

**South Carolina Education Oversight Committee (EOC)  
Annual Standards Assurance Form**

**School Year: 2019-20**

Participation in the South Carolina Education Oversight Committee's (EOC) Annual Standards Assurance Program

Please complete the information requested below concerning your independent school. This information will be listed on the South Carolina Education Oversight Committee's website, <https://ecc.sc.gov/>.

<b>Independent School Name:</b>	First Baptist School of Charleston
<b>Independent School Contact Person:</b>	Susan Brooks
<b>Independent School Address:</b>	48 Meeting St
<b>City, State, Zip Code:</b>	Charleston, SC 29414
<b>Independent School Telephone Number:</b>	( 843 ) - 722-6646
<b>Independent School Fax Number:</b>	( 843 ) - 720-2510
<b>Independent School E-mail Address:</b>	brookss@fbschool.org
<b>Independent School Website Address:</b>	www.fbschool.org

Please review the standards below that are based on Act 247 of 2018. An "eligible school" is defined as "an independent school including those religious in nature, other than a public school, at which the compulsory attendance requirements of Section 59-65-10 may be met." Please indicate whether your school has met or intends to meet each standard to ensure the following academic and reporting requirements are met. The South Carolina Education Oversight Committee reserves the right to request additional documentation to show the school is in compliance with state law. Failure to meet these standards or reporting requirements will result in your school being denied or removed from participation in the program.

<b>STANDARDS</b>	<b>YES</b>	<b>NO</b>
<b>1. Offers a general education to primary or secondary school students.</b>	x	<input type="checkbox"/>
<b>2. Does not discriminate on the basis of race, color, or national origin.</b>	x	<input type="checkbox"/>
<b>3. Is located in this State.</b>	x	<input type="checkbox"/>
<b>4. Has an educational curriculum that includes courses set forth in the state's diploma requirements, graduation certificate requirements for special needs children and where the students attending are administered national achievement or state standardized tests, or both, at progressive grade levels to determine student progress.</b>	x	<input type="checkbox"/>
<b>5. Has school facilities that are subject to applicable federal, state, and local laws.</b>	x	<input type="checkbox"/>
<b>6. Is a member in good standing of the Southern Association of Colleges and Schools, the South Carolina Association of Christian Schools, the South Carolina Independent Schools Association, or the Palmetto Association of Independent Schools.</b>	<b>X</b>	<input type="checkbox"/>
<b>7. Provides a specially designed program or learning resource center to provide needed accommodations based on the needs of exceptional needs students or provides onsite educational services or supports to meet the needs of exceptional needs students or is a school specifically existing to meet the needs of only exceptional needs students with documented disabilities.</b>	<b>X</b>	<input type="checkbox"/>

REPORTING REQUIREMENTS	YES	NO
<p>1. If your school received any grants from Exceptional SC in school year 2018-19, then your school will report to the EOC the number and total dollar amount of grants received in the 2018-19 school year from Exceptional SC by September 1, 2019.</p>	X	<input type="checkbox"/>
<p>2. Your school will submit to the EOC by September 1, 2019 a statement of services that documents your school:</p> <ul style="list-style-type: none"> <li>(a) provides a specially designed program or learning resource to provide needed accommodations based on the needs of exceptional needs students; or</li> <li>(b) provides onsite educational services or supports to meet the needs of exceptional needs students; or</li> <li>(c) exists specifically to meet the needs of only exceptional needs students with documented disabilities.</li> </ul>	X	<input type="checkbox"/>
<p>3. Your school will submit to the EOC by November 15, 2019 the school-level assessment results for all grades in the school and for each grade with at least (10) students tested. Results should be provided for English language arts (reading) and mathematics achievement of students in each grade tested in school year 2018-19.</p>	X	<input type="checkbox"/>
<p>4. If your school received grants from Exceptional SC in school year 2018-19, the school will submit by November 15, 2019 individual student test scores on national achievement or state standardized tests for any student in grades one through twelve who received a grant from the program during school year 2018-19. The data will be collected using a secure portal. No personally identifiable information will be published; instead, the information will be aggregated.</p>	X	<input type="checkbox"/>
<p>5. If your school received grants from Exceptional SC in school year 2018-19, the school will submit to the EOC a copy of a compilation, review, or compliance audit of the organization's financial statements as relating to the grants received, conducted by a certified public accounting firm by November 15, 2019.</p>	X	<input type="checkbox"/>

I assure that all documents submitted to the SC Education Oversight Committee for the purpose of applying as an eligible school, as defined by state law, is true, accurate, and complete under penalty of perjury in accordance with Section 16-9-10 of the South Carolina Code of Laws. Failure to report to the EOC the required data will result in the school being removed from the list of approved schools.

Signature: 

Date: 02/27/2019

Print Name of Signature Above: Susan S Brooks

Title: Lower and Middle School Principal

Email: brookss@fbschool.org

**Document A  
Grants Received**

**Educational Credit for Exceptional Needs Children (ECENC) Program  
2019-20**

**Independent School Name:** FIRST BAPTIST OF CHARLESTON

An independent school participating in the ECENC Program is required to submit the following information by **September 1**:

**How many students in kindergarten through grade 12 were enrolled in your school in the prior school year?** 400

**What is the total number of grants and total amount of grants received in the prior school year from Exceptional SC?** Please complete the following chart and sign below.

If no grants for any qualifying student were received from Exceptional SC in the prior school year, please indicate with "0" grants received and "\$0" in total amount of grants received from Exceptional SC.

<b>Total Number of Grants Received</b>	<b>Total Amount of Grants Received</b>
# <u>3</u>	\$ <u>15,054</u>

Total number of grants is the number of individual children/students who received a grant even if the school received more than one grant for a specific child/student.

**Signature:** 

**Date:** 8/27/19

**Print Name of Signature Above:** Susan Brooks

**Title:** Lower School Principal

**Email:** brookss@fbschool.org

**Document B  
Statement of Services**

**Educational Credit for Exceptional Needs Children (ECENC) Program  
2019-20**

**Independent School Name:** FIRST BAPTIST OF CHARLESTON

An independent school participating in the Educational Credit for Exceptional Needs Children is required to submit a Statement of Services by **September 1** that documents that the school:

- (a) provides a specially designed program or learning resource to provide needed accommodations based on the needs of exceptional needs students; or
- (b) provides onsite educational services or supports to meet the needs of exceptional needs students; or
- (c) exists specifically to meet the needs of only exceptional needs students with documented disabilities.

**Please sign below and attach a statement of services.**

**Signature:** 

**Date:** 8/27/19

**Print Name of Signature Above:** Susan Brooks

**Title:** Lower School Principal

**Email:** brookss@fbschool.org

August 25, 2019

To Whom it May Concern,

Statement of services for Exceptional Needs Students at First Baptist School

Application for Continued Participation in ECENC Program-

First Baptist is a unit school serving students in the two year old preschool program through 12th grades. First Baptist will continue to serve students from the Tri-County area. Our curriculum is a college preparatory program that prepares students for their future in college.

We accept students with different types of learning disabilities. Most are ADHD or ADD, but we do have some with learning disabilities and mild Asperger's.

First Baptist is a small school. Because of the size, small-classes are offered that often benefit students with above learning difficulties. Teachers are required to hold extra help sessions at least twice a week for the students. If we do not have the resources needed for a specific students, we allow tutors to pull in to the classrooms during the day or pull students to work with them one on one.

We are fortunate to have a full time counselor available to those students who have Asperger's, ADHD, and other learning disabilities. The counselor provides social coaching and provides emotional support for these students who need it. Some students are on a weekly schedule while others come on a need by need basis.

First Baptists school administers standardized testing each spring. One on one testing is provided for students who need support.

It has been an honor for First Baptist School to be part of the ECENC Program in the past. It has been extremely beneficial for our families who have children with needs.

Thank you,



Susan Brooks

Lower and Middle School Principal

*Truth • Values • Knowledge*



(p) 843.722.6646

(f) 843.720.2521 | upper school

(f) 843.720-2510 | lower school

48 Meeting Street  
Charleston, SC 29401  
www.fbschool.org

**Document C  
Assessment Data**

**Educational Credit for Exceptional Needs Children (ECENC) Program**

**2019-20**

**Independent School Name:            First Baptist School of Charleston**

A school applying for participation in the ECENC Program must provide by **November 15** the following:

**School-level Assessment Results**

**In the chart below, please list the NAME of each national achievement test that was administered and the grade in which the test is administered for the prior school year.** Examples include: *TerraNova, Stanford 10, Iowa Test of Basic Skills, MAP, PSAT, SAT, ACT, etc.*

For schools that specifically exist to meet the needs of only exceptional needs students with documented disabilities, please document how the school documents students' academic and social development.

<b>Grade</b>	<b>English language arts (Reading)</b>	<b>Mathematics</b>	<b>Other</b>
1 <sup>st</sup> -8 <sup>th</sup>	Stanford 10	Stanford 10	
9 <sup>th</sup> -11 <sup>t</sup> h	PSAT	PSAT	

**For each national assessment listed above and for each grade with at least 10 students tested, please attach the results from the prior school year.** The manual provides a template for schools to use in reporting mean scale scores, national percentile rankings, etc.

2018-2019 School Year Results for Stanford Achievement Assessment  
 Grades 1-8  
 Grades 9-11 Results for PSAT

National Percentiles for 1<sup>st</sup>-8<sup>th</sup> Grade  
 Mean Scores being reported for 9<sup>th</sup>-10<sup>th</sup> Grade

<b>Grade</b>	<b>Reading</b>	<b>Mathematics</b>	<b>Other</b>
1 <sup>st</sup>	77%	85%	
2 <sup>nd</sup>	82%	89%	
3 <sup>rd</sup>	67%	53%	
4 <sup>th</sup>	82%	81%	
5 <sup>th</sup>	Reading 80%	81%	Language 72%
6 <sup>th</sup>	Reading 79%	86%	Language 70%
7 <sup>th</sup>	Reading 74%	69%	Language 68%
8 <sup>th</sup>	Reading 63%	57%	Language 51%
9 <sup>th</sup>	Verbal-462	Math-434	
10 <sup>th</sup>	Verbal-499	Math-468	
11 <sup>th</sup>	Verbal-510	Math-480	

## Individual Student Assessment Results

If your school received grants from Exceptional SC in the prior school year, the school must submit by **November 15**, individual student test scores on national achievement or state standardized tests for any student in grades one through twelve who received a grant from the program during the prior school year.

The data will be collected using a secure portal. No personally identifiable information will be published; instead, the information will be aggregated.

Please identify one or more staff persons from your school who will provide the individual student test scores from this school:

**Name:** Susan Brooks  
**Title:** Principal  
**Telephone Number:** 843-722-6646 ext 1028  
**Email Address:** brookss@fbschool.org

**The individual submitting school-level assessment information and the name of the staff person to provide individual student assessment data must sign below.**

**Signature:** 

**Date:** 11/20/19

**Print Name of Signature Above:** Susan S Brooks

**Title:** Principal

**Email:** brookss@fbschool.org

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
First Baptist School and First Baptist School Foundation  
Charleston, South Carolina

We have audited the accompanying consolidated financial statements of First Baptist School and First Baptist School Foundation, which comprise the consolidated statements of financial position as of May 31, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors  
First Baptist School and First Baptist School Foundation  
Charleston, South Carolina

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of First Baptist School and First Baptist School Foundation as of May 31, 2019 and 2018, and the changes in its consolidated net assets and consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 2 to the consolidated financial statements, First Baptist School and First Baptist School Foundation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This has had a material effect on the presentation of the May 31, 2019 and 2018 consolidated financial statements. Our opinion is not modified with respect to this matter.

*Capin Crouse LLP*

Columbia, South Carolina  
October 31, 2019

FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL  
FOUNDATION

Consolidated Financial Statements  
With Independent Auditors' Report

May 31, 2019 and 2018

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
First Baptist School and First Baptist School Foundation  
Charleston, South Carolina

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Board of Directors  
First Baptist School and First Baptist School Foundation  
Charleston, South Carolina

***Opinion***

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*Capin Crouse LLP*

Columbia, South Carolina  
October 31, 2019

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Consolidated Statements of Financial Position**

	May 31,	
	2019	2018
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 572,950	\$ 500,756
Investments	177,356	269,824
Accounts and other receivables–net	100,408	168,975
Contributions receivable–net	-	97,260
Assets held for endowment	304,446	280,982
Property and equipment–net	13,491,318	12,479,553
<b>Total Assets</b>	<b>\$ 14,646,478</b>	<b>\$ 13,797,350</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 76,962	\$ 319,756
Accrued salaries and deferred compensation	250,436	381,819
Deferred tuition and fees	338,997	321,065
Loan payable–net	2,985,994	1,696,675
	3,652,389	2,719,315
<b>Net assets:</b>		
Without donor restriction	10,444,921	9,667,256
With donor restriction:		
Restricted by purpose or time	385,996	1,255,717
Restricted in perpetuity	163,172	155,062
	10,994,089	11,078,035
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,646,478</b>	<b>\$ 13,797,350</b>

See notes to consolidated financial statements

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Consolidated Statement of Activities**

Year Ended May 31, 2019

	Without Donor Restriction	With Donor Restriction		Total
		Restricted by Purpose or Time	Restricted in Perpetuity	
<b>OPERATING ACTIVITIES:</b>				
Support and revenue:				
Tuition and fees-net	\$ 3,743,017	\$ -	\$ -	\$ 3,743,017
Extra curricular income	513,002	-	-	513,002
Contributions	36,133	184,037	3,000	223,170
Investment income	22,782	2,209	5,110	30,101
Other income	75,218	-	-	75,218
<b>Total Operating Support and Revenue</b>	<b>4,390,152</b>	<b>186,246</b>	<b>8,110</b>	<b>4,584,508</b>
Reclassifications:				
Satisfaction of purpose restrictions	1,055,967	(1,055,967)	-	-
Expenses:				
Program services:				
Academic and instructional	2,850,417	-	-	2,850,417
Student services	500,499	-	-	500,499
Athletics	704,183	-	-	704,183
	4,055,099	-	-	4,055,099
Supporting activities:				
Administration	494,590	-	-	494,590
Development	118,765	-	-	118,765
	613,355	-	-	613,355
<b>Total Operating Expenses</b>	<b>4,668,454</b>	<b>-</b>	<b>-</b>	<b>4,668,454</b>
Change in Net Assets	777,665	(869,721)	8,110	(83,946)
Net Assets, Beginning of Year	9,667,256	1,255,717	155,062	11,078,035
Net Assets, End of Year	\$ 10,444,921	\$ 385,996	\$ 163,172	\$ 10,994,089

See notes to consolidated financial statements

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Consolidated Statement of Activities**

Year Ended May 31, 2018

	Without Donor Restriction	With Donor Restriction		Total
		Restricted by Purpose or Time	Restricted in Perpetuity	
<b>OPERATING ACTIVITIES:</b>				
Support and revenue:				
Tuition and fees—net	\$ 3,849,200	\$ -	\$ -	\$ 3,849,200
Extra curricular income	552,562	-	-	552,562
Contributions	2,991	336,331	2,050	341,372
Investment income	35,085	3,998	2,567	41,650
Other income	81,967	-	-	81,967
Total Operating Support and Revenue	<u>4,521,805</u>	<u>340,329</u>	<u>4,617</u>	<u>4,866,751</u>
Reclassifications:				
Satisfaction of purpose restrictions	<u>22,033</u>	<u>(22,033)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services:				
Academic and instructional	3,538,110	-	-	3,538,110
Student services	235,457	-	-	235,457
Athletics	310,308	-	-	310,308
	<u>4,083,875</u>	<u>-</u>	<u>-</u>	<u>4,083,875</u>
Supporting activities:				
Administration	385,899	-	-	385,899
Development	176,257	-	-	176,257
	<u>562,156</u>	<u>-</u>	<u>-</u>	<u>562,156</u>
Total Operating Expenses	<u>4,646,031</u>	<u>-</u>	<u>-</u>	<u>4,646,031</u>
Change in Operating Net Assets	(102,193)	318,296	4,617	220,720
<b>NONOPERATING ACTIVITIES:</b>				
Noncash contribution from related party	<u>8,810,000</u>	<u>-</u>	<u>-</u>	<u>8,810,000</u>
Change in Net Assets	8,707,807	318,296	4,617	9,030,720
Net Assets, Beginning of Year	<u>959,449</u>	<u>937,421</u>	<u>150,445</u>	<u>2,047,315</u>
Net Assets, End of Year	<u>\$ 9,667,256</u>	<u>\$ 1,255,717</u>	<u>\$ 155,062</u>	<u>\$ 11,078,035</u>

See notes to consolidated financial statements

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Consolidated Statements of Cash Flows**

	Year Ended May 31,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (83,946)	\$ 9,030,720
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Depreciation	158,742	149,578
Debt issuance costs	4,669	-
Contributions received for long-term purposes	(3,000)	(2,050)
Noncash contributions	-	(8,810,000)
Provision for bad debts	184,300	35,821
Net realized and unrealized gains on investments	(17,943)	(30,266)
Net change in:		
Accounts receivable	(115,733)	(48,696)
Contributions receivable	97,260	180,325
Prepaid expenses	-	15,243
Accounts payable and accrued expenses	(242,794)	261,346
Accrued salaries and deferred compensation	(131,383)	(35,764)
Deferred tuition and fees	17,932	40,715
Net Cash (Used) Provided by Operating Activities	(131,896)	786,972
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	-	(1,447,871)
Purchase of investments	(13,053)	(161,059)
Proceeds from sale of investments	100,000	231,102
Net Cash Provided (Used) in Investing Activities	86,947	(1,377,828)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	114,143	-
Proceeds from contributions restricted for long-term purposes	3,000	2,050
Net Cash Provided in Financing Activities	117,143	2,050
Net Change in Cash and Cash Equivalents	72,194	(588,806)
Cash and Cash Equivalents, Beginning of Year	500,756	1,089,562
Cash and Cash Equivalents, End of Year	\$ 572,950	\$ 500,756

continued

See notes to consolidated financial statements

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Consolidated Statements of Cash Flows**

	Year Ended May 31,	
	2019	2018
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 110,237</u>	<u>\$ -</u>
Non cash investing and financing activities:		
Property and equipment purchased through loan payable	<u>\$ 1,170,507</u>	<u>\$ 1,715,350</u>

See notes to consolidated financial statements

# **FIRST BAPTIST SCHOOL and FIRST BAPTIST SCHOOL FOUNDATION**

## **Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

### **1. NATURE OF ORGANIZATION:**

First Baptist School (School), established in 1949, is an educational organization with grades one through twelve and is dedicated to spreading the gospel and the Baptist faith through educating young people within Charleston, South Carolina, and the surrounding communities. On June 1, 2009, the School was incorporated as First Baptist School and granted non-profit status. The School supports itself primarily through tuition payments.

First Baptist School Foundation (Foundation) was formed in 2009 but was not active as a supporting organization of the School until the year ended May 31, 2013. The purpose of the Foundation is to promote and further the interests of the School.

The School and Foundation (collectively, the Organization) are nonprofit corporations exempt from income tax under section 501(c)(3) of the Internal Revenue Code (Code) and comparable state law and are not private foundations under section 509(a) of the Code. Contributions to the Organization are tax deductible within the limitations prescribed by the Code.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

#### **PRINCIPLES OF CONSOLIDATION**

These consolidated financial statements include the balances and financial activities for the School and its supporting organization, the Foundation. All inter-entity accounts and transactions have been eliminated.

#### **USE OF ESTIMATES**

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

#### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of checking and money market accounts held at financial institutions. These accounts may, at times, exceed federally insured limits. As of May 31, 2019 and 2018, financial instruments which potentially expose the Organization to concentrations of credit risk include cash in excess of insured balances in financial institutions, which approximated \$349,638 and \$807,369, respectively. The Organization has not experienced any losses in such accounts.

# FIRST BAPTIST SCHOOL and FIRST BAPTIST SCHOOL FOUNDATION

## Notes to Consolidated Financial Statements

May 31, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS AND ASSETS HELD FOR ENDOWMENT

Investments in equity securities and money market funds with readily determinable fair values are recorded at fair value with gains and losses reported in the consolidated statements of activities. Other investments are reported at cost and consist of certificates of deposit. Donated investments are recorded at market value at the date of donation and thereafter carried in conformity with the stated policy.

#### ACCOUNTS AND OTHER RECEIVABLES

Accounts receivable represent tuition and fees, which have been billed to families of students in accordance with the Organization's policy, and are reported net of any anticipated losses due to uncollectible accounts. The Organization assesses a \$25 charge on past due receivables.

The allowance for doubtful accounts receivable is maintained at a level that, in management's judgment, is adequate to absorb probable losses. The amount is based upon an analysis of overall receivables by management. Management's evaluation of the allowance for doubtful accounts includes, but is not limited to, the historical experience of payment patterns from the student, financial condition of the family, other known facts and circumstances, and general economic conditions. This process is based on estimates and ultimate losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for doubtful accounts in the period in which they become known. The allowance for doubtful accounts was \$168,975 at May 31, 2019 and 2018, respectively.

#### CONTRIBUTIONS RECEIVABLE

Contributions, including unconditional promises to give, are recognized in the period the contribution or promise is made. Such amounts are reported at a value which is based on the expected future cash flows, excluding estimated uncollectible accounts, discounted to present value, if due or receivable more than one year from the consolidated statements of financial position date.

#### PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated, less accumulated depreciation. The cost of property and equipment purchased in excess of \$5,000 is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	39 years
Textbooks	3 years
Furniture and equipment	5-7 years
Vehicles	5 years

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

DEFERRED TUITION AND FEE REVENUE

Deferred tuition and fee revenue are deposits received in advance for the following school year. Revenue from these deposits is recognized in the year earned.

NET ASSETS

The consolidated financial statements report amounts by class of net assets:

*Net assets without donor restrictions* are currently available at the discretion of the board for use in the Organization's operations, resources designated for a capital maintenance fund and interest reserve fund, and resources invested in property and equipment.

*Net assets with donor restrictions* are stipulated by donors for specific operating purposes, capital projects or time restrictions, or are contributed with donor restrictions requiring that they be held in perpetuity with income used for operations and scholarships.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. Noncash gifts are recorded as support at the estimated fair market value on the date of the gift.

The Organization records in-kind support services for professional services received if those services either create or enhance long-lived assets, or are provided by individuals who possess specialized skills, and would typically need to be purchased if not provided by donation.

Many individuals volunteered their time and performed a variety of tasks that assist the Organization with operations, special events, and school programs. The volunteer time is not reflected in the accompanying consolidated financial statements since these services do not meet the criteria for recognition as contributed services.

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

Contributions are recorded as net assets with donor restriction if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from net assets with donor restriction to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Tuition and fees are recorded as income by the Organization as collected and pertain to the current school year. Tuition collected prior to the current school year is recorded as deferred tuition. The Organization's policy is the parent of the student is responsible for one semester of tuition if the student withdraws.

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs, such as key management salaries and benefits, depreciation facilities, maintenance, interest and insurance costs have been allocated among the program and supporting activities. Currently, there are no joint costs that have been allocated among program, general and administrative, and development functions.

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The School adopted the provisions of this new standard during the year ended May 31, 2019. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 3), disclosures related to functional allocation of expenses were expanded (Note 9).

**FIRST BAPTIST SCHOOL and  
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**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date.

Financial assets:

Cash and cash equivalents	\$ 572,950
Investments	177,356
Accounts and other receivables-net	100,408
Assets held for endowment	304,446
Financial assets, at year end	1,155,160

Less those unavailable for general expenditures within one year due to:

Contractual or donor-imposed restrictions:

Endowment funds less internal loan to the endowment	(132,407)
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Board designated:

Endowment funds	(172,039)
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Operating reserve	(136,985)
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Financial assets available to meet cash needs for general expenditures within one year	\$ 713,729
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As part of the Organization's liquidity management, cash is invested in excess of current requirements in short-term investments. Occasionally, the board designates a portion of any operating surplus to its operating reserve account. This is an established board-designated fund where the governing board has the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities. Board-designated funds totaling \$309,024 are available to meet immediate liquidity needs if the board were to approve that action.

**FIRST BAPTIST SCHOOL and  
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**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

4. INVESTMENTS AND ASSETS HELD FOR ENDOWMENT:

Investments and assets held for endowment consist of:

	May 31, 2019		
	Non Endowment	Endowment	Total
At fair value:			
Money market funds	\$ 110,652	\$ 94,307	\$ 204,959
Exchange traded funds	66,704	204,602	271,306
	177,356	298,909	476,265
Other investments:			
Certificate of deposit	-	5,537	5,537
	\$ 177,356	\$ 304,446	\$ 481,802

	May 31, 2018		
	Non Endowment	Endowment	Total
At fair value:			
Money market funds	\$ 207,516	\$ 88,355	\$ 295,871
Exchange traded funds	62,308	187,095	249,403
	269,824	275,450	545,274
Other investments:			
Certificate of deposit	-	5,532	5,532
	\$ 269,824	\$ 280,982	\$ 550,806

Investment income consists of:

	May 31,	
	2019	2018
Interest and dividends	\$ 12,158	\$ 11,384
Realized and unrealized gains	17,943	30,266
	\$ 30,101	\$ 41,650

**FIRST BAPTIST SCHOOL and  
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**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

5. ACCOUNTS AND OTHER RECEIVABLES–NET:

Accounts and other receivables–net consist of the following:

	May 31,	
	2019	2018
Tuition and fees	\$ 269,383	\$ 337,950
Less allowance for uncollectible accounts	(168,975)	(168,975)
	\$ 100,408	\$ 168,975

6. CONTRIBUTIONS RECEIVABLE–NET:

Contributions receivable–net includes the following unconditional promises:

	May 31,	
	2019	2018
Contributions receivable within one year	\$ -	\$ 110,260
Contributions receivable within two years	-	-
	-	110,260
Less allowance for uncollectible accounts	-	(13,000)
Less unamortized discount	-	-
	\$ -	\$ 97,260

As of May 31, 2019, there are no remaining contribution receivables to be collected. A discount rate of 1.2% was used to estimate the present value of contributions receivable at May 31, 2018.

**FIRST BAPTIST SCHOOL and  
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**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

7. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of the following:

	May 31,	
	2019	2018
Buildings and improvements	\$ 11,025,662	\$ 6,750,454
Land and land improvements	2,410,934	2,410,934
Textbooks	113,781	113,774
Furniture and equipment	571,500	359,456
Vehicles	340,411	340,411
	14,462,288	9,975,029
Less accumulated depreciation	(970,970)	(812,228)
	13,491,318	9,162,801
Construction in progress	-	3,316,752
	\$ 13,491,318	\$ 12,479,553

8. LOAN PAYABLE–NET:

During December 2017, the Organization entered into an agreement with a financial institutional for a construction loan payable to be used for the construction of an academic facility for the James Island Campus. Under the terms of the agreement, the Organization may borrow up to \$3,000,000 for the construction project through June 1, 2019. The outstanding principal of the loan bears interest at LIBOR plus 2%, (4.40% and 4.07% as of May 31, 2019 and 2018, respectively) and the accrued interest is due monthly. The loan is secured by the property of the Organization. The construction project was completed during the year ended May 31, 2019 and the full \$3,000,000 was borrowed. The Organization refinanced the construction loan with another financial institution on August 26, 2019; with interest only payments due monthly at a 3.47% interest rate beginning August 26, 2019. The unpaid principal balance is due upon maturity on August 26, 2022. Loan payable–net consists of the following:

	May 31,	
	2019	2018
Note payable	\$ 3,000,000	\$ 1,715,350
Less debt issuance costs	(14,006)	(18,675)
	\$ 2,985,994	\$ 1,696,675

**FIRST BAPTIST SCHOOL and  
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**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

8. LOAN PAYABLE–NET, continued:

Interest expense on the loan payable for the years ended May 31, 2019 and 2018, were \$101,178 and \$792, respectively. In addition, capitalized interest totaled \$21,279 and \$-0-, for the years ended May 31, 2019 and 2018, respectively.

The Organization is required to comply with various covenants related to the loan payable. The Organization was in compliance with these requirements as of May 31, 2019 and 2018, respectively.

9. FUNCTIONAL EXPENSES:

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the School. These expenses include depreciation, facilities maintenance, insurance, interest and salaries and benefits of key management personnel. Salaries and benefits of key management are allocated based on time and effort. Depreciation, facilities maintenance, insurance and interest are allocated based on a square footage estimate.

	Program Expenses	General and Administrative	Fundraising	Total	2018 Total
Salaries and benefits	\$ 2,608,614	\$ 206,088	\$ 105,238	\$ 2,919,940	\$ 3,108,488
Resources, materials and equipment	597,424	23,938	714	622,076	642,680
Facilities and maintenance	403,974	7,820	-	411,794	421,816
Insurance	132,115	2,347	-	134,462	130,831
Professional services	11,491	25,742	-	37,233	46,598
Information technology	41,592	3,970	-	45,562	40,663
Depreciation	155,727	3,015	-	158,742	149,578
Interest	99,257	1,921	-	101,178	792
Office, postage, and bank fees	-	32,449	825	33,274	30,518
Other	4,905	187,300	11,988	204,193	74,067
<b>Total Expenses</b>	<b>\$ 4,055,099</b>	<b>\$ 494,590</b>	<b>\$ 118,765</b>	<b>\$ 4,668,454</b>	<b>\$ 4,646,031</b>

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

10. NET ASSETS:

Net assets consist of the following:

	May 31,	
	2019	2018
Without donor restriction:		
Undesignated	\$ 10,135,897	\$ 9,424,184
Board-designated	309,024	243,072
	10,444,921	9,667,256
Restricted by purpose or time:		
Auction fund	65,218	50,779
Hurricane Association	20,268	18,469
Loyalty fund	16,855	13,683
Computer fund	282	10,615
Capital campaign	-	876,115
Other donations	233,036	237,928
Unappropriated endowment earnings	50,337	48,128
	385,996	1,255,717
Restricted in perpetuity:		
Scholarship funds	113,172	105,062
Teachers' Endowment	48,000	48,000
JE Long scholarship fund	2,000	2,000
	163,172	155,062
	\$ 10,994,089	\$ 11,078,035

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

11. COMMITMENTS AND CONTINGENCIES:

COMMITMENTS

The Organization has leasing arrangements for office equipment and broadband services. For the years ended May 31, 2019 and 2018, rental expense amounted to approximately \$51,794 and \$48,078, respectively.

<u>Years Ending May</u>	<u>Amounts</u>
2020	\$ 6,057
2021	6,057
2022	5,811
2023	-
2024	-
Thereafter	-
	<hr/> <u>\$ 17,925</u>

CONTINGENCIES

The Organization is involved in a lawsuit, and while the amount claimed is significant, the ultimate liability cannot be determined because of the considerable uncertainties that exist.

12. EMPLOYEE BENEFIT PLAN:

Effective June 1998, the School implemented a 403(b) type employee benefit plan for all full-time employees. The School contributes 10% of the administrative wages and 2% of the faculty and staff wages (3% for those with service of three years or more). Contributions to the plan for the years ended May 31, 2019 and 2018, were \$66,820 and \$66,664, respectively.

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

**13. FAIR VALUE MEASUREMENTS:**

The *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at May 31, 2019 and 2018:

	Fair Value Measurements at			
	May 31, 2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 204,959	\$ -	\$ -	\$ 204,959
Exchange traded funds:				
US broad market	195,980	-	-	195,980
US dividend equity	75,326	-	-	75,326
Investments and assets held for endowment, at fair value	<u>\$ 476,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,265</u>

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

13. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at May 31, 2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 295,871	\$ -	\$ -	\$ 295,871
Exchange traded funds:				
US broad market	191,807	-	-	191,807
US dividend equity	57,596	-	-	57,596
Investments and assets held for endowment, at fair value	<u>\$ 545,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,274</u>

Methods and assumptions used in estimating fair values are as follows:

*Money market funds*—The money market funds consist of multiple individual money market accounts which reduce risk and provide a consistent rate of income. The money market funds are reported at fair value based on the quoted market prices or dealer quotes.

*Exchange traded funds*—The exchange traded funds are reported at fair value based on the quoted market price of the instrument or the net asset value of its holdings.

*Change in valuation techniques*—None.

# FIRST BAPTIST SCHOOL and FIRST BAPTIST SCHOOL FOUNDATION

## Notes to Consolidated Financial Statements

May 31, 2019 and 2018

### 14. ENDOWMENT FUNDS:

The Organization's endowments consist of approximately 6 individual funds established for a variety of purposes. Endowments include both donor-restricted endowment funds and funds designated by the board of directors. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of the Organization has interpreted the South Carolina Prudent Management of Institutional Funds Act (SCUPMIFA) 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 Organization classifies net assets restricted in perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets restricted by purpose or time until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SCUPMIFA.

In accordance with SCUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Endowment net asset composition by type of fund as of May 31, 2019:

	Donor Restriction	With Donor Restriction		Total
		Accumulated Earnings	Original Gift	
Donor-restricted endowment funds	\$ -	\$ 50,337	\$ 163,172	\$ 213,509
Board-designated funds	172,039			172,039
	\$ 172,039	\$ 50,337	\$ 163,172	\$ 385,548

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

14. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended May 31, 2019:

	Donor Restriction	With Donor Restriction		Total
		Accumulated Earnings	Original Gift	
Endowment net assets, May 31, 2018	\$ 158,894	\$ 48,128	\$ 155,062	\$ 362,084
Contributions	-	-	3,000	3,000
Investment return:				
Interest and dividends	2,682	2,000		4,682
Net gains (realized and unrealized)	10,463	209	5,110	15,782
Total investment return	13,145	2,209	5,110	20,464
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, May 31, 2019	\$ 172,039	\$ 50,337	\$ 163,172	\$ 385,548

Endowment net asset composition by type of fund as of May 31, 2018:

	Donor Restriction	With Donor Restriction		Total
		Accumulated Earnings	Original Gift	
Donor-restricted endowment funds	-	\$ 48,128	\$ 155,062	\$ 203,190
Board-designated funds	158,894	-	-	158,894
Total endowment funds	\$ 158,894	\$ 48,128	\$ 155,062	\$ 362,084

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

14. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended May 31, 2018:

	Donor Restriction	With Donor Restriction Accumulated Earnings	Original Gift	Total
Endowment net assets, May 31, 2017	\$ 136,971	\$ 44,130	\$ 150,445	\$ 331,546
Contributions	-	-	2,050	2,050
Investment return:				
Interest and dividends	4,054	1,592	-	5,646
Net gains (realized and unrealized)	17,869	2,406	2,567	22,842
Total investment return	21,923	3,998	2,567	28,488
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, May 31, 2018	\$ 158,894	\$ 48,128	\$ 155,062	\$ 362,084

Description of amounts classified as net assets restricted in perpetuity and net assets restricted by purpose or time (endowment only):

	May 31,	
	2019	2018
Net assets restricted in perpetuity:		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by SCUPMIFA	\$ 163,172	\$ 155,062
Net assets restricted by purpose or time:		
The portion of perpetual endowment funds subject to a time restriction under SCUPMIFA	\$ 50,337	\$ 48,128

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Notes to Consolidated Financial Statements**

May 31, 2019 and 2018

14. ENDOWMENT FUNDS, continued:

*Funds with deficiencies:* 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 SCUPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions were \$-0- as of May 31, 2019 and 2018, respectively.

*Return objectives and risk parameters:* The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by their endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under the Organization's policy, the endowment assets are invested in a manner that is intended to assume a low level of investment risk. Under the Organization's policy, the endowment assets are invested in money market accounts, exchange traded funds and a certificate of deposit. The endowment assets also include an internal loan receivable for assets that were loaned from the endowment assets to grant funds from the Foundation to the School. The loan receivable is due to the endowment and will be repaid using unrestricted funds from the Foundation. The outstanding balance of the internal loan receivable included in endowment assets was \$81,102 as of May 31, 2019 and 2018, respectively.

*Strategies employed for achieving objectives:* The Organization relies on current yield (interest and dividends) to satisfy its rate-of-return objectives. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

15. RELATED PARTY TRANSACTIONS:

The School uses facilities owned by First Baptist Church (Church) and First Baptist Church Foundation (Church Foundation), affiliates of the School. Joint operating agreements are in place for the facilities used, and the School shares in the operating and maintenance costs of the facilities and properties that it uses. The School paid the Church \$75,084 and \$70,674 for the years ended May 31, 2019 and 2018, respectively.

During the year ended May 31, 2018, the Church Foundation donated the James Island campus land and building to the School. The donated land and buildings were valued at \$8,810,000.

16. SUBSEQUENT EVENTS:

Subsequent events were evaluated through October 31, 2019, which is the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

The loan payable balance as described in Note 8 was refinanced on August 26, 2019 and now matures on August 26, 2022.

## **SUPPLEMENTAL INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL INFORMATION**

Board of Directors  
First Baptist School and First Baptist School Foundation  
Charleston, South Carolina

We have audited the consolidated financial statements of First Baptist School and First Baptist School Foundation (collectively, the Organization) as of and for the years ended May 31, 2019 and 2018, and our report thereon dated October 31, 2019, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations and are not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

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

*Capin Crouse LLP*

Columbia, South Carolina  
October 31, 2019

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Consolidating Statement of Financial Position**

May 31, 2019

	First Baptist School	First Baptist School Foundation	Eliminations	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 572,950	\$ -	\$ -	\$ 572,950
Investments	-	177,356	-	177,356
Accounts and other receivables–net	100,408	-	-	100,408
Assets held for endowment	5,537	298,909	-	304,446
Property and equipment–net	13,491,318	-	-	13,491,318
<b>Total Assets</b>	<b>\$ 14,170,213</b>	<b>\$ 476,265</b>	<b>\$ -</b>	<b>\$ 14,646,478</b>
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 76,962	\$ -	\$ -	\$ 76,962
Accrued salaries and deferred compensation	250,436	-	-	250,436
Deferred tuition and fees	338,997	-	-	338,997
Loan payable–net	2,985,994	-	-	2,985,994
	<u>3,652,389</u>	<u>-</u>	<u>-</u>	<u>3,652,389</u>
<b>Net assets:</b>				
Without donor restriction	10,180,762	264,159	-	10,444,921
With donor restriction:				
Restricted by purpose or time	335,062	50,934	-	385,996
Restricted in perpetuity	2,000	161,172	-	163,172
	<u>10,517,824</u>	<u>476,265</u>	<u>-</u>	<u>10,994,089</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,170,213</b>	<b>\$ 476,265</b>	<b>\$ -</b>	<b>\$ 14,646,478</b>

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Consolidating Statement of Financial Position**

May 31, 2018

	First Baptist School	First Baptist School Foundation	Eliminations	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 500,756	\$ -	\$ -	\$ 500,756
Investments	-	269,824	-	269,824
Accounts and other receivables–net	168,975	-	-	168,975
Contributions receivable–net	97,260	-	-	97,260
Assets held for endowment	5,532	275,450	-	280,982
Property and equipment–net	12,479,553	-	-	12,479,553
<b>Total Assets</b>	<b>\$ 13,252,076</b>	<b>\$ 545,274</b>	<b>\$ -</b>	<b>\$ 13,797,350</b>
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 319,756	\$ -	\$ -	\$ 319,756
Accrued salaries and deferred compensation	381,819	-	-	381,819
Deferred tuition and fees	321,065	-	-	321,065
Loan payable–net	1,696,675	-	-	1,696,675
	<u>2,719,315</u>	<u>-</u>	<u>-</u>	<u>2,719,315</u>
<b>Net assets:</b>				
Without donor restriction	9,323,706	343,550	-	9,667,256
With donor restriction:				
Restricted by purpose or time	1,207,055	48,662	-	1,255,717
Restricted in perpetuity	2,000	153,062	-	155,062
	<u>10,532,761</u>	<u>545,274</u>	<u>-</u>	<u>11,078,035</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 13,252,076</b>	<b>\$ 545,274</b>	<b>\$ -</b>	<b>\$ 13,797,350</b>

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Consolidating Statement of Activities**

	Year Ended May 31, 2019			
	First Baptist School	First Baptist School Foundation	Eliminations	Total
<b>OPERATING ACTIVITIES:</b>				
Support and Revenue:				
Without donor restriction:				
Tuition and fees—net	\$ 3,743,017	\$ -	\$ -	\$ 3,743,017
Extra curricular income	513,002	-	-	513,002
Contributions	36,133	-	-	36,133
Investment income	2,111	20,671	-	22,782
Grant income	100,000	-	(100,000)	-
Other income	75,218	-	-	75,218
With donor restriction:				
Contributions restricted by time or purpose	184,037	-	-	184,037
Investment income restricted by purpose or time	-	2,209	-	2,209
Contributions restricted in perpetuity	-	3,000	-	3,000
Investment income restricted in perpetuity	-	5,110	-	5,110
<b>Total Operating Support and Revenue</b>	<b>4,653,518</b>	<b>30,990</b>	<b>(100,000)</b>	<b>4,584,508</b>
Reclassifications				
Satisfaction of purpose restrictions	1,055,967	-	-	1,055,967
Release from purpose restrictions	(1,055,967)	-	-	(1,055,967)
<b>Total Reclassifications</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses:				
Program services:				
Academic and instructional	2,850,417	-	-	2,850,417
Student services	500,499	-	-	500,499
Athletics	704,183	-	-	704,183
Grant expense	-	100,000	(100,000)	-
	<b>4,055,099</b>	<b>100,000</b>	<b>(100,000)</b>	<b>4,055,099</b>

(continued)

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Consolidating Statement of Activities**

	Year Ended May 31, 2019			
	First Baptist School	First Baptist School Foundation	Eliminations	Total
Expenses, continued:				
Supporting activities:				
Administration	494,590	-	-	494,590
Development	118,765	-	-	118,765
	613,355	-	-	613,355
 Total Operating Expenses	4,668,454	100,000	(100,000)	4,668,454
 Change in Operating Net Assets	(14,936)	(69,010)	-	(83,946)
 Change in Net Assets	(14,936)	(69,010)	-	(83,946)
 Net Assets, Beginning of Year	10,532,760	545,275	-	11,078,035
 Net Assets, End of Year	\$ 10,517,824	\$ 476,265	\$ -	\$ 10,994,089

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Consolidating Statement of Activities**

	Year Ended May 31, 2018			
	First Baptist School	First Baptist School Foundation	Eliminations	Total
<b>OPERATING ACTIVITIES:</b>				
Support and revenue:				
Without donor restriction:				
Tuition and fees—net	\$ 3,849,200	\$ -	\$ -	\$ 3,849,200
Extra curricular income	552,562	-	-	552,562
Contributions	2,991	-	-	2,991
Investment income	2,379	32,706	-	35,085
Grant income	81,102	-	(81,102)	-
Other income	81,967	-	-	81,967
With donor restriction:				
Contributions restricted by purpose or time	336,331	-	-	336,331
Investment income restricted by purpose or time	-	3,998	-	3,998
Contributions restricted in perpetuity	-	2,050	-	2,050
Investment income restricted in perpetuity	-	2,567	-	2,567
<b>Total Operating Support and Revenue</b>	<b>4,906,532</b>	<b>41,321</b>	<b>(81,102)</b>	<b>4,866,751</b>
Reclassifications				
Satisfaction of purpose restrictions	22,033	-	-	22,033
Release from purpose restrictions	(22,033)	-	-	(22,033)
<b>Total Reclassifications</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenses:				
Program services:				
Academic and instructional	3,538,110	-	-	3,538,110
Student services	235,457	-	-	235,457
Athletics	310,308	-	-	310,308
Grant expense	-	81,102	(81,102)	-
	<b>4,083,875</b>	<b>81,102</b>	<b>(81,102)</b>	<b>4,083,875</b>

(continued)

**FIRST BAPTIST SCHOOL and  
FIRST BAPTIST SCHOOL FOUNDATION**

**Consolidating Statement of Activities**

	Year Ended May 31, 2018			Total
	First Baptist School	First Baptist School Foundation	Eliminations	
Expenses, continued:				
Supporting activities:				
Administration	385,899	-	-	385,899
Development	176,257	-	-	176,257
	<u>562,156</u>	<u>-</u>	<u>-</u>	<u>562,156</u>
 Total Operating Expenses	 <u>4,646,031</u>	 <u>81,102</u>	 <u>(81,102)</u>	 <u>4,646,031</u>
 Change in Operating Net Assets	 260,501	 (39,781)	 -	 220,720
 NONOPERATING ACTIVITIES:				
Without donor restriction:				
Noncash contribution from related party	8,810,000	-	-	8,810,000
 Change in Net Assets	 9,070,501	 (39,781)	 -	 9,030,720
 Net Assets, Beginning of Year	 <u>1,462,259</u>	 <u>585,056</u>	 <u>-</u>	 <u>2,047,315</u>
 Net Assets, End of Year	 <u><u>\$ 10,532,760</u></u>	 <u><u>\$ 545,275</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$11,078,035</u></u>