

**WEBBER INTERNATIONAL UNIVERSITY, INC.  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED MAY 31, 2020 AND 2019**

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED MAY 31, 2020 AND 2019**

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**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED MAY 31, 2020 AND 2019**

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## **Independent Auditor's Report**

ALSO WITH OFFICES IN  
TAMPA, FLORIDA

To the Board of Trustees  
Webber International University, Inc.  
Babson Park, Florida

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Webber International University, Inc., and Subsidiary, which comprise the consolidated statements of financial position as of May 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, 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**

The University's 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.

### **Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 University'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.

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Webber International University, Inc., and Subsidiary as of May 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Student Financial Assistance Programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Chapter 10.650, *Rules of the Florida Auditor General*, and procedures of the North Carolina Office of the State Auditor, is presented for purposes of additional analysis and is 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 information has been subjected to the auditing procedures applied in the audit 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, that information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2020, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*Quinty, Tripp & Angley, LLC*

Lake Wales, Florida  
September 23, 2020

WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MAY 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash	\$ 2,278,742	\$ 700,144
Endowment investments	5,721,489	5,294,969
Accounts receivable from students, net	1,183,274	952,388
Contributions receivable, net	500,875	12,825
Inventories	192,343	254,438
Prepays and other	1,485,350	869,849
	<u>11,362,073</u>	<u>8,084,613</u>
	<u>16,348,996</u>	<u>14,339,945</u>
<b><u>Net Property and Equipment</u></b>		
<b><u>Other Assets</u></b>		
Long-term endowment investments	436,863	436,863
Life insurance, cash surrender value	49,103	46,032
Certificate of deposit	2,014,440	2,014,440
Beneficial interest in charitable remainder trust	1,590,953	1,564,341
Beneficial interest in assets held by community foundations	579,280	639,284
Beneficial interest in perpetual trusts	2,840,892	2,833,856
	<u>7,511,531</u>	<u>7,534,816</u>
	<u>\$35,222,600</u>	<u>\$29,959,374</u>
Total assets	<u>\$35,222,600</u>	<u>\$29,959,374</u>

See accompanying notes to consolidated financial statements.

	<u>2020</u>	<u>2019</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 3,082,570	\$ 1,765,838
Accrued expenses	205,342	227,847
Student damage deposits	65,560	61,820
Deferred revenue	1,430,410	691,496
Notes payable and capitalized lease obligations	2,840,123	620,896
	<u>7,624,005</u>	<u>3,367,897</u>
<b><u>Long-Term Liabilities</u></b>		
Lines of credit	2,637,127	3,687,360
Notes payable and capitalized lease obligations, less current portion	7,581,746	6,752,859
	<u>10,218,873</u>	<u>10,440,219</u>
Total long-term liabilities	<u>10,218,873</u>	<u>10,440,219</u>
Total liabilities	<u>17,842,878</u>	<u>13,808,116</u>
<b><u>Net Assets</u></b>		
Without donor-restrictions		
Undesignated	5,685,632	4,857,498
Designated by the Board for endowment	5,295,290	4,970,768
Total without donor-restrictions	<u>10,980,922</u>	<u>9,828,266</u>
With donor-restrictions		
Purpose restrictions	2,130,415	2,257,747
Time-restricted for future periods	491,349	592,105
Perpetual in nature	3,777,036	3,473,140
Total with donor-restrictions	<u>6,398,800</u>	<u>6,322,992</u>
Total net assets	<u>17,379,722</u>	<u>16,151,258</u>
Total liabilities and net assets	<u><u>\$35,222,600</u></u>	<u><u>\$29,959,374</u></u>

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**YEARS ENDED MAY 31, 2020 AND 2019**

	<b>2020</b>			<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b><u>Operating Activities</u></b>						
<b><u>Revenues, Gains, and Other Support</u></b>						
Gross tuition and fees	\$ 31,867,850	\$ -	\$ 31,867,850	\$ 29,384,445	\$ -	\$ 29,384,445
Less: Financial aid	(14,149,222)	-	(14,149,222)	(13,604,426)	-	(13,604,426)
Net tuition and fees	17,718,628	-	17,718,628	15,780,019	-	15,780,019
Sales and services of auxiliary enterprises	10,236,080	-	10,236,080	8,343,793	-	8,343,793
Contributions and grants	5,997,306	393,071	6,390,377	6,597,553	180,328	6,777,881
Investment income	179,496	243,755	423,251	195,024	386,454	581,478
Net realized and unrealized gain (loss) on investments	200,687	36,017	236,704	(102,774)	(221,708)	(324,482)
Loss on disposal of property and equipment	(35,180)	-	(35,180)	(224,690)	-	(224,690)
Insurance proceeds for hurricane damage	488,934	-	488,934	2,769,248	-	2,769,248
Net assets released from restrictions:						
Scholarships	37,840	(37,840)	-	38,851	(38,851)	-
Program expenses	559,195	(559,195)	-	307,581	(307,581)	-
Total operating revenue, gains, and other support	35,382,986	75,808	35,458,794	33,704,605	(1,358)	33,703,247
<b><u>Expenses</u></b>						
Instruction	6,475,757	-	6,475,757	6,097,387	-	6,097,387
Academic support	1,568,102	-	1,568,102	1,424,459	-	1,424,459
Student services	14,528,270	-	14,528,270	12,876,936	-	12,876,936
Institutional support	7,184,440	-	7,184,440	7,496,024	-	7,496,024
Auxiliary enterprises	4,473,761	-	4,473,761	3,782,255	-	3,782,255
Total expenses	34,230,330	-	34,230,330	31,677,061	-	31,677,061
Change in net assets from operating activities	1,152,656	75,808	1,228,464	2,027,544	(1,358)	2,026,186
<b><u>Non-operating Activities</u></b>						
Net assets released from restriction for capital expenditures	-	-	-	1,325	(1,325)	-
Change in net assets from non-operating activities	-	-	-	1,325	(1,325)	-
Change in net assets	1,152,656	75,808	1,228,464	2,028,869	(2,683)	2,026,186
Net assets, beginning of year	9,828,266	6,322,992	16,151,258	7,799,397	6,325,675	14,125,072
Net assets, end of year	<u>\$ 10,980,922</u>	<u>\$ 6,398,800</u>	<u>\$ 17,379,722</u>	<u>\$ 9,828,266</u>	<u>\$ 6,322,992</u>	<u>\$ 16,151,258</u>

See accompanying notes to consolidated financial statements.



**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

**YEARS ENDED MAY 31, 2020 AND 2019**

**2020**

	<b>Program Services</b>						<b>Supporting Services</b>		
	<b>Scholarships and Fellowships</b>	<b>Instruction</b>	<b>Academic Support</b>	<b>Student Services</b>	<b>Institutional Support</b>	<b>Auxiliary Enterprises</b>	<b>Manage- ment and General</b>	<b>Fund- raising</b>	<b>Total</b>
<b>Expenses</b>									
Salaries and benefits	\$ -	\$ 5,518,609	\$ 480,721	\$ 7,146,128	\$ 945,729	\$ 447,149	\$ 794,032	\$ 272,688	\$ 15,605,056
Travel	-	14,105	958	961,641	31,348	80	941	556	1,009,629
Insurance	-	-	-	608,571	-	-	850,245	-	1,458,816
Professional fees	-	24,044	1,762	111,991	327,705	-	516,221	33,066	1,014,789
Lease expense	-	-	5,808	710,905	914,397	-	49,917	-	1,681,027
Scholarships	14,149,222	-	-	-	-	-	-	-	14,149,222
Supplies & other	-	97,095	278,833	1,901,008	1,505,055	2,457,400	622,478	51,969	6,913,838
Interest	-	76,798	12,425	240,422	103,579	44,103	-	-	477,327
Depreciation	-	134,210	176,699	593,245	198,917	399,928	-	-	1,502,999
Occupancy expense	-	610,896	610,896	1,109,978	1,109,978	1,125,101	-	-	4,566,849
<b>Total functional expenses</b>	<b>\$ 14,149,222</b>	<b>\$ 6,475,757</b>	<b>\$ 1,568,102</b>	<b>\$ 13,383,889</b>	<b>\$ 5,136,708</b>	<b>\$ 4,473,761</b>	<b>\$ 2,833,834</b>	<b>\$ 358,279</b>	<b>\$ 48,379,552</b>

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**2019**

	<b>Program Services</b>					<b>Supporting Services</b>			
	<b>Scholarships and Fellowships</b>	<b>Instruction</b>	<b>Academic Support</b>	<b>Student Services</b>	<b>Institutional Support</b>	<b>Auxiliary Enterprises</b>	<b>Manage- ment and General</b>	<b>Fund- raising</b>	<b>Total</b>
<b><u>Expenses</u></b>									
Salaries and benefits	\$ -	\$5,071,802	\$ 456,438	\$ 6,246,728	\$ 1,190,246	\$ 469,366	\$ 433,233	\$171,279	\$ 14,039,092
Travel	-	19,999	-	1,298,710	21,919	-	58,811	9,720	1,409,159
Insurance	-	-	-	576,895	-	-	1,125,510	-	1,702,405
Professional fees	-	17,711	5,256	168,827	279,973	-	499,393	18,197	989,357
Lease expense	-	-	-	1,535,933	75,014	-	-	-	1,610,947
Scholarships	13,604,426	-	-	-	-	-	-	-	13,604,426
Supplies & other	-	219,609	188,445	1,272,705	1,768,499	1,729,048	323,583	88,665	5,590,554
Interest	-	77,773	43,566	101,724	119,045	72,437	-	-	414,545
Depreciation	-	98,109	138,370	518,709	156,232	337,598	-	-	1,249,018
Occupancy expense	-	592,384	592,384	1,156,705	1,156,705	1,173,806	-	-	4,671,984
Total functional expenses	<u>\$ 13,604,426</u>	<u>\$ 6,097,387</u>	<u>\$ 1,424,459</u>	<u>\$ 12,876,936</u>	<u>\$ 4,767,633</u>	<u>\$ 3,782,255</u>	<u>\$ 2,440,530</u>	<u>\$ 287,861</u>	<u>\$ 45,281,487</u>

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF CASH FLOWS****YEARS ENDED MAY 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>Operating Activities</u></b>		
Change in net assets	\$ 1,228,464	\$ 2,026,186
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for doubtful receivables	12,325	(394,815)
Depreciation	1,503,001	1,249,019
Noncash contributions	(337,949)	(106,000)
Net interest and dividends reinvested	166,523	187,768
Net realized and unrealized (loss) gain on investments	(234,163)	116,618
Loss on disposal of property and equipment	36,180	224,690
Change in beneficial interests held by others	26,356	17,443
Decrease (increase) in:		
Accounts receivable from students	(243,886)	456,584
Contributions receivable	(487,375)	52,668
Inventories	62,095	(43,588)
Prepaid and other	(618,572)	(860,790)
Increase (decrease) in:		
Accounts payable	1,316,732	889,963
Accrued expenses	(22,505)	(132,113)
Student damage deposits	3,740	(1,100)
Deferred revenue	738,914	(61,809)
Net cash provided by operating activities	<u>3,149,880</u>	<u>3,620,724</u>
<b><u>Investing Activities</u></b>		
Proceeds from sale of investments	3,619,960	978,196
Purchase of investments	(3,978,840)	(1,358,387)
Purchase of property and equipment	(3,076,394)	(3,617,908)
Proceeds from disposal of property and equipment	<u>10,692</u>	<u>-</u>
Net cash used by investing activities	<u>(3,424,582)</u>	<u>(3,998,099)</u>

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>Financing Activities</u></b>		
Net (repayment) borrowings of lines of credit	\$ (1,050,233)	\$ 1,048,695
Proceeds from notes payable	3,554,009	-
Repayment of notes payable	(545,755)	(588,948)
Repayment of capitalized lease obligations	(104,721)	(67,851)
	<u>1,853,300</u>	<u>391,896</u>
Net cash provided by financing activities	1,853,300	391,896
	<u>1,578,598</u>	<u>14,521</u>
Net increase in cash	1,578,598	14,521
	<u>700,144</u>	<u>639,591</u>
Cash, beginning of year	700,144	639,591
	<u>\$ 2,278,742</u>	<u>\$ 654,112</u>
Cash, end of year	\$ 2,278,742	\$ 654,112
	<u>\$ 477,327</u>	<u>\$ 414,545</u>
<b><u>Supplemental Disclosure of Cash Flow Information</u></b>		
Cash paid during the year for interest	\$ 477,327	\$ 414,545
	<u>\$ 144,581</u>	<u>\$ 229,000</u>
<b><u>Non-Cash Investing and Financing Activities</u></b>		
Financed acquisition of equipment	\$ 144,581	\$ 229,000

See accompanying notes to consolidated financial statements.

# WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2020 AND 2019

### Note A - Summary of Significant Accounting Policies

#### Business Activities and Principles of Consolidation

Webber International University, Inc. is a private, nonprofit, institution of higher education. It offers full and part-time programs leading to business degrees at the graduate and undergraduate level. Webber was founded in 1927 and is located in Babson Park, Florida.

The University's subsidiary, St. Andrews University, is a branch campus of Webber International University, Inc., and offers various degrees at the undergraduate level, as well as an MBA. St. Andrews was founded in 1896 as a private, not-for-profit, four year liberal arts college and is located in Laurinburg, North Carolina.

The accompanying consolidated financial statements include the accounts of Webber International University, Inc., and its subsidiary, St. Andrews University (the University). All significant intercompany accounts have been eliminated in consolidation.

#### 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. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

Management considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

#### Accounts Receivable from Students

Accounts receivable from students represent amounts due for tuition, fees, room, and board from currently enrolled and former students. The University extends unsecured credit to students and parents of dependent students in connection with their studies. Accounts receivable are stated at their estimated net realizable value. Management provides an allowance for doubtful accounts, equal to the estimated uncollectible amount, based on historical collection experience and a review of the current status of individual accounts. At May 31, 2020 and 2019, the University's allowance for doubtful accounts is \$968,000 and \$955,000, respectively. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. It is reasonably possible that the estimate of the allowance for doubtful accounts will change.

#### Contributions Receivable

Unconditional promises to give are recorded at estimated net realizable value. Contributions to be received after one year are discounted to the present value of estimated future cash flows.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note A - Summary of Significant Accounting Policies - Continued**

**Inventories**

Inventories consist of consumable cafeteria food, supplies, and bookstore items held for sale to students. Inventories are stated at the lower of cost or market, with cost determined on the first-in, first-out basis.

**Investments**

Investments are stated at estimated fair value. See Note J for fair value measurements.

**Beneficial Interests in Charitable Trusts Held by Others**

The University has been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the University has neither possession nor control over the assets of the trusts. At the date the University receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statements of financial position, with changes in fair value recognized in the consolidated statements of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

**Beneficial Interest in Assets Held by Community Foundations**

The University has been named as an irrevocable beneficiary of several charitable trusts invested in funds that are perpetual in nature under various community foundations (CFs). The funds are held and invested by the CFs for the University's benefit and are reported at fair value in the consolidated statements of financial position, with distributions and changes in fair value recognized in the consolidated statements of activities.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note A - Summary of Significant Accounting Policies - Continued**

**Beneficial Interest in Perpetual Trusts**

The University has been named as an irrevocable beneficiary of several perpetual trusts held and administered by independent trustees. Perpetual trusts provide for the distribution of the net income of the trusts to the University; however, the University will never receive the assets of the trusts. At the date the University receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities, and a beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities.

**Property and Equipment**

Property and equipment are recorded at cost if purchased, or estimated fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Management estimates that the useful lives of the property and equipment generally range from ten to fifty years for buildings, seven to fifteen years for property improvements, three to fifteen years for equipment, and five to ten years for horses.

Expenditures for repairs necessary to maintain property and equipment in efficient operating condition are charged to operations. Expenditures which increase the useful lives of assets are capitalized.

**Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amounts of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the assets exceeds its fair value.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and a board-designated endowment.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note A - Summary of Significant Accounting Policies - Continued**

**Net Assets - Continued**

*Net Assets With Donor Restrictions* - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Revenue Recognition**

Tuition, room, board, and other fees are recognized over the course of the semester for which they are earned. Amounts collected in advance of the respective semester are recorded as deferred revenues. Other fee and auxiliary enterprise revenues are recognized as products are sold or services are provided.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Donated marketable securities and other noncash donations are recorded as contributions at their fair value at the date of donation. Contributions of cash and other assets are reported as restricted support if they are received with donor-restrictions that limit use of the donated assets. When a donor-restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as *Net Assets Released From Restrictions*. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions of land, buildings, and equipment are reported as support without donor-restrictions unless explicit donor-restrictions specify how donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as donor-imposed restricted support. Absent explicit donor restrictions about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service as instructed by the donor.

**Functional Allocation of Expenses**

The cost of providing various programs and activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note A - Summary of Significant Accounting Policies - Continued**

**Tax Status and Positions**

Webber International University, Inc., and its subsidiary are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and are not subject to federal and state income taxes on exempt income. In addition, they qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations that are not a private foundations under Section 509(a)(2).

Although organizations exempt under Section 501(c)(3) pay no tax on their exempt function income, they can be liable for business tax on income they earn from activities not related to their exempt purpose. For the years ended May 31, 2020 and 2019, management believes the University and Subsidiary engaged in no activities that were not related to their exempt purpose.

Management follows Accounting Standards Codification (ASC) 740-10 as it relates to uncertain tax positions. When applicable, any interest and penalties recognized associated with a tax position are classified as current in the consolidated statement of financial position.

The Universities are not consolidated for tax filing purposes, but file separate returns. Management has evaluated its tax positions taken for all open tax years. Currently, the 2018 - 2020 tax years are open and subject to examination by the Internal Revenue Service. The Universities are not currently under audit, nor have they been contacted by the Internal Revenue Service. Based on the evaluation of the Universities tax positions, management believes all positions taken would be upheld under an examination.

**Reclassifications**

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation. No change in net assets as previously reported for 2019 results from these reclassifications.

**Date of Management Review**

Subsequent events were evaluated through September 23, 2020, which is the date the financial statements were available to be issued.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note B - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting use, within one year of the balance sheet date, comprise the following:

	<b>2020</b>	<b>2019</b>
Cash	\$ 2,278,742	\$ 700,144
Accounts receivable from students, net	968,428	681,268
Contributions receivable, net	500,875	12,825
Distributions from beneficial interests in assets held by others	254,130	174,136
Endowment investments	5,295,290	4,970,768
 Total	 \$ 9,297,465	 \$ 6,539,141

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Board-designated endowment funds of \$5,295,290 are available as described in Note E. Although the University does not intend to spend from the board-designated endowment (other than amounts for unforeseen matters), these amounts could be made available if necessary.

As part of the liquidity management plan, the University invests cash in excess of daily requirements in short-term investments and interest bearing cash accounts.

**Note C - Contributions Receivable, Net**

Contributions receivable, net at May 31, 2020 and 2019, include the following unconditional promises to give to the University:

	<b>2020</b>	<b>2019</b>
Less than one year	\$ 500,875	\$ 13,500
One to five years	-	-
Total	500,875	13,500
Less: Allowance for uncollectible contributions	-	(675)
 Contributions receivable, net	 \$ 500,875	 \$ 12,825

The allowance for uncollectible contributions is based on management's judgment and analysis of contribution receivable, past collection experience, and other relevant factors that bear on the ultimate collectability of outstanding amounts.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note D - Student Receivables, Net**

The University makes uncollateralized loans to students based on financial need. Student loans are funded through Federal government loan programs or institutional resources. At May 31, 2020 and 2019, student loans represented 3.3% and 3.2% of total assets, respectively.

At May 31, student loan receivables consisted of the following:

	<b>2020</b>	<b>2019</b>
Institutional programs	\$ 2,151,274	\$ 1,907,388
Less: allowance for doubtful accounts:		
Beginning of year	(955,000)	(597,000)
Increases	(13,000)	(380,000)
Write-offs	-	22,000
	(968,000)	(955,000)
End of year	(968,000)	(955,000)
Student loans receivable, net	\$ 1,183,274	\$ 952,388

At May 31, 2020 and 2019, the following amounts were past due under student loan programs:

<b>May 31,</b>	<b>1-60 Days Past Due</b>	<b>60-90 Days Past Due</b>	<b>90+ Days Past Due</b>	<b>Total Past Due</b>
2020	\$ 379,665	\$ -	\$ 1,771,609	\$ 2,151,274
2019	\$ 388,082	\$ 107,295	\$ 1,412,011	\$ 1,907,388

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of the student to repay amounts per the loans terms. Institutional loan receivable balances are written off only when they are deemed to be permanently uncollectible. At May 31, 2020, loans totaling \$803,765 have been turned over to a collection agency for resolution.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note E - Endowment Investments**

The State of Florida has enacted a version of the Uniform Prudent Management of Institutional Fund Act (UPMIFA). UPMIFA is a statute providing uniform and fundamental rules of the investment of funds held by a charitable organization and the expenditure of funds donated as endowments to an organization.

The University Board has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the University retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the University.
- The investment policies of the University.

If a donor has not provided specific instructions, North Carolina law permits the University Board to authorize for expenditure the net appreciation, realized and unrealized, of the investments in the endowment funds. Under UPMIFA, the Board may also appropriate expenditures from eligible nonexpendable balances if deemed prudent and necessary to meet program outcomes and for which such spending is not specifically prohibited by the donor agreements.

At May 31, 2020 and 2019, endowment investments consist of:

	<b>2020</b>	<b>2019</b>
Mutual funds	\$ 5,774,309	\$ 5,594,247
U. S. Treasury securities	296,435	52,112
Corporate stock	7,608	5,473
Subordinated debenture	80,000	80,000
Total endowment investments	<b>\$ 6,158,352</b>	<b>\$ 5,731,832</b>

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note E - Endowment Investments - Continued**

At May 31, 2020, endowment net asset composition by type of fund was as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 5,295,290	\$ -	\$ 5,295,290
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	356,863	356,863
Accumulated investment gains	-	506,199	506,199
	<u>\$ 5,295,290</u>	<u>\$ 863,062</u>	<u>\$ 6,158,352</u>

At May 31, 2019, endowment net asset composition by type of fund was as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 4,970,768	\$ -	\$ 4,970,768
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	356,863	356,863
Accumulated investment gains	-	404,201	404,201
	<u>\$ 4,970,768</u>	<u>\$ 761,064</u>	<u>\$ 5,731,832</u>

**Investment and Spending Policies**

The University has adopted investment and spending policies consistent with UPMIFA for endowment assets that attempt to grow the endowment assets on a long-term basis. To satisfy its long-term rate-of-return objectives, the University relies on a professional investment advisor to manage its portfolio consistent with the Board's adopted investment policy. This policy follows a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objective of achieving a total return of 3.40% greater than the anticipated rate of inflation measured by the Consumer Price Index. Actual returns in any given year may vary from this amount. The University's intent is to not withdraw board-designated endowment monies other than for unforeseen matters, with the objective of accelerating growth of such investment assets.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note E - Endowment Investments - Continued**

Changes in endowment net assets for the year ended May 31, 2020 are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 4,970,768	\$ 761,064	\$ 5,731,832
Net investment income (loss)	324,522	48,926	373,448
Contributions	-	53,072	53,072
Withdrawal by University:			
Scholarships	-	-	-
Program expenses	-	-	-
Available for general use	-	-	-
Endowment net assets, end of year	<u>\$ 5,295,290</u>	<u>\$ 863,062</u>	<u>\$ 6,158,352</u>

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 4,930,360	\$ 725,666	\$ 5,656,026
Net investment income (loss)	40,408	8,057	48,465
Contributions	-	28,341	28,341
Withdrawal by University:			
Scholarships	-	(1,000)	(1,000)
Program expenses	-	-	-
Available for general use	-	-	-
Endowment net assets, end of year	<u>\$ 4,970,768</u>	<u>\$ 761,064</u>	<u>\$ 5,731,832</u>

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note F - Net Property and Equipment**

At May 31, 2020 And 2019, net property and equipment consist of:

	<b>2020</b>	<b>2019</b>
Land	\$ 126,837	\$ 137,898
Buildings and leasehold improvements	16,641,213	14,886,987
Equipment, furniture, and fixtures	12,942,386	11,461,120
Horses for equestrian program	2,834,708	2,571,758
Property held for investment	1,062,034	1,121,634
Total	33,607,178	30,179,397
Less: accumulated depreciation	(17,258,182)	(15,839,452)
Net property and equipment	\$16,348,996	\$14,339,945

**Note G - Lines of Credit**

At May 31, 2020, the University has a \$2,000,000 line of credit agreement with a bank to provide working capital. Interest on borrowings is payable monthly at a variable rate (4.00% at May 31, 2020). Under terms of the agreement, the University will pay this loan in one payment of all outstanding principal on October 29, 2021. At May 31, 2020 and 2019, outstanding borrowings are \$1,996,679 and \$1,996,912, respectively. The line of credit is collateralized by a \$2,014,440 certificate of deposit. The line of credit agreement matures in October 2021.

At May 31, 2020, the University also has a \$650,000 line of credit agreement with a bank to provide working capital. Interest on borrowings is payable monthly at 6.00%. Under terms of the agreement, the University will pay this loan in one payment of all outstanding principal on November 18, 2020. At May 31, 2020 and 2019, outstanding borrowings are \$640,448 and \$640,448, respectively. The line of credit is collateralized by certain real estate. The line of credit agreement matures in November 2020.

At May 31, 2020, the University has a \$1,750,000 line of credit agreement with a bank to provide working capital. Interest on borrowings is payable monthly at a rate of prime plus 1% (4.25% at May 31, 2020). Under terms of the agreement, the University will repay this loan upon demand. At May 31, 2020 and 2019, outstanding borrowings are \$-0- and \$1,050,000, respectively. The line of credit is collateralized by accounts receivable and certain real estate. The line of credit agreement matures in December 2020.

At May 31, 2020, the University has a revolving line of credit agreement of \$1,000,000 with a bank to provide working capital of which \$1,000,000 was available at May 31, 2020. Interest on borrowings, if any, would be payable monthly at a rate of prime plus 1% (4.25% at May 31, 2020) with principal payable upon demand. The revolving line of credit agreement matures in December 2020.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note H - Notes Payable**

At May 31, 2020 and 2019, notes payable consist of:

	<b>2020</b>	<b>2019</b>
Variable rate note (4.04% at May 31, 2020), payable in monthly installments of \$28,962 including interest with a balloon payment of approximately \$2,800,000 due in April 2025; collateralized by a mortgage on certain real estate and investments.	\$ 3,816,816	\$ 3,997,272
Fixed rate note (1.00% at May 31, 2020), payable in monthly installments of \$115,290 including interest beginning November 2020, if loan is not forgiven in connection with Paycheck Protection Program; unsecured.	2,048,610	-
Fixed rate note (1.00% at May 31, 2020), payable in monthly installments of \$84,718 including interest beginning November 2020, if loan is not forgiven in connection with Paycheck Protection Program; unsecured.	1,505,399	-
Variable rate notes (4.75% at May 31, 2020), interest payable quarterly, principal due at a later date if interest payments made timely; unsecured.	900,000	900,000
Variable rate note (3.75% at May 31, 2020), payable in monthly installments of \$8,188 through November 2026, including interest; collateralized by certain investments.	614,601	697,325
Fixed rate note at 3.76%, payable in monthly installments of \$295 through February 2020, including interest; collateralized by a vehicle.	-	2,831
Fixed rate note at 3.00%, payable in lump sum due May 2024, including interest; unsecured.	92,144	92,144
Note payable, payable in monthly installments of \$16,803 beginning in September 2018 through September 2020, 0.00% interest rate; unsecured.	15,502	235,247



**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note H - Notes Payable - Continued**

	<b>2020</b>	<b>2019</b>
Note payable, payable in monthly installments of \$5,000, with a payment of approximately \$557,000 due October 2021 and with a balloon payment of approximately \$457,000 due October 2022, 0.00% interest rate. (Note N)	\$ 1,089,000	\$ 1,149,000
Total notes payable	\$10,082,072	\$ 7,073,819

The aggregate amount of notes payable at May 31, 2020, mature as follows:

<b><u>Year Ending May 31,</u></b>			
2021			\$ 2,705,494
2022			3,029,218
2023			765,745
2024			556,324
2025			3,025,291
Total			\$10,082,072

**Note I - Capitalized Lease Obligations**

The University periodically enters into capitalized lease obligations for equipment. These leases are classified as capital leases since the lease contracts provide for bargain purchase options at the expiration of the lease terms. At May 31, 2020 and 2019, the University has included in net property and equipment leased assets with a net book value of \$390,249 and \$290,160, respectively. Amortization of assets held under capital leases is included with depreciation expense.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of May 31, 2020:

<b><u>Year Ending May 31,</u></b>		
2021		\$ 134,629
2022		118,666
2023		116,709
Total minimum lease payments		370,004
Less: amounts representing interest at 6.25% - 10.09%		(30,208)
Present value of net minimum lease payments		\$ 339,796

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note J - Fair Value Measurements**

The financial assets and liabilities of the University are stated at fair value based on the following hierarchy of fair value measurement inputs:

- Level 1 Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market.
- Level 2 Financial assets and liabilities whose values are based on quoted prices in markets that are not actively traded or inputs other than quoted prices such as yield curves.
- Level 3 Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Management considers the measurement of its beneficial interest in the perpetual trusts to be a Level 3 measurement within the fair value measurement hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustees, the University will never receive those assets or have the ability to direct the trustees to redeem them.

At May 31, 2020, the financial assets and liabilities of the University are categorized as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b><u>Assets</u></b>				
Operating investments:				
Certificate of deposit	\$ 2,014,440	\$ 2,014,440	\$ -	\$ -
Life insurance, cash surrender value	49,103	-	-	49,103
Beneficial interests in:				
Charitable trusts held by others	1,590,953	-	-	1,590,953
Assets held by community foundations	579,280	-	-	579,280
Perpetual trusts	2,840,892	-	-	2,840,892
Endowment investments:				
Mutual funds	5,774,309	5,774,309	-	-
U. S. Treasury securities	296,435	296,435	-	-
Corporate stock	7,608	7,608	-	-
Subordinated debenture	80,000	-	-	80,000
Total	<u>\$13,233,020</u>	<u>\$ 8,092,792</u>	<u>\$ -</u>	<u>\$5,140,228</u>
<b><u>Liabilities</u></b>				
Notes payable	<u>\$10,082,072</u>	<u>\$ 10,082,072</u>	<u>\$ -</u>	<u>\$ -</u>

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note J - Fair Value Measurements - Continued**

At May 31, 2019, the financial assets and liabilities of the University are categorized as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b><u>Assets</u></b>				
Operating investments:				
Certificate of deposit	\$ 2,014,440	\$ 2,014,440	\$ -	\$ -
Life insurance, cash surrender value	46,032	-	-	46,032
Beneficial interests in:				
Charitable trusts held by others	1,564,341	-	-	1,564,341
Assets held by community foundations	639,284	-	-	639,284
Perpetual trusts	2,833,856	-	-	2,833,856
Endowment investments:				
Mutual funds	5,594,247	5,594,247	-	-
U. S. Treasury securities	52,112	52,112	-	-
Corporate stock	5,473	5,473	-	-
Subordinated debenture	80,000	-	-	80,000
Total	<u>\$12,829,785</u>	<u>\$ 7,666,272</u>	<u>\$ -</u>	<u>\$5,163,513</u>
<b><u>Liabilities</u></b>				
Notes payable	<u>\$ 7,073,819</u>	<u>\$ 7,073,819</u>	<u>\$ -</u>	<u>\$7,073,819</u>

Financial assets and liabilities valued using Level 3 inputs had the following activity:

	<u>2020</u>	<u>2019</u>
Subordinated debenture, beginning of year	\$ 80,000	\$ 80,000
Unrealized gains (losses) in fair value	-	-
Subordinated debenture, end of year	<u>\$ 80,000</u>	<u>\$ 80,000</u>
Beneficial interest in charitable trusts, beginning of year	\$ 1,564,341	\$ 1,441,201
Contributions	-	-
Distributions received from the trusts	(77,407)	(35,000)
Unrealized gains (losses) in fair value	104,019	158,140
Beneficial interest in charitable trusts, end of year	<u>\$ 1,590,953</u>	<u>\$ 1,564,341</u>

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note J - Fair Value Measurements - Continued**

	<u>2020</u>	<u>2019</u>
Beneficial interest in assets held by community foundations, beginning of year	\$ 639,284	\$ 644,227
Contributions	-	-
Distributions received from the foundations	(29,627)	(23,223)
Unrealized gains (losses) in fair value	<u>(30,377)</u>	<u>18,280</u>
Beneficial interest in assets held by community foundations, end of year	<u>\$ 579,280</u>	<u>\$ 639,284</u>
Beneficial interest in perpetual trusts, beginning of year	\$ 2,833,856	\$ 2,969,496
Contributions	-	-
Distributions received from the trusts	(147,096)	(115,913)
Unrealized gains (losses) in fair value	<u>154,132</u>	<u>(19,727)</u>
Beneficial interest in perpetual trusts, end of year	<u>\$ 2,840,892</u>	<u>\$ 2,833,856</u>
Cash value of life insurance, beginning of year	\$ 46,032	\$ 44,536
Cancellation of life insurance policy	-	-
Unrealized gains (losses) in fair value	<u>3,071</u>	<u>1,496</u>
Cash value of life insurance, end of year	<u>\$ 49,103</u>	<u>\$ 46,032</u>
Notes payable, beginning of year	\$ 7,073,819	\$ 7,662,766
Borrowings	3,554,009	-
Principal repaid/forgiven	(545,756)	(588,947)
Unrealized gains (losses) in fair value	<u>-</u>	<u>-</u>
Notes payable, end of year	<u>\$ 10,082,072</u>	<u>\$ 7,073,819</u>

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note K - Net Assets With Donor-Restrictions**

At May 31, 2020 and 2019, net assets with donor restrictions are restricted for the following purposes and periods as follows:

	<b>2020</b>	<b>2019</b>
Subject to expenditure for specified purpose:		
Beneficial interests in charitable trusts held by others	\$ 1,148,707	\$ 1,018,268
Due from unrestricted	475,509	475,509
Pledges receivable, the proceeds from which have been restricted by donors for Scholarships	-	2,907
	1,624,216	1,496,684
Subject to the passage of time:		
Beneficial interests in charitable trusts held by others	442,246	546,073
Life insurance, cash surrender value	49,103	46,032
	491,349	592,105
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for Scholarships	506,199	404,200
	506,199	404,200
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Scholarships	356,863	356,863
	356,863	356,863
Total endowments	863,062	761,063
Perpetual in nature, not subject to spending policy or appropriation:		
Beneficial interest in assets held by community foundations	579,281	639,284
Beneficial interests in perpetual trusts	2,840,892	2,833,856
	3,420,173	3,473,140
Total net assets with donor restrictions	\$ 6,398,800	\$ 6,322,992

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note L - Significant Concentrations of Credit Risk**

Financial instruments that potentially subject the University to concentrations of credit risk consist principally of temporary cash investments and student receivables. The University, at times, maintains cash in bank deposit accounts above the amount that is covered by the Federal Deposit Insurance Corporation. At May 31, 2020 and 2019, the University has cash in bank deposit accounts in excess of Federal deposit insurance of approximately \$1,900,000 and \$494,000, respectively.

Concentrations of credit risk with respect to student receivables are limited due to the large number of students and their dispersion across different geographic areas.

**Note M - Employee Benefit Plans**

The University sponsors defined contribution retirement plans covering all full-time employees who have completed one full month of service. Under the plans, participants may contribute up to fifteen percent of their salary through salary reductions. Webber International University, Inc. matches the first five percent of the participant contributions; St. Andrews University discontinued matching contributions in January 2010. Total matching contributions were approximately \$130,731 and \$129,693 for the years ended May 31, 2020 and 2019, respectively.

The University is partially self-insured for employee health benefits. Under the plan, the University, through a self-insured benefits administrator, pay claims incurred up to \$30,000 per participant. A reinsurance carrier is responsible for claims in excess of these amounts. The University's portion of claims expense totaled approximately \$931,000 and \$722,000 for 2020 and 2019, respectively.

**Note N - Campus Lease Commitments**

The University has a thirty year ground lease agreement dated June 2010, with a private enterprise. Under terms of the agreement, the enterprise constructed a 100-bed student housing facility on University property. The University has an option to purchase the housing facility at any time at market value. Concurrent with this agreement, the University entered into a thirty year noncancelable operating lease of the housing facility. The University subleases the facility to students, with an income sharing agreement between the University and the private enterprise. Total rent expense for the year ended May 31, 2020, was \$537,289 and rental income under the sublease was \$588,048. For the year ended May 31, 2019, total rent expense was \$545,359 and rental income was \$589,042. The lease does not require a minimum annual lease payment.

In September 2011, the University entered into a sale-leaseback arrangement whereby it sold its St. Andrews campus, consisting of certain campus land, buildings, and improvements, including the equestrian center, to Scotland Development Corporation, a North Carolina nonprofit corporation. Concurrent with this agreement, the University entered into a contract to lease the same real estate for an initial term of ten years, with two consecutive five-year renewal options. During the term of the lease, the University is required to pay all executor costs such as taxes, maintenance, and insurance. Monthly rental payments for the St. Andrews campus are \$60,000. The lease is accounted for as an operating lease. Rent expense for the years ended May 31, 2020 and 2019, was \$766,275 and \$854,000, respectively.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**YEARS ENDED MAY 31, 2020 AND 2019**

**Note N - Campus Lease Commitments - Continued**

In May 2018, the University amended its lease agreement with Scotland Development Corporation to become current on outstanding lease payments owed of \$1,214,000. In addition to the scheduled monthly rent payments of \$60,000, the current outstanding liability shall be repaid at a rate of \$5,000 per month beginning June 1, 2018 until paid in full; with one-half of the remaining balance paid on or before October 1, 2021 and the remaining balance paid on or before October 1, 2022.

**Note O - Consulting Agreement**

In June 2018, the University entered into a ten year consulting agreement with a non-profit organization for both campuses. Under terms of the agreement, the organization will provide comprehensive administrative consulting services to the University. Monthly consulting payments are \$16,667 in addition to reimbursing business expenses incurred by the consultant. The monthly consulting payments will be reviewed annually and adjusted to the determined fair market value of consulting services.

**Note P - Subsequent Events**

On March 11, 2020, the World Health Organization declared the novel coronavirus (Covid-19) outbreak a public health emergency. The University's results of operations could be adversely affected to the extent that the coronavirus or any other epidemic harms the economy. The Board of Trustees and the University's management are monitoring the outbreak and potential financial impact, which are currently uncertain. The duration and intensity of the impact of the coronavirus and resulting disruption to the University's operations are uncertain and could adversely affect financial results.

In April 2020, the University received Paycheck Protection Program (PPP) loans with the intention of having them fully forgiven. The loans closed on April 14, 2020 and April 17, 2020 in the amounts of \$1,505,399 and \$2,048,610, respectively.

In May 2020, the University received \$1,470,540 from the CARES Act under the Higher Education Emergency Relief Fund (HEERF). According to the Act, one half of these funds is to be distributed to students and the other half is to be utilized by the University, according to the requirements specified. Since no amounts have been paid at May 31, 2020, these funds are included in accounts payable and deferred revenue on the Consolidated Statement of Financial Position at May 31, 2020.

# Bunting, Tripp & Ingley, LLP

CERTIFIED PUBLIC ACCOUNTANTS

A Tradition of Excellence Since 1926



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**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

To the Board of Trustees  
Webber International University, Inc.  
Babson Park, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Webber International University, Inc., and Subsidiary, which comprise the consolidated statement of financial position as of May 31, 2020, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 23, 2020.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies; see Section II, page 39.



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Bunting, Tripp & Angley, LLP*

Lake Wales, Florida  
September 23, 2020

# Bunting, Tripp & Ingley, LLP

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TAMPA, FLORIDA

**Independent Auditor's Report on Compliance for Each  
Major Federal Program and State Project; Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by  
the Uniform Guidance and Chapter 10.650, Rules of the Florida Auditor General and procedures of the  
North Carolina Office of the State Auditor**

To the Board of Trustees  
Webber International University, Inc.  
Babson Park, Florida

**Report on Compliance for Each Major Federal and State Program**

We have audited Webber International University, Inc., and Subsidiary's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*; Chapter 10.650, *Rules of the Auditor General*; and procedures of the North Carolina Office of the State Auditor that could have a direct and material effect on each of the University's major Federal and State programs for the year ended May 31, 2020. The University's major Federal and State programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal and State programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the University's major Federal and State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.650, *Rules of the Auditor General*; and procedures of the North Carolina Office of the State Auditor. Those standards, Uniform Guidance, Chapter 10.650, *Rules of the Auditor General*, and policies of the North Carolina State Education Assistance Authority, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal or State program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal and State program. However, our audit does not provide a legal determination of the University's compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and State programs for the year ended May 31, 2020.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2020-001. Our opinion on each major Federal and State program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan at page 45. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal and State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal and State program and to test and report on internal control over compliance in accordance with Uniform Guidance, Chapter 10.650, *Rules of the Auditor General*, and policies of the North Carolina State Education Assistance Authority, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as Finding 2020-001, that we considered to be a significant deficiency.

The University's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan at page 45. The University's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, Chapter 10.650 Rules of the Auditor General and policies of the North Carolina State Education Assistance Authority. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of the University as of and for the year ended May 31, 2020, and have issued our report thereon dated September 23, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 information has been subjected to the auditing procedures applied in the audit 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Brentley, Triple & Ingley, LLP*

Lake Wales, Florida  
September 23, 2020

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE STUDENT FINANCIAL ASSISTANCE PROGRAMS**

**YEAR ENDED MAY 31, 2020**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA No.</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Pass Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<i>U. S. Department of Education:</i>				
<b><u>Student Financial Aid Cluster:</u></b>				
Federal Pell Grant Program	84.063		\$ -	\$ 3,576,424
Federal Direct Student Loans	84.268		-	11,498,273
Federal Supplemental Educational Opportunity Grants Program	84.007		-	120,770
Federal Work-Study Program	84.033		-	195,691
Total student financial aid program cluster			-	15,391,158
Total expenditures of Federal awards			\$ -	\$ 15,391,158
	<b>Florida CFDA No.</b>			<b>Florida Expenditures</b>
<b>Florida Grantor:</b>				
<i>Florida Department of Education:</i>				
Florida Work Experience Program	48.053		\$	8,122
Florida Student Assistance Grant Program	48.054			376,293
Florida Bright Futures Scholarship Program	48.059			105,413
William L. Boyd, IV, Effective Access to Student Education Program	48.064			1,072,519
Florida Scholarships for Children and Spouses of Deceased or Disabled Veterans	48.055			26,712
Total expenditures of Florida student financial assistance programs				\$ 1,589,059
				<b>North Carolina Expenditures</b>
<b>North Carolina Grantor:</b>				
<i>North Carolina State Education Assistance Authority:</i>				
North Carolina Need-Based Scholarship Program			\$	848,540
Total expenditures of North Carolina student student financial assistance programs			\$	848,540

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Student Financial Assistance Programs.

## WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE STUDENT FINANCIAL ASSISTANCE PROGRAMS

YEAR ENDED MAY 31, 2020

#### **Note A - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Student Financial Assistance Programs (the "Schedule") includes the Federal and State grant activity of Webber International University, Inc. and its subsidiary, St. Andrews University (the University) under programs of the federal and state government for the year ended May 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), the Florida Single Audit Act, and programs administered by the State of North Carolina. Because the schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the University.

#### **Note B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Chapter 10.650 Rules of the Auditor General and policies of the North Carolina State Education Assistance Authority, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **Note C - Indirect Cost Rate**

Webber International University, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note D - Florida Student Financial Assistance Programs**

The program requirements for each Florida program are described in the *OMB Compliance Supplement*; State Board of Education Administrative Rules and audit program guidance is provided by the Florida Department of Education, Bureau of Auditing Services. A summary of significant features and applicable statutes and rules of importance to the administration of the State of Florida Financial Assistance Programs at Webber International University, Inc. is as follows:

##### **1. Florida Bright Futures Scholarship Program**

The Florida Bright Futures Scholarship Program establishes four lottery-funded scholarships to reward Florida high school graduates for high academic achievement. The Florida Bright Futures Scholarship Program is comprised of the four awards, and the University participates in the following four:

- Florida Academic Scholars Award ("FAS") provides certain qualified, first-time-in-college, full-time, undergraduate students with assistance in paying for costs of education. FAS is available only to Florida residents attending eligible colleges and universities located in the State of Florida (including Academic Top Scholars).

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE STUDENT FINANCIAL ASSISTANCE PROGRAMS - CONTINUED**

**YEAR ENDED MAY 31, 2020**

**Note D - Florida Student Financial Assistance Programs - Continued**

**1. Florida Bright Futures Scholarship Program - Continued**

- Florida Medallion Scholars Award (“FMS”) provides certain qualified, first-time-in-college, full-time, undergraduate students with assistance in paying for costs of education. FMS is available only to Florida residents attending eligible colleges and universities located in the State of Florida
- Florida Gold Seal Vocational Scholars Award (“GSV”) provides certain qualified, full-time, undergraduate students, who are enrolled in a vocational or technical program with assistance in paying for the costs of education. GSV is available only to Florida residents attending eligible colleges and universities located in the State of Florida.
- Florida Gold Seal CAPE Scholars Award (“GSC”) provides certain qualified, half-time, degree or certificate seeking students, who have earned at least 5 hours through CAPE industry certifications and are enrolled in a vocational or technical program, with assistance in paying for the costs of education. GSV is available only to Florida residents attending eligible colleges and universities located in the State of Florida.

**2. William L. Boyd, IV, Effective Access to Student Education Program**

The William L. Boyd, IV, Effective Access to Student Education Program provides tuition assistance to Florida undergraduate students attending an eligible private, non-profit Florida college or university. Each participating institution determines application procedures, deadlines, and student eligibility.

**3. Florida Student Assistance Grant Program**

The Florida Student Assistance Grant (“FSAG”) Program is a need-based program available to degree-seeking, resident, undergraduate students who demonstrate substantial financial need and are enrolled in participating postsecondary institutions. FSAG is a decentralized program, and each participating institution determines application procedures, deadlines, student eligibility, and award amount.

- The Florida Public Student Assistance Grant is available to students who attend state universities and Florida colleges (public community colleges).
- The Florida Private Student Assistance Grant is available to students who attend eligible private, non-profit, four-year colleges and universities.
- The Florida Postsecondary Student Assistance Grant is available to students who attend eligible degree-granting private colleges and universities not eligible under the Florida Private Student Assistance Grant.
- The Florida Public Postsecondary Career Education Student Assistance Grant (“FSAG-CE”) is available to students who attend eligible and participating Florida colleges (public community colleges) or career centers operated by district school boards.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE STUDENT FINANCIAL ASSISTANCE PROGRAMS - CONTINUED**

**YEAR ENDED MAY 31, 2020**

**Note D - Florida Student Financial Assistance Programs - Continued**

**4. Florida Work Experience Program**

The Florida Work Experience Program (“FWEP”) is a need-based program providing eligible Florida students work experiences that will complement and reinforce their educational and career goals. Each participating college, university, Florida college (public community college), career center operated by a district school board, and educator preparation institute determines application procedures, deadlines, student eligibility, and award amount.

**5. Florida Scholarships for Children and Spouses of Deceased or Disabled Veterans**

The Florida Scholarships for Children and Spouses of Deceased or Disabled Veterans (“CSDDV”) provides an award to dependent children or un-remarried spouses of qualified Florida. Students who attend an eligible public postsecondary institution will receive funds to cover their tuition and registration fees. Students who attend an eligible private postsecondary institution will receive a fixed award amount by using the average matriculation and fee calculation for full-time attendance at a public postsecondary education institution at a comparable level.

**Note E - North Carolina Student Financial Assistance Programs**

The following is a brief description of each North Carolina student financial assistance program administered by the Student Financial Aid Office of the University:

**1. North Carolina Need-Based Scholarship Program**

The North Carolina Need-Based Scholarship Program provides tuition assistance to North Carolina undergraduate students attending an eligible private postsecondary institution.



WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MAY 31, 2020

Section I - Summary of Auditor's Results

Consolidated Financial Statements

Type of auditor's report issued: **Unmodified opinion**

Internal control over financial reporting:

- Material weakness identified?        Yes   **X**   No
- Significant deficiency identified?   **X**   Yes        No

Noncompliance material to financial statements noted?        Yes   **X**   No

Federal, Florida, and North Carolina Awards

Internal control over major programs:

- Material weakness identified?        Yes   **X**   No
- Significant deficiency identified?   **X**   Yes        No

Type of auditor's report issued on compliance for all major programs: **Unmodified opinion**

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?   **X**   Yes        No

Identification of major programs:

The Federal programs listed below are part of a cluster; therefore, they are treated and tested as a major program.

Student Financial Aid Cluster:

Federal Supplemental Educational Opportunity Grants	CFDA No. 84.007
Federal Work-Study Program	CFDA No. 84.033
Federal Pell Grant Program	CFDA No. 84.063
Federal Direct Student Loans	CFDA No. 84.268

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**YEAR ENDED MAY 31, 2020**

**Section I - Summary of Auditor's Results - Continued**

Identification of major programs - Continued:

The Florida Student Financial Assistance Programs are also treated as a cluster and are tested as a major program:

Florida Work Experience Program	CSFA No. 48.053
Florida Student Assistance Grant Program	CSFA No. 48.054
Florida Bright Futures Scholarship Program	CSFA No. 48.059
William L. Boyd, IV, Effective Access to Student Education Program	CSFA No. 48.064
Florida Scholarships for Children and Spouses of Deceased or Disabled Veterans and Service Members	CSFA No. 48.055

Dollar threshold used to distinguish between Type A and Type B programs: (Webber International University, Inc. only participates in the federal and state student financial aid programs.) \$750,000

Webber International University, Inc., qualified as low-risk auditee?	_____ Yes	<u>  <b>X</b>  </u> No
“Schedule of Prior Audit Findings and Questioned Costs - Federal Awards Program” attached?	<u>  <b>X</b>  </u> Yes	_____ No
“Schedule of Prior Audit Findings and Questioned Costs - Florida Student Financial Assistance Programs” attached?	<u>  <b>X</b>  </u> Yes	_____ No
“Corrective Action Plan” attached? (No findings required to be reported under the Florida Single Audit Act.)	<u>  <b>X</b>  </u> Yes	_____ No

**Section II - Consolidated Financial Statement Findings**

Significant deficiencies were identified in internal controls over financial reporting; see management recommendation letter on pages 46-47.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**YEAR ENDED MAY 31, 2020**

**Section III - Federal Awards Findings and Questioned Costs**

**Finding 2020-001**

**Identification of the Federal Program:**

Federal Supplement Education Opportunity Grant Program (84.007); Federal Work-Study program (84.033); Federal Pell Grant Program (84.063); Federal Direct Loan Program (84.268).

**Criteria:**

2CFR 200.303

**Condition:**

Ineffective Internal Controls on Eligibility for Individuals

**Cause:**

No cause could be determined.

**Effect:**

An awarding error might not be prevented, or detected and corrected, on a timely basis.

**Description of the Nature and Extent of the Issues Reported:**

Our review of forty (40) student files disclosed five (5) students for which the Institution did not complete the Financial Aid File Check sheet prior to disbursement.

This issue is systemic.

**Questioned Costs:**

There were no questioned costs.

The instances of noncompliance represent an error rate in the number of sampled items equal to 12.5% (5 of 40) from a population of 1,207 and in the dollar amount of the sampled items tested equal to 0.0% (\$0 of \$5,49,470) from a population of 15,418,227. This is a statistically valid sample.

**Repeat Finding:**

This is a repeat of Finding 2019-001.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**YEAR ENDED MAY 31, 2020**

**Section III - Federal Awards Findings and Questioned Costs - Continued**

**Recommendations:**

The Institution should review and update its internal controls on eligibility for individuals to ensure that each student's packaging receives a quality check prior to disbursement.

**Views of Responsible Officials:**

The Institution agrees with the finding and recommendation.

The Financial Aid file review policy had previously required review of all student files prior to disbursement of financial aid disbursements. It has been determined that the timing of disbursements made it difficult to adhere to this internal control procedure.

Moving forward, the Financial Aid file review policy has been amended to require review of all student files within the first term of active enrollment in the award year. If a discrepancy is found after disbursement has been made, the University will make all necessary adjustments without negative financial impact on the student.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED MAY 31, 2019**

The Institution has taken corrective actions as indicated on the prior audit report issued by Bunting, Tripp & Ingley, LLP on November 7, 2019, covering the Student Financial Aid Program Cluster: Federal Pell Grant, Federal Direct Loan, Federal Supplement Educational Opportunity Grant, and Federal Work-Study programs for the year ended May 31, 2019.

**Finding 2019-001**

**Audit Finding:** Ineffective Internal Controls on Eligibility for Individuals.

**Corrective Action Taken:** The Institution agrees with the finding and recommendation. The Financial Aid Director has adjusted the financial aid file review process timeframe to ensure all student files are reviewed by a financial aid representative prior to disbursement of financial aid. The Director has also added a secondary review for quality check purposes. A file review checklist has been developed that is required for every financial aid file and is currently in use for the 2019-2020 award year.

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**

**SUMMARY OF POPULATION, ITEMS TESTED, AND FINDINGS FOR  
STATE STUDENT FINANCIAL ASSISTANCE PROGRAMS**

**MAY 31, 2020**

<b>State of Florida Student Financial Assistance Program Name</b>	<b>Description of Category</b>	<b>Number of Students</b>	<b>Percent of Population</b>	<b>Amount of Awards</b>	<b>Percent of Population</b>	<b>Amount of Refunds</b>
Florida Bright Futures Scholarship Programs:						
Florida Academic Scholars Award	Population	4	100%	\$ 25,099	100%	\$ -
	Tested	4	100%	\$ 25,099	100%	\$ -
	Findings	0	0%	\$ -	0%	\$ -
Florida Medallion Scholars Award	Population	19	100%	\$ 76,946	100%	\$ (10,744)
	Tested	10	53%	\$ 42,976	56%	\$ (6,794)
	Findings	0	0%	\$ -	0%	\$ -
Florida Gold Seal Vocational Scholars Award	Population	8	100%	\$ 13,248	100%	\$ (1,920)
	Tested	8	100%	\$ 13,248	100%	\$ (1,920)
	Findings	0	0%	\$ -	0%	\$ -
Florida Gold Seal CAPE Scholars Award	Population	2	100%	\$ 2,784	100%	\$ -
	Tested	1	50%	\$ 1,440	52%	\$ -
	Findings	0	0%	\$ -	0%	\$ -
William L. Boyd, IV, Effective Access to Student Education Program	Population	444	100%	\$1,081,041	100%	\$ (8,522)
	Tested	65	15%	\$ 161,944	15%	\$ (2,840)
	Findings	0	0%	\$ -	0%	\$ -
Florida Student Assistance Grant Program	Population	186	100%	\$ 406,543	100%	\$ (30,250)
	Tested	47	25%	\$ 103,800	26%	\$ (7,800)
	Findings	0	0%	\$ -	0%	\$ -
Florida Work Experience Program	Population	6	100%	\$ 8,122	100%	\$ -
	Tested	6	100%	\$ 8,122	100%	\$ -
	Findings	0	0%	\$ -	0%	\$ -
Scholarship for Children and Spouses of Deceased or Disabled Veterans	Population	5	100%	\$ 28,196	100%	\$ (1,484)
	Tested	5	100%	\$ 28,196	100%	\$ (1,484)
	Findings	0	0%	\$ -	0%	\$ -

**WEBBER INTERNATIONAL UNIVERSITY, INC. AND SUBSIDIARY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS -**  
**STATE STUDENT FINANCIAL ASSISTANCE PROGRAMS**

**MAY 31, 2019**

There were no findings or questioned costs.



# Webber International University

*A Tradition in Business Education*

## CORRECTIVE ACTION PLAN

### Finding 2020-001

#### A. Comments on Findings and Recommendations:

We agree with the finding and recommendation.

#### B. Actions Taken or Planned:

The Financial Aid file review policy had previously required review of all student files prior to disbursement of financial aid disbursements. It has been determined that the timing of disbursements made it difficult to adhere to this internal control procedure.

Moving forward, the Financial Aid file review policy has been amended to require review of all student files within the first term of active enrollment in the award year. If a discrepancy is found after disbursement has been made, the university will make all necessary adjustments without negative financial impact on the student.

  
\_\_\_\_\_  
Signature of Entity Official

Title: Director of Financial Aid

Date: 9/3/20

Telephone: 863-638-1431 ext. 3060

Fax Number 863-583-8648

E-mail Address: zavirettlm@webber.edu



# Bunting, Tripp & Ingley, LLP

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ALSO WITH OFFICES IN  
TAMPA, FLORIDA

To the Board of Trustees  
Webber International University, Inc.  
Babson Park, Florida

In planning and performing our audit of the financial statements of Webber International University, Inc. and subsidiary (the University) as of and for the year ended May 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the University's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be a material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

*A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the University's internal control to be significant deficiencies:

## **Implement Recommendations Made in Previous Years' Audits**

We continue to believe that the following recommendations should be implemented:

- Standardize the chart of accounts used by both Webber and St. Andrews. As noted in previous years, two separate charts of accounts are being used by the Universities, which is problematic. A standardized chart

of accounts used by both campuses would allow for consistent financial reporting and better internal financial comparisons for management.

- Track St. Andrews beneficial interests in assets held by others on a timely basis. These beneficial interests are a material asset to St. Andrews and should be monitored and reconciled as a regular part of the University's monthly accounting procedures.
- Integrate general ledger control procedures for contributions received and receivable at St. Andrews. Currently, St. Andrews uses a separate software system to track contributions. The reports from this system are not reconciled monthly to the general ledger. This is poor internal control and requires extensive year-end analysis and adjustment to properly report contributions.

This communication is intended solely for the use of the Board of Trustees, management, Federal and State awarding agencies, pass-through entities, and accreditation agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Buntz, Tripp & Ansley, LLP*

Lake Wales, Florida  
September 23, 2020