

Alabama Waldorf School  
(Nonprofit Corporation)

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Financial Statements  
June 30, 2022 and 2021

**Alabama Waldorf School  
(Nonprofit Corporation)**

**Birmingham, Alabama**

**Financial Statements**

**June 30, 2022 and 2021**

Alabama Waldorf School  
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June 30, 2022 and 2021

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## **Independent Auditor's Report**

To the Board of Directors  
Alabama Waldorf School  
Birmingham, Alabama

### **Opinion**

We have audited the accompanying financial statements of Alabama Waldorf School (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alabama Waldorf School as of June 30, 2022, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alabama Waldorf School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

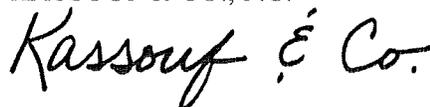
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Alabama Waldorf School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alabama Waldorf School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Other Matter**

The 2021 financial statements were reviewed by us and our report thereon, dated May 2, 2022, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

KASSOUF & CO., P.C.



Certified Public Accountants

December 6, 2022

**Alabama Waldorf School  
Statements of Financial Position  
June 30, 2022 and 2021**

	<b>2022</b>	<b>2021 (Reviewed)</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 373,012	\$ 257,470
Tuition and fees receivable, net	23,755	35,976
Prepaid expenses	-	29,306
<b>Total Current Assets</b>	<b>396,767</b>	<b>322,752</b>
<b>Noncurrent Assets</b>		
Property and equipment, net	832,638	859,200
Deposits	945	945
<b>Total Noncurrent Assets</b>	<b>833,583</b>	<b>860,145</b>
<b>Total Assets</b>	<b>1,230,350</b>	<b>1,182,897</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	6,685	2,637
Accrued salaries and withheld taxes	27,422	1,275
Current portion of notes payable	19,729	95,720
Deferred revenue	37,332	25,794
<b>Total Current Liabilities</b>	<b>91,168</b>	<b>125,426</b>
<b>Long-Term Liabilities</b>		
Notes payable, net of unamortized issuance costs	497,802	564,828
<b>Total Long-Term Liabilities</b>	<b>497,802</b>	<b>564,828</b>
<b>Total Liabilities</b>	<b>588,970</b>	<b>690,254</b>
<b>Net Assets</b>		
Without Donor Restrictions	641,380	492,643
<b>Total Net Assets</b>	<b>641,380</b>	<b>492,643</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,230,350</b>	<b>\$ 1,182,897</b>

See accompanying notes.

**Alabama Waldorf School**  
**Statements of Activities**  
**For the Year Ended June 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues</b>			
Tuition and fees	\$ 706,558	\$ -	\$ 706,558
Fundraising support, net	53,423	-	53,423
Contributions and grants	35,833	100,364	136,197
Interest	1,508	-	1,508
Net assets released from restrictions	100,364	(100,364)	-
Total Revenues	<u>897,686</u>	<u>-</u>	<u>897,686</u>
<b>Expenses</b>			
Program services	793,055	-	793,055
Management and general	69,355	-	69,355
Fundraising	13,509	-	13,509
Total Expenses	<u>875,919</u>	<u>-</u>	<u>875,919</u>
<b>Other Income</b>			
Gain on extinguishment of debt	<u>126,970</u>	<u>-</u>	<u>126,970</u>
Change in net assets	148,737	-	148,737
Net assets - beginning of year	<u>492,643</u>	<u>-</u>	<u>492,643</u>
Net assets - end of year	<u><u>\$ 641,380</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 641,380</u></u>

See accompanying notes.

**Alabama Waldorf School**  
**Statements of Activities - Continued**  
**For the Year Ended June 30, 2021**  
**(Reviewed)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues</b>			
Tuition and fees	\$ 501,251	\$ -	\$ 501,251
Fundraising support, net	40,090	-	40,090
Other income	231	-	231
Contributions and grants	15,605	1,519	17,124
Interest	944	-	944
Net assets released from restrictions	1,519	(1,519)	-
Total Revenues	<u>559,640</u>	<u>-</u>	<u>559,640</u>
<b>Expenses</b>			
Program services	555,859	-	555,859
Management and general	52,058	-	52,058
Fundraising	9,115	-	9,115
Total Expenses	<u>617,032</u>	<u>-</u>	<u>617,032</u>
<b>Other Income</b>			
Gain on extinguishment of debt	<u>133,770</u>	<u>-</u>	<u>133,770</u>
Change in net assets	76,378	-	76,378
Net assets - beginning of year	<u>416,265</u>	<u>-</u>	<u>416,265</u>
Net assets - end of year	<u>\$ 492,643</u>	<u>\$ -</u>	<u>\$ 492,643</u>

See accompanying notes.

**Alabama Waldorf School**  
**Statements of Functional Expenses**  
**For the Year Ended June 30, 2022**

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bad debt	\$ 13,207	\$ -	\$ -	\$ 13,207
Bank charges	941	145	121	1,207
Depreciation	25,499	1,063	-	26,562
Dues and subscriptions	10,572	-	-	10,572
Employee benefits	25,771	2,291	573	28,635
Equipment	2,045	108	-	2,153
Insurance	9,646	402	-	10,048
Interest	24,147	1,006	-	25,153
Maintenance	17,379	914	-	18,293
Marketing and advertising	3,245	-	207	3,452
Payroll taxes	39,066	3,472	868	43,406
Postage	514	74	25	613
Professional fees	26,148	10,189	-	36,337
Occupancy	22,312	930	-	23,242
Repairs	14,505	763	-	15,268
Salaries	524,462	46,619	11,654	582,735
Supplies	22,908	709	-	23,617
Taxes and licenses	5,123	213	-	5,336
Telephone and internet	2,619	366	61	3,046
Training and meetings	2,946	91	-	3,037
Total Functional Expenses	<u>\$ 793,055</u>	<u>\$ 69,355</u>	<u>\$ 13,509</u>	<u>\$ 875,919</u>

See accompanying notes.

**Alabama Waldorf School**  
**Statements of Functional Expenses - Continued**  
**For the Year Ended June 30, 2021**  
**(Reviewed)**

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	\$ 354	\$ 55	\$ 46	\$ 455
Depreciation	25,924	1,081	-	27,005
Dues and subscriptions	10,814	-	-	10,814
Employee benefits	23,333	2,074	519	25,926
Equipment	2,398	126	-	2,524
Insurance	13,512	563	-	14,075
Interest	26,021	1,084	-	27,105
Marketing and advertising	738	-	47	785
Payroll taxes	25,408	2,259	565	28,232
Postage	19	3	1	23
Professional fees	27,674	11,244	-	38,918
Occupancy	17,025	709	-	17,734
Repairs	5,821	306	-	6,127
Salaries	353,908	31,459	7,865	393,232
Supplies	12,829	397	-	13,226
Taxes and licenses	4,754	198	-	4,952
Telephone and internet	3,090	431	72	3,593
Training and meetings	2,237	69	-	2,306
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Total Functional Expenses	<u>\$ 555,859</u>	<u>\$ 52,058</u>	<u>\$ 9,115</u>	<u>\$ 617,032</u>

See accompanying notes.

**Alabama Waldorf School**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b> <b>(Reviewed)</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 148,737	\$ 76,378
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	26,562	27,005
Amortization	2,088	2,169
Write off of uncollectible accounts receivable	790	-
Increase in provisions for losses on tuition receivable	12,836	-
Gain on extinguishment of debt	(126,970)	(133,770)
(Increase) decrease in:		
Tuition and fees receivable	(1,405)	(250)
Prepaid expenses	29,306	(29,306)
(Decrease) increase in:		
Accounts payable	4,047	(784)
Accrued salaries and withheld taxes	26,148	150
Deferred revenues	11,538	25,794
Other liabilities	-	(111)
Total Adjustments	<u>(15,060)</u>	<u>(109,103)</u>
Net Cash Provided By (Used In) Operating Activities	<u>133,677</u>	<u>(32,725)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from notes issued	-	126,975
Principal payments on notes payable	<u>(18,135)</u>	<u>(22,666)</u>
Net Cash (Used In) Provided By Financing Activities	<u>(18,135)</u>	<u>104,309</u>
Net increase in cash and cash equivalents	115,542	71,584
Cash and cash equivalents, beginning of year	<u>257,470</u>	<u>185,886</u>
Cash and cash equivalents, end of year	<u>\$ 373,012</u>	<u>\$ 257,470</u>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 23,065</u>	<u>\$ 24,935</u>

See accompanying notes.

**Alabama Waldorf School**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

Note 1. Summary of Significant Accounting Policies

Organization

The Alabama Waldorf School (the Organization) is a private, nonprofit organization recognized under section 501(c)(3) of the Internal Revenue Code. It was founded in 1987 as a kindergarten and now offers education through the eighth grade. It also offers a multi-age kindergarten, a nursery program, and a parent-toddler program.

The Organization is one of many schools worldwide sharing an educational philosophy that is one hundred years old, yet is in dynamic harmony with today's needs. Waldorf education, founded in 1919 by Austrian educator and scientist Rudolph Steiner, is a developmental approach that tailors the curriculum to the needs of each child, with a goal to foster qualities of confidence, independence, personal accountability, and capable intelligence. By nurturing the whole child – head, heart, and hands – Waldorf schools prepare children for a fulfilling, well-rounded experience at every stage of life.

Alabama Waldorf School is committed to providing a rich and balanced educational experience that actively engages the whole child. Waldorf education is grounded in strong academics, enlivened by the arts, and made concrete by practical experience. The faculty draws on the child's innate sense of wonder and thirst for meaningful values to nurture a reverence for life and an eagerness to learn. Each child's individuality is honored, while building responsible citizenship in a multicultural and developmentally appropriate curriculum.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent revenues and expenses related to the operation and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered without donor restrictions. Contributions with donor restrictions that are expended for their restricted purpose in the same reporting period as they are received, may be recorded as without donor restrictions.

**Alabama Waldorf School**  
**Notes to Financial Statements – Continued**  
**June 30, 2022 and 2021**

Note 1. Summary of Significant Accounting Policies – Continued

Financial Statement Presentation – Continued

Net assets with donor restrictions represent resources available for use, but expendable only for the purposes specifically stated by the donor.

Revenue Recognition

Contributions and Grants

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are recorded as without donor restrictions or with donor restrictions support depending on the existence and/or nature of any donor restrictions. Time restricted contributions are required to be reported as with donor restrictions support and are then reclassified to net assets without donor restrictions upon expiration of the time restriction. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions.

Grant revenue is reported as with donor restrictions if it is received with donor stipulations that limit the use of the donated assets. When a donor restriction expires or when a stipulated purpose 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 as released from restrictions.

Tuition and fees

Tuition and fees are derived from the educational services provided by the Organization to students and include tuition, room and board, application fees, registration fees and other activity fees. Tuition for each student is considered a distinct performance obligation with a fixed transaction price net of any discounts or financial aid. The Organization's performance obligation is met at a point in time when the student enrolls for the academic year. The School does not have an obligation to refund payments for tuition or fees if a student withdraws during the year. As a result, revenue is recognized upon the student enrolling for the academic year. Payment is due upon enrollment but may be paid in accordance with an agreed upon payment plan over the course of the academic year.

**Alabama Waldorf School**  
**Notes to Financial Statements – Continued**  
**June 30, 2022 and 2021**

Note 1. Summary of Significant Accounting Policies – Continued

Revenue Recognition – Continued

Deferred Revenue

As part of the Organization’s operations, the Organization may receive consideration for registration and tuition (deferred revenue) prior to an academic year. Any consideration received from students prior to the academic year (performance obligation) is recorded as a deferred revenue liability and not recognized in revenue until the performance obligation is satisfied. Students can request refunds of the deferred revenue at any point prior to the start of the academic year.

Receivables and deferred revenue as of the years ended June 30, 2022, 2021, and 2020 consisted of the following:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Receivables, net	\$ 23,755	\$ 35,976	\$ 35,726
Deferred revenue	37,332	25,794	-

Revenue recognized for the year ended June 30, 2022 that was included in the deferred revenue balance at the beginning of the year was \$25,794.

Tuition Receivable

Accounts receivable relates to student tuition and other fees, as well as amounts due from the Organization’s parent-teacher association, where payments are not received before the end of the fiscal year. Accounts receivable are recorded at net realizable value. Management determines the allowance for doubtful accounts based on an evaluation of the collectability of each specific student account. On a continuing basis, management analyzes delinquent receivables and once these receivables are determined to be uncollectible, they are written off through a charge against bad debt expense. At June 30, 2022, the allowance for uncollectible accounts was \$12,836. At June 30, 2021, no allowance for uncollectible amounts was considered necessary.

Scholarships and Financial Aid

Gross tuition and fees reflect the Organization's normal tuition rates for all students adjusted by netting financial aid awarded to students. Dependents of the School's employees pay reduced tuition rates. The dependent tuition reduction amount is included in gross tuition and fees and in academic programs expenses in the statement of activities. Financial aid awarded to students totaled \$294,509 and \$227,653 for the years ended June 30, 2022 and 2021, respectively.

**Alabama Waldorf School**  
**Notes to Financial Statements – Continued**  
**June 30, 2022 and 2021**

Note 1. Summary of Significant Accounting Policies – Continued

Revenue Recognition – Continued

Other Revenue Sources

Other revenue is derived from several sources including extended care, student events and fundraising efforts. Each individual extended care registration, student event, and fundraising event registration is considered a distinct performance obligation with a fixed transaction price. The Organization's performance obligation is met at a point in time when admission is granted, the product is transferred, or the event is held. As a result, revenue for each of these revenue streams is recognized at a point in time. Payment is also due at the point of sale.

Determining when control transfers and performance obligations are met requires management to make judgements and these judgements affect revenue recognition.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Depreciation is based on the straight-line method over the estimated useful life of the assets acquired.

Income Taxes

The Organization is a tax-exempt entity under section 501(c)(3) of the Internal Revenue code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Estimates

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

**Alabama Waldorf School**  
**Notes to Financial Statements – Continued**  
**June 30, 2022 and 2021**

Note 1. Summary of Significant Accounting Policies – Continued

Compensated Absences

Employees are entitled to paid vacations, sick days and personal days off, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when paid to employees.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Expenses

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Advertising

Advertising and promotional costs are charged to expense as incurred.

**Alabama Waldorf School**  
**Notes to Financial Statements – Continued**  
**June 30, 2022 and 2021**

Note 1. Summary of Significant Accounting Policies – Continued

Recent Accounting Pronouncement Implemented

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The underlying principle of ASU 2020-07 is to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by organizations, including how those assets are used and valued. The guidance requires the organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. In addition, it requires additional disclosures including a disaggregation by category, and other qualitative information including any donor-imposed restrictions, and valuation techniques in accordance with the requirements in *Topic 820, Fair Value Measurement*. Organizations are required to recognize and measure nonfinancial assets at the beginning of the earliest period presented using a retrospective basis. The Organization adopted ASU 2020-07 with a date of initial application of July 1, 2021. There were no changes to the Organization’s Statements of Activities on a retrospective basis.

Recent Accounting Pronouncement Not Yet Implemented

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The underlying principle of ASU 2016-02 is that lessees should recognize the assets and liabilities arising from leases in the statements of financial position. The guidance requires a lessee to recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous generally accepted accounting principles. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statements of financial position. The guidance is currently effective for the Organization for the year ending June 30, 2023, but with early adoption permitted. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach.

**Alabama Waldorf School**  
**Notes to Financial Statements – Continued**  
**June 30, 2022 and 2021**

Note 2. Property and Equipment

Property and equipment consists of the following at June 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Land	\$ 14,000	\$ 14,000
Building and improvements	968,726	968,726
Furniture and equipment	<u>45,724</u>	<u>45,724</u>
Total property and equipment	1,028,450	1,028,450
Accumulated depreciation	<u>(195,812)</u>	<u>(169,250)</u>
Property and equipment, net	<u>\$ 832,638</u>	<u>\$ 859,200</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$26,562 and \$27,005, respectively.

Note 3. Credit Risk Concentrations

The Organization maintains its cash balances in one financial institution located in Birmingham, Alabama. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times cash balances in the bank may exceed the FDIC limit.

Note 4. Related Party Transactions

The Organization has a Parent Teacher Organization (the Association) for which the Organization occasionally will collect funds or make payments on its behalf. The Organization does not have a receivable or payable due to or from the Association for the years ended June 30, 2022 and 2021.

**Alabama Waldorf School**  
**Notes to Financial Statements – Continued**  
**June 30, 2022 and 2021**

Note 5. Long-Term Debt

Long-term debt for the Organization as of June 30, 2022 and 2021 consists of:

	<b>2022</b>	<b>2021</b>
Note payable – RSF Social Finance, due in monthly installments of \$3,433, with interest charged at 4.25%. The note matures in April 2026. The note is secured by real property and all fixtures and equipment.	\$ 525,361	\$ 543,490
Note payable – SouthPoint Bank (Paycheck Protection Program), due in monthly installments of \$7,146 beginning August 2021, with interest charged at 1%. The note matures January 2023. The note is unsecured. This loan was fully forgiven on October 21, 2021.	-	126,975
Total debt	\$ 525,361	\$ 670,465
Debt issuance costs	(7,830)	(9,917)
Current portion of long-term debt	(19,729)	(95,720)
Total long-term debt, net	\$ 497,802	\$ 564,828

Annual maturities of long-term debt at June 30, 2022 are as follows:

Year ending June 30,

2023	\$ 19,729
2024	20,094
2025	20,965
2026	464,573
	\$ 525,361

Debt issuance costs are accounted for as a direct deduction from the face amount of the related debt (as shown in the table above). The Organization had amortized debt issuance costs of \$2,088 and \$2,169 in 2022 and 2021, respectively, which was included in interest expense.

**Alabama Waldorf School**  
**Notes to Financial Statements – Continued**  
**June 30, 2022 and 2021**

Note 5. Long-Term Debt – Continued

The Organization is required to maintain a minimum debt service coverage of not less than 1.1 to 1.0 with a modified unrestricted liquidity balance equal to or greater than \$50,000. As of June 30, 2022 and 2021, the Organization was in compliance with these debt covenants.

In January 2021, a note payable to SouthPoint Bank was obtained through the Paycheck Protection Program as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan bears interest at a fixed rate of 1% for a twenty-four month term with deferral of the first six months of principal and interest although interest continues to accrue. After six months, principal and interest payments are payable over the remaining term. Under the CARES Act, a portion or all of the loan may be forgiven. On October 21, 2021 the Organization received full forgiveness in the amount of \$126,970. This forgiven amount is reflected as other income on the statement of activities for the year ended June 30, 2022.

Note 6. Operating Leases

The Organization leases certain equipment that requires minimum monthly payments over various time periods. Related lease expense for the years ended June 30, 2022 and 2021 was \$2,153 and \$2,151, respectively.

Future minimum rental commitments at June 30, 2022 for the leases are as follows:

Year ending June 30,	
2023	\$ 2,845
2024	2,845
2025	2,845
2026	2,845
2027 and thereafter	3,556
	<u>\$ 14,936</u>

Note 7. Retirement Plan

Beginning with the year ended June 30, 2021, the Organization implemented a retirement program which allows for individual ROTH IRAs to be established by all full-time and part-time faculty. The Organization may make a discretionary match to the IRAs at an amount approved by the Board. The Organization did not make a discretionary matching contributions for the years ended June 30, 2022 and 2021.

**Alabama Waldorf School**  
**Notes to Financial Statements – Continued**  
**June 30, 2022 and 2021**

Note 8. Special Events

Net fundraising support for the years ended June 30, 2022 and 2021 consists of:

	<b>2022</b>	<b>2021</b>
Revenue	\$ 58,515	\$ 41,369
Direct costs of events	<u>(5,092)</u>	<u>(1,279)</u>
Net fundraising support	<u>\$ 53,423</u>	<u>\$ 40,090</u>

Note 9. Restrictions on Net Assets

There were no net assets with donor restrictions at June 30, 2022 and 2021.

Note 10. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions during the years ended June 30 in satisfaction of the following purposes:

	<b>2022</b>	<b>2021</b>
Talladega Clay Randolph Grant for Payroll	\$ 72,000	\$ -
CCWS Sub-Grant for Extended Care	27,000	-
Capital Campaign for Mortgage Payments	<u>1,364</u>	<u>1,519</u>
Total Net Assets Released from Restrictions	<u>\$ 100,364</u>	<u>\$ 1,519</u>

Note 11. Financial Assets and Liquidity

The Organization has \$396,767 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$373,012 and net tuition and fees receivable of \$23,755. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

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Note 12. Methods Used for the Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Those expenses include bank charges, depreciation, employee benefits, equipment, insurance, interest, maintenance, marketing and advertising, payroll taxes, postage, professional fees, occupancy, repairs, salaries, supplies, taxes and licenses, telephone and internet, and training and meetings. Employee benefits, payroll taxes and salaries are allocated based on estimates of time and effort. Other expenses are allocated based on their usage for the specific programs or supporting functions.

Note 13. Risks and Uncertainties

During this time, as a result of the COVID-19 coronavirus, inflation, and global unrest, economic uncertainties have arisen likely to impact the Organization's revenue. Other financial impact could occur though such potential is unknown at this time.

Note 14. Other Income

Due to the economic uncertainties from the spread of the COVID-19 coronavirus, on January 27, 2021, the Organization obtained its second loan in the amount of \$126,970 through the Paycheck Protection Program as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. On October 21, 2021, the Organization received full forgiveness of their loan obtained under the Program. This amount is reflected in the statement of activities as other income for the year ended June 30, 2022.

Due to the economic uncertainties from the spread of the COVID-19 coronavirus, on April 7, 2020, the Organization obtained its first loan in the amount of \$133,770 through the Paycheck Protection Program as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. On May 20, 2021, the Organization received full forgiveness of their loan obtained under the Program. This amount is reflected in the statement of activities as other income for the year ended June 30, 2021.

Note 15. Restatement

Deferred tuition and fees revenues that were previously recognized as revenues were reclassified to deferred revenue during the year ending June 30, 2021. This adjustment resulted in an increase of liabilities of \$25,794 and a decrease in the change in net assets by the same amount for the year ending June 30, 2021.

Note 16. Subsequent Events

The Organization has evaluated subsequent events through December 6, 2022, the date which the financial statements were available to be issued.