Thomas & Luplow*

SAGINAW AREA CATHOLIC SCHOOLS  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022  
(With Comparative Totals at June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
<u>Assets</u>				
Cash	\$ 168,169	\$ -	\$ 168,169	\$ 229,367
Deposit and loan accounts	5,772	274,517	280,289	286,217
Accounts receivable - net of allowance for doubtful accounts of \$351,950 (\$303,181 in 2021)	1,088,732	-	1,088,732	949,721
Due from unrestricted	-	132,273	132,273	-
Due from restricted	62,091	-	62,091	-
Scrip inventory	8,937	-	8,937	4,447
Prepaid expenses	5,338	-	5,338	3,071
Total assets	<u>\$ 1,339,039</u>	<u>\$ 406,790</u>	<u>\$ 1,745,829</u>	<u>\$ 1,472,823</u>
<u>Liabilities and Net Assets</u>				
<u>Liabilities</u>				
Accounts payable	\$ 439,084	\$ -	\$ 439,084	\$ 303,960
Accrued payroll and related taxes	176,455	-	176,455	171,184
Loans payable	413,083	-	413,083	429,436
Due to restricted	132,273	-	132,273	-
Due to unrestricted	-	62,091	62,091	-
Deferred revenue	5,402	-	5,402	4,850
Advance comprehensive fees	11,909	-	11,909	17,144
Advance registration fees	43,720	-	43,720	49,119
Advance tuition payments	289,487	-	289,487	282,715
Total liabilities	<u>1,511,413</u>	<u>62,091</u>	<u>1,573,504</u>	<u>1,258,408</u>
<u>Net Assets</u>				
Net assets (deficit)	(172,374)	344,699	172,325	214,415
Total liabilities and net assets	<u>\$ 1,339,039</u>	<u>\$ 406,790</u>	<u>\$ 1,745,829</u>	<u>\$ 1,472,823</u>

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

SAGINAW AREA CATHOLIC SCHOOLS  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
Operating activities				
Donations and bequests	\$ 135,521	\$ 336,329	\$ 471,850	\$ 358,687
Other revenue	40,788	-	40,788	84,434
Grants	425,233	-	425,233	-
Fundraising	596,362	-	596,362	318,757
Tuition	1,933,831	-	1,933,831	1,826,415
Parish assessments	1,207,014	-	1,207,014	1,279,665
Student fees	131,268	-	131,268	132,331
Transportation fees	30,452	-	30,452	-
Student lunch sales	92,758	-	92,758	57,436
Adult lunch sales	4,694	-	4,694	1,878
Admission fees	34,212	-	34,212	9,322
Student activities	24,423	-	24,423	1,677
Athletic revenue	6,046	-	6,046	10,771
Advertising revenue	18,340	-	18,340	10,260
Total revenue and support before releases	4,680,942	336,329	5,017,271	4,091,633
Net assets released from restrictions	280,050	(280,050)	-	-
Total revenue and support	4,960,992	56,279	5,017,271	4,091,633
Operating expenses				
High school	1,209,804	-	1,209,804	1,118,144
Elementary school	1,999,242	-	1,999,242	1,819,639
Athletics	422,016	-	422,016	321,261
Administration	1,131,214	-	1,131,214	1,035,753
Development	160,002	-	160,002	131,854
Food service	142,650	-	142,650	104,674
Total operating expenses	5,064,928	-	5,064,928	4,531,325
Change in net assets from operating activities	(103,936)	56,279	(47,657)	(439,692)
Nonoperating activities				
Payroll Protection Loan forgiveness	-	-	-	571,400
Interest	166	5,401	5,567	11,174
Change in net assets from nonoperating activities	166	5,401	5,567	582,574
Change in net assets	(103,770)	61,680	(42,090)	142,882
Net assets, beginning of year (deficit)	(68,604)	283,019	214,415	71,533
Net assets, end of year (deficit)	<u>\$ (172,374)</u>	<u>\$ 344,699</u>	<u>\$ 172,325</u>	<u>\$ 214,415</u>

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

SAGINAW AREA CATHOLIC SCHOOLS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)

	Current Year				Supporting Activities				Total Expenses	Prior Year Total Expenses
	Program Activities									
	High School	Elementary School	Athletics	Total Program	Administration	Development	Food Service	Total Support		
Salaries	\$ 489,298	\$ 919,660	\$ 39,900	\$ 1,448,858	\$ 593,938	\$ 86,799	\$ 60,524	\$ 741,261	2021	2,139,674
Benefits	153,830	248,862	6,273	408,965	137,928	16,697	10,756	165,381	2022	592,724
Payroll taxes	34,834	67,003	5,173	107,010	51,997	6,011	2,252	60,260		166,827
Total salaries and related expenses	677,962	1,235,525	51,346	1,964,833	783,863	109,507	73,532	966,902		2,899,225
Goodwill	-	-	-	-	-	15	-	15		-
Donations and assistance	500	500	-	1,000	-	-	-	-		1,450
Scholarships	2,600	-	-	2,600	1,000	-	-	1,000		11,314
Professional and technical	30,399	84,650	75,757	190,806	119,051	1,108	2,758	122,917		196,641
Office and teaching supplies	30,298	108,344	1,663	140,305	6,684	-	-	6,684		94,408
Dues and memberships	2,641	3,310	1,161	7,112	253	3,701	-	3,954		6,151
Conferences and retreats	4,232	-	-	4,232	-	349	-	349		776
Bad debt	-	-	-	-	48,769	-	-	48,769		3,838
Travel and transportation	9,713	6,989	18,062	34,764	371	-	-	371		1,292
Publicity and promotion	-	411	-	411	236	40,309	-	40,545		30,471
Telephone	450	6,816	6	7,272	6,653	-	-	6,653		13,090
Utilities	127,304	86,547	13,204	227,055	-	-	-	-		227,055
Service contracts	102,513	124,943	-	227,456	1,588	-	-	1,588		206,559
Repairs and maintenance	8,424	55,043	74,362	137,829	72,129	144	515	72,788		234,632
Furnishings and equipment	32,658	43,831	22,083	98,572	1,754	4,150	-	5,904		177,830
Rentals and leases	3,476	-	13,065	16,541	146	-	-	146		207,525
Insurance	2,720	21,135	1,898	25,753	34,918	-	-	34,918		12,334
Athletic expense	-	-	41,010	41,010	-	-	-	-		61,183
Student activities	11,553	13,725	-	25,278	-	-	-	-		9,857
Taxes and assessments	-	776	-	776	-	-	-	-		4,701
Bank charges	-	-	-	-	5,268	-	-	-		3,216
Interest	577	-	-	577	6,998	-	-	5,268		20,167
Fundraising	161,784	206,197	108,399	476,380	39,040	705	-	6,998		8,282
Food service	-	500	-	500	2,493	14	65,845	39,745		281,413
Subtotal	531,842	763,717	370,670	1,666,229	347,351	50,495	69,118	68,352		44,970
Total expenses	\$ 1,209,804	\$ 1,999,242	\$ 422,016	\$ 3,631,062	\$ 1,131,214	\$ 160,002	\$ 142,650	\$ 1,433,866		\$ 4,531,325

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

SAGINAW AREA CATHOLIC SCHOOLS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (42,090)	\$ 142,882
Changes in operating assets and liabilities		
which provided (used) cash:		
Accounts receivable	(139,011)	(116,475)
Scrip inventory	(4,490)	5,770
Prepaid expenses	(2,267)	(2,520)
Due from unrestricted	-	25,220
Due to restricted	-	86,014
Accounts payable	135,124	71,984
Accrued payroll and related taxes	5,271	9,882
Advance comprehensive fee	(5,235)	(1,501)
Advance registration fee	(5,399)	9,792
Advance tuition payments	6,772	23,173
Deferred revenue	552	(1,193)
Net cash provided by operating activities	<u>(50,773)</u>	<u>253,028</u>
Cash flows from financing activities		
Loan proceeds - Payroll Protection Program	-	(571,400)
Principal payments on loans	<u>(16,353)</u>	<u>(15,718)</u>
Net cash provided by (used in) financing activities	<u>(16,353)</u>	<u>(587,118)</u>
Net increase (decrease) in cash and cash equivalents	(67,126)	(334,090)
Beginning cash and cash equivalents	<u>515,584</u>	<u>849,674</u>
Ending cash and cash equivalents	<u>\$ 448,458</u>	<u>\$ 515,584</u>
Supplemental disclosures of cash flow information		
Interest paid	<u>\$ 7,575</u>	<u>\$ 8,282</u>

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



## SAGINAW AREA CATHOLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS

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### NOTE 1--Summary of Significant Accounting Policies

#### Nature of Organization

Saginaw Area Catholic Schools (SACS) is a Catholic school system whose mission is to nurture, educate, and develop future Catholic leaders for an increasingly diverse world by providing a high quality education for students and by providing education opportunities to grow in their faith formation within the Catholic Church and the greater community. The Catholic schools that are part of this school system are Nouvel Catholic Central High School and Nouvel Catholic Central Elementary School. SACS' enrollment is approximately 615 students and its revenue comes primarily from tuition payments, student fees, parish assessments, fund raising, and contributions.

#### Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds by maintained in perpetuity.

## SAGINAW AREA CATHOLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS

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### NOTE 1--Summary of Significant Accounting Policies (Continued)

#### Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

#### Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to SACS's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

#### Functional Expenses

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

## SAGINAW AREA CATHOLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS

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### NOTE 1--Summary of Significant Accounting Policies (Continued)

#### Functional Expenses (Continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Full time equivalent
Benefits	Full time equivalent
Payroll taxes	Full time equivalent
Goodwill	Time and effort
Donations and assistance	Time and effort
Scholarships	Time and effort
Professional and technical	Time and effort
Office and teaching supplies	Time and effort
Dues and memberships	Time and effort
Conferences and retreats	Time and effort
Bad debt	Time and effort
Travel and transportation	Time and effort
Publicity and promotion	Time and effort
Telephone	Time and effort
Utilities	Time and effort
Service contracts	Time and effort
Repairs and maintenance	Time and effort
Furnishings and equipment	Time and effort
Rentals and leases	Time and effort
Insurance	Time and effort
Athletic expense	Time and effort
Student activities	Time and effort
Taxes and assessments	Time and effort
Bank charges	Time and effort
Interest	Time and effort
Fundraising	Time and effort
Food service	Time and effort

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Cash and Equivalents

Cash consists of cash on hand and demand deposits with financial institutions and the Diocese of Saginaw Interparish Deposit and Loan Program. There were no cash equivalents at June 30, 2022 and 2021.

#### Accounts Receivable and Allowance

Accounts receivable are stated at the outstanding principle balance adjusted for the allowance for doubtful accounts. The allowance is calculated by management based on historical collection data and current past due accounts.

SAGINAW AREA CATHOLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (Continued)

Donated Services

A significant portion of Saginaw Area Catholic School's functions are conducted by unpaid officers, committee members, and volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition.

Property, Furniture and Equipment

It is the policy of Saginaw Area Catholic Schools to expense purchases of property, furniture, and equipment in the year of purchase.

Income Taxes

Saginaw Area Catholic Schools is a non-profit organization, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Subsequent events were evaluated through December 15, 2022, which is the date the financial statements were available to be issued.

New Accounting Standard

During the year ended June 30, 2022, the Saginaw Area Catholic Schools adopted FASB Accounting Standards Update (ASU) 2016-02 *Leases* (Topic 842). Saginaw Area Catholic Schools have no lease agreements that qualify for recognition under this standard and net assets did not change as a result of this change.

NOTE 2--Assets with Donor Restrictions

Assets with donor restrictions are restricted for the following purposes or periods at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
College Scholarship	\$ 21,767	\$ 20,858
Financial Aid Scholarship	31,726	56,656
Brian Stephens Scholarship	41,532	40,672
Ryan Markey Scholarship	1,982	2,938
Academic Purposes	247,692	161,895
	<u>\$ 344,699</u>	<u>\$ 283,019</u>

SAGINAW AREA CATHOLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

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NOTE 3--Lease Agreements

Saginaw Area Catholic Schools rents the first two floors of the building at 2555 Wieneke Road under a written agreement with the Diocese of Saginaw to house Nouvel Catholic Central High School for \$1 per year. SACS is responsible for all of the costs of maintaining its building space.

Each of the individual schools that are part of the SACS system leases its copy machine. SACS incurred expenses of \$17,721 and \$20,882 associated with these leases during the years ended June 30, 2022 and 2021, respectively. Also included in the lease agreements are volume-based usage charges for the copy machines.

Minimum future commitments under these lease agreements are listed below.

<u>School Year</u>	<u>Amount</u>
2022/23	<u>\$ 14,608</u>

NOTE 4--Retirement

Saginaw Area Catholic School's defined benefit retirement plan is provided for eligible lay employees under the Michigan Catholic Employees Retirement Plan (administered by the Michigan Catholic Conference). SACS contributes 8.6% of the eligible employee's salary to the plan. Contributions of \$177,478 and \$170,824 were made on behalf of employees by Saginaw Area Catholic Schools for the years ending June 30, 2022 and 2021, respectively.

NOTE 5--Concentration of Credit Risk

Cash is held at a federally insured credit union and the Diocese of Saginaw Interparish Deposit and Loan Program. Saginaw Area Catholic Schools has \$280,289 deposited in the Diocese of Saginaw Interparish Deposit and Loan Program. Amounts deposited with the Diocese of Saginaw Interparish Deposit and Loan Program Foundation are uninsured.

SAGINAW AREA CATHOLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

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NOTE 6--Accounts Receivable

Accounts receivable at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Parish assessments	\$ 1,112,032	\$ 979,911
Tuition	322,168	263,359
Other	6,482	9,632
Less allowance for doubtful accounts - tuition	(115,929)	(92,671)
Less allowance for doubtful accounts - assessments	(236,021)	(210,510)
Net accounts receivable	<u>\$ 1,088,732</u>	<u>\$ 949,721</u>

NOTE 7--Loans Payable

The loans payable amount consists of two loans from the Diocese of Saginaw. The first was taken for cash flow purposes, has an unpaid principal balance of \$182,142, charges interest at 4%, and requires equal monthly payments of \$2,000. The second loan is related to unpaid building rent for the Nouvel Catholic Central High School building, has a principal balance of \$230,941, and charges interest at .25% annually. The loan will balloon on February 1, 2023 and is required to be paid in full by that date. SACS may make principal payments at any time before that date without penalty. Interest charged to expense on these loans totaled \$7,575 during the year ended June 30, 2022, and \$8,282 during the year ended June 30, 2021.

Estimated principal maturities of the loans are as follows:

<u>School Year</u>	<u>Amount</u>
2022/23	\$ 254,941
2023/24	24,000
2024/25	24,000
2025/26	24,000
2026/27	24,000
2027/28 and beyond	62,142
	<u>\$ 413,083</u>

NOTE 8--Assets without Donor Restrictions – Deficit

Saginaw Area Catholic Schools has a net asset without donor restrictions deficit of \$172,374 at June 30, 2022. Management is working to eliminate the deficit net asset position through the budgetary process.

SAGINAW AREA CATHOLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

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NOTE 9--Liquidity and the Availability of Financial Assets

The following reflects SACS's financial assets as of the balance sheet date, reduced by the amounts not available for general use.

	<u>2022</u>	<u>2021</u>
Assets at year end	\$ 1,745,829	\$ 1,472,823
Less those not available for general expenditures within one year:		
Scrip inventory	(8,937)	(4,447)
Prepaid expenses	(5,338)	(3,071)
Internal accounts receivable	(194,364)	-
Assets available to meet general expenditures within one year	<u>\$ 1,537,190</u>	<u>\$ 1,465,305</u>

NOTE 10--Revenue from Contracts with Customers

The following summarizes revenue by type for years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	\$ 2,269,978	\$ 2,610,719
Revenue from other sources	2,747,293	2,052,314
Interest income	5,567	11,174
Total revenue	<u>\$ 5,022,838</u>	<u>\$ 4,674,207</u>

Bad debt expense as a result of impairment loss on receivables on contract with customers and revenue from other sources was \$48,769 and \$3,838 for the years ended June 30, 2022 and 2021, respectively. All revenue from contracts with customers is earned at a point in time for the years ended June 30, 2022 and 2021.

The following summarizes contract assets:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>July 1, 2020</u>
Accounts receivable	\$ 322,168	\$ 263,359	\$ 251,920

The following summarizes contract liabilities:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>July 1, 2020</u>
Advance tuition & fees	\$ 345,116	\$ 348,978	\$ 317,514

SAGINAW AREA CATHOLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

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NOTE 11--Subsequent Event – Agreement with the Diocese of Saginaw

In fiscal 2023, Saginaw Area Catholic Schools and the Diocese of Saginaw entered into an agreement with the Diocese of Saginaw regarding the amounts owed to SACS by the local Catholic parishes and the loans from the Diocese to Saginaw Area Catholic Schools. The Diocese will pay to Saginaw Area Catholic Schools the net amount of the amounts owed to SACS from the parishes and the debt owed to the Diocese from Saginaw Area Catholic Schools. The debt to the Diocese will be forgiven and it is anticipated that SACS will receive from the Diocese approximately \$698,000 in equal installments paid over the next three years (\$232,700 per year).