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FINE MORTUARY COLLEGE, LLC
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members
Fine Mortuary College, LLC
dba Fine Mortuary College
150 Kerry Place
Norwood, MA 02062

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Fine Mortuary College, LLC, dba Fine Mortuary College, (hereinafter referred to as “Institution” or “Fine Mortuary College”) which comprise the balance sheet as of May 31, 2021, and the related statement of income, members’ equity, and cash flow for the year then ended, and the related notes to the financial statement.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as

evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fine Mortuary College as of May 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Note 15 on the Institution's calculation of its Title IV 90/10 revenue test and Note 14 on related party transactions are required by the U.S. Department of Education and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Note 16 on the Institution's composite score is presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of Fine Mortuary College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Fine Mortuary College's internal control over financial reporting and compliance.



David A Levy CPA PC
Needham, Massachusetts
November 29, 2021

FINE MORTUARY COLLEGE
BALANCE SHEET
AS OF MAY 31, 2021

ASSETS

	<u>2021</u>
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 851,957
Accounts Receivable - Students	67,215
Prepays	17,544
Inventory	<u>57,772</u>
TOTAL CURRENT ASSETS	994,488
PROPERTY & EQUIPMENT, NET	13,258
Other Assets	
Deposits	13,888
Due from Related Parties-Unsecured	644,693
Organizational Costs, Net	<u>43,872</u>
Total Other Assets	702,453
TOTAL ASSETS	\$ <u>1,710,199</u>

LIABILITIES & MEMBERS' EQUITY

CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 72,440
Deferred Tuition	18,503
Current Portion of Notes Payable	<u>-</u>
TOTAL CURRENT LIABILITIES	90,943
LONG TERM LIABILITIES	
Notes Payable, Net of Current Portion	<u>140,600</u>
TOTAL LONG TERM LIABILITIES	140,600
TOTAL LIABILITIES	<u>231,543</u>
Members' Equity	1,478,656
TOTAL LIABILITIES & MEMBERS' EQUITY	\$ <u>1,710,199</u>

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

FINE MORTUARY COLLEGE
STATEMENT OF INCOME
FOR THE YEAR ENDED MAY 31, 2021

REVENUE	2021
Earned Tuition	\$ 1,936,725
Other Income	8,910
TOTAL REVENUE	1,945,635
EXPENSES	
Administrative	349,616
Operating	21,352
Payroll and Payroll Taxes	610,312
Occupancy	187,974
Depreciation and Amortization	11,735
TOTAL OPERATING EXPENSES	1,180,989
NET INCOME FROM OPERATIONS	764,646
NET INCOME FOR THE PERIOD	\$ 764,646

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

**FINE MORTUARY COLLEGE
STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED MAY 31, 2021**

	<u>2021</u>
MEMBERS' EQUITY BEGINNING OF YEAR	\$ 927,353
NET INCOME FOR THE PERIOD	764,646
Members' Distribution	(213,343)
MEMBERS' EQUITY END OF YEAR	<u>\$ 1,478,656</u>

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

FINE MORTUARY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2021

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2021</u>
NET INCOME	\$ 764,646
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and Amortization	11,735
Loss on Relinquishment of Assets	
Changes in Operating Assets and Liabilities:	
Accounts Receivable - Students	2,559
Prepaid Expenses	7,440
Inventory	(11,117)
Deposits	(715)
Accounts Payable and Accrued Expenses	13
Deferred Tuition	(268,755)
Cash Provided by Operating Activities	<u>505,806</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Repayment of Notes Payable	33,947
Repayment of Related Party Unsecured Notes	(39,918)
Members' Distribution	(213,343)
Cash Used by Financing Activities	<u>(219,314)</u>
 Change in Cash and Cash Equivalents	286,492
 BEGINNING CASH BALANCE	565,465
 ENDING CASH BALANCE	<u>\$ 851,957</u>
Supplementary information:	
<u>Cash Paid for:</u>	
Income Taxes	\$ -
Interest Expenses	\$ -

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

NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Formation

Fine Mortuary College, LLC dba Fine Mortuary College (the Institution) was established on May 9, 1996 in the commonwealth of Massachusetts as an educational training institution.

Principal Activity

The principal activity of Fine Mortuary College is to educate and train students in Funeral Service Profession.

Educational Programs

The Institution is licensed to offer the following programs:

- Funeral Direction/Service (70-credit hours program)

Licenses and Accreditation

The Institution is licensed by Massachusetts Board of Higher Education, is accredited by the American Board of Funeral Service Education (ABFSE), and is approved by the United States Department of Education for participation in Federal Title IV Student Financial Assistance Programs for the funeral direction/service program. The Institution's accreditation status was "Accreditation approved" on October 25, 2019 for seven years

A) Basis of Accounting

The Financial Statements are prepared on the accrual basis of accounting in accordance with the U.S. generally accepted accounting principles (GAAP).

B) Revenue and Cost Recognition

The Institution bills tuition throughout the period of enrollment and recognizes the revenue on a pro rata basis over the period of instruction. As of the end of the fiscal year, the Institution had tuition from academic periods where the associated revenue has not yet been earned in accordance with GAAP. Accordingly, these amounts have been recorded as unearned tuition in the accompanying balance sheets. If a student withdraws from the Institution, the standards of the U.S. Department of Education, the state education authority, the accrediting commission that accredit the Institution and the Institution's own internal policies (collectively, "Refund Policies") limit a student's obligation for tuition and fees to the school depending on when the student withdraws during the period of enrollment. The greater the portion of the enrollment period that has elapsed at the time the student withdraws, the greater the student's obligation to the school. The Institution records revenue after applying all applicable refund policies.

C) Cash and Cash Equivalents

For purposes of reporting cash flows, cash equivalents include highly liquid assets with an original maturity of three months or less. Highly liquid assets include cash, federal funds and certificates of deposit. As of May 31, 2021, the Institution did not have balances in excess of the \$250,000 FDIC insured limit.

NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D) Inventory

Inventory consists of goods purchased primarily for resale to the students and clientele. It is stated at the lower of cost or market.

E) Property and Equipment

Property and Equipment are stated at cost, net of accumulated depreciation. The cost of property and equipment is depreciated over the estimated useful lives of the related assets.

F) Advertising Costs

Advertising costs, except for direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are to be received. There were no direct-response advertising costs for the current fiscal year.

G) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

H) Concentration of Economic Dependency

The Institution derives a significant portion of its revenue from student financial assistance originating from the U.S. Department of Education's Title IV Higher Education Act of 1965. For the students to receive financial assistance at the Institution, it must maintain eligibility requirements established by the U.S. Department of Education.

I) Uncertain Tax Positions

The company accounts for uncertain tax positions in accordance with FASB ASC 740.

J) Subsequent Events

The Institution evaluates subsequent events through November 29, 2021, the date of this report. No material subsequent events have occurred that require recognition or disclosure in these financial statements.

NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K) Fair Value Measurement

The Institution reports its qualified assets and liabilities in accordance with the Fair Value Measurements and Disclosure Standards and accounting principles generally accepted in the United States. These standards define fair value; establish a framework for measuring fair value, and expand disclosures about fair value measurements. This policy establishes a Fair Value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value hierarchy and a description of the valuation techniques used for instruments measured at fair value are as follows:

- Level 1- Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date.
- Level 2- Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date.
- Level 3- Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed techniques that result in management's best estimate of fair value.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Institution's qualifying assets or liabilities are recorded at fair value using Level 1 inputs.

L) Reclassification

The presentation of certain prior year balances has been reclassified to conform to the current year presentation.

M) New Pronouncements & Adoption

On February 25, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. This ASU codifies FASB Accounting Standards Codification (ASC) 842, Leases, and makes conforming amendments to other FASB ASC topics. Under the new provisions, all lessees will report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. ASU No. 2016-02, as amended by ASU No. 2020-05, is effective for nonpublic entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022.

On May 28, 2014, the FASB completed its Revenue Recognition project by issuing Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606). The new guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The entity applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

NOTE 2: ACCOUNTS RECEIVABLE, DEFERRED TUITION & ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts Receivable at the balance sheet date consist of amounts related to revenue from current or former students for classes that have been completed, or obligations of current students for tuition in progress for which payment has not been received in accordance with GAAP. If a student withdraws from the Institution, the standards of the U.S. Department of Education, the state education authority, the accrediting commission that accredit the Institution and the Institution's own internal policies (collectively, "Refund Policies") limit a student's obligation for tuition and fees to the school depending on when the student withdraws during the period of enrollment. The greater the portion of the enrollment period that has elapsed at the time the student withdraws, the greater the student's obligation to the school. The Institution records revenue after applying all applicable refund policies.

Allowance for Doubtful Accounts

The Institution maintains an allowance for doubtful accounts and has established a reserve based on the likelihood of collection. Bad debts are written off using an allowance account. As of May 31, 2021, the allowance for uncollectable accounts was \$3,500.

Accrual

As of May 31, 2021, the following table represents the remaining accrual method reported in accordance with GAAP.

	Accrual
Deferred Tuition	\$ 18,503
Accounts Receivable	\$ 70,715
Less: Allowance for Doubtful Accounts	<u>(3,500)</u>
Accounts Receivable, Net	<u>\$ 67,215</u>

NOTE 3: PREPAID EXPENSES

As of May 31, 2021 there were prepaid expenses of \$17,544, which comprises of prepaid insurance fees.

NOTE 4: INVENTORIES

The Institution's inventory consists of goods purchased primarily for resale to the students and clientele. It is stated at the lower of cost or market. As of May 31, 2021, inventories were valued at \$57,772.

FINE MORTUARY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 5: PROPERTY & EQUIPMENT

Property and equipment are recorded at cost. Depreciation and amortization of property and equipment, including assets recorded as capital leases, are provided on the straight-line and accelerated methods over their estimated useful lives. Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

The major classifications of property and equipment as of May 31, 2021 consisted of the following:

	<u>Estimated Useful Life</u>	<u>2021</u>
Equipment & Furniture	5-7 Years	\$ 27,638
Leasehold Improvement	5 Years	<u>13,663</u>
Gross Property & Equipment		41,301
Less: Accumulated Depreciation & Amortization		<u>(28,043)</u>
Property & Equipment, Net		<u>13,258</u>
 Depreciation & Amortization		 \$ 11,735

Capitalization

Expenditures for maintenance and repairs are charged to expenses, whereas major betterments are capitalized. The Institution capitalizes property and equipment with useful life of greater than one year for costs in excess of \$2,000.

NOTE 6: DUE FROM RELATED PARTIES-UNSECURED

As of May 31, 2021, the Institution had Notes Receivable-due from related parties, Vanede, LLC of \$644,693 and were unsecured, and carry no stated repayment schedule.

NOTE 7: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts Payable and Accrued Expenses as of May 31, 2021 were \$72,440, and comprised of the following:

	<u>2021</u>
Accounts Payable	\$ 38,395
Accrued Payroll	<u>34,045</u>
	<u>\$ 72,440</u>

FINE MORTUARY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 8: NOTE PAYABLE

As of May 31, 2021, the Institution had an outstanding note payable as detailed below:

NOTES PAYABLE	2021		
	Short Term	Long Term	Total
30 Yr-\$140,600 SBA Loan obtained July 7, 2020, secured by all tangible & intangible personal property, interest rate 3.75%. The entire unpaid principal and interest will be payable and due upon maturity.	-	140,600	140,600
Total	\$ -	\$ 140,600	\$ 140,600

NOTE 9: MEMBERS' EQUITY

As of May 31, 2021, members' equity was as detailed below:

	<u>2021</u>
Balance, June 1, 2020	927,353
Net Profit for the year	764,646
Members' Distributions	<u>(213,343)</u>
Balance, May 31, 2021	<u>\$ 1,478,656</u>

NOTE 10: INCOME TAXES

As a limited liability Company, Fine Mortuary College is treated as a pass-through entity for income tax purposes. Accordingly, the taxable income or loss incurred by the Institution is reported on the tax returns of its members. Therefore, no provision for income taxes is made on the financial statement of the Institution

NOTE 11: REFUNDS AND REPAYMENTS TO THE U.S. DEPARTMENT OF EDUCATION

As of May 31, 2021, there were no unpaid refunds to the Department of Education or to lenders who issued SFA loans. Accordingly, as of May 31, 2021 there were no unpaid refunds as part of the current liabilities. The Institution processes and posts students' refunds within 45 days of the date a student withdraws or is terminated from the school. The Institution had no monetary obligations as a result of the most recent SFA audit.

NOTE 12: COHORT DEFAULT RATE

According to the USDOE, an Institution is not considered to be administratively capable, if its cohort default rate for Federal Stafford/SLD Loan or for Direct Loans made to students for attendance at the school equals or exceeds 30% for the three most recent financial years, or if the most recent cohort default rate is greater than 40%. The Institution must continue to have a default management plan in effect if it equals or exceeds these thresholds. The USDOE will defer any sanctions until there are three sets of official three-year rates published. Currently, the three-year Cohort Default Rate published online by the USDOE for this institution was 13.4% (FY2018).

This information is presented for purposes of additional analysis and is not a required part of the basic financial statements

NOTE 13: LEASE OBLIGATIONS

The Institution currently leases its premises from MBK Realty, an unrelated party, with monthly payments of \$10,480 including the common area maintenance charges. The lease expires in March 2026. The Institution also leases an apartment from Cottonwood, with monthly payments of \$2,475. This is a one-year lease expiring in May 2022.

Occupancy Expenses

Occupancy expenses for the years ended May 31, 2021 were \$187,974, as detailed below:

	2021
Rent	\$ 155,824
Utilities	10,836
Repairs & Maintenance	20,840
Taxes	474
	<u>\$ 187,974</u>

Future Minimum Lease Payments

Future minimum lease payments as of May 31, 2021 were as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 125,835
2023	\$ 125,835
2024	\$ 125,835
2025 & Thereafter	<u>\$ 157,275</u>
Total	<u>\$ 534,780</u>

NOTE 14: RELATED PARTY TRANSACTIONS

The Institution participates in Federal programs authorized by Title IV of the Higher Education Act of 1965, as amended (HEA), which are administered by the U.S. Department of Education. The Institution must comply with the regulations promulgated under the HEA. Those regulations require that all related party transactions be disclosed, regardless of their materiality to the financial statements.

Members' Distributions

During the years ended May 31, 2021, there were members' distributions of \$213,343.

This information is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

NOTE 15: 90/10 REVENUE TEST

Fine Mortuary College derives a substantial portion of its revenues from financial aid received by its students under programs authorized by Title IV of the HEA, which are administered by the U.S. Department of Education. To continue to participate in the programs, Fine Mortuary College must comply with the regulations promulgated under the HEA. The regulations restrict the proportion of cash receipts for tuition, fees, and other institutional charges from eligible programs to not be more than 90 percent from Title IV programs. The failure of Fine Mortuary College to meet the 90 percent limitation for two consecutive years will result in the loss of the Institution's ability to participate in Title IV programs. If a school receives more than 90 percent of its revenue from Title IV programs during its fiscal year, the school becomes provisionally certified for the next two fiscal years.

Current Year

For the fiscal year ended May 31, 2021, the Institution received \$903,118 of Title IV funds, total eligible cash receipts of \$1,721,761, resulting in a percentage of 52.45%.

FINE MORTUARY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 15: 90/10 REVENUE TEST

90-10 ANALYSIS: REVENUE BY SOURCE- CASH BASIS		
<u>ADJUSTED STUDENT TITLE IV REVENUE</u>		
Subsidized Loan	\$	420,832
Unsubsidized loan		337,165
Pell		214,133
Seog (less match)		7,449
FWS (less match)		-
Total Draws (G5)		979,579
Title IV funds Refunded/Returned		(12,202)
Total Student Title IV Revenue (Net draws -G5)		967,377
Revenue Adjustment		(64,259)
<u>TOTAL ADJUSTED STUDENT TITLE IV REVENUE</u>		903,118
<u>STUDENT NON TITLE IV REVENUE</u>		
Non Title IV Grant Funds		40,830
Student Payments		777,813
<u>TOTAL STUDENT NON-TITLE IV REVENUES</u>		818,643
<u>REVENUES FROM OTHER SOURCES</u>		
Clinic / Training Activities		-
Non- Title IV programs tuition		
NPV of Institutional loans		-
<u>TOTAL REVENUES FROM OTHER SOURCES</u>		-
Total Adj. Student Title IV Revenue	\$	903,118
Total Adj. Student Title IV Revenue	\$	903,118
Student Non IV Revenue	818,643	
Other Source Revenue	-	\$ 1,721,761
90/10 Ratio		52.45%

This information is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

NOTE 16: FINANCIAL RESPONSIBILITY COMPOSITE SCORE

The U.S. Department of Education determines an Institution to be financially responsible if the Institution has a composite score of at least 1.5, the Institution has sufficient cash reserves to make the required refunds, including the return of Title IV funds (these requirements are known as the *refund reserve standards*), the Institution is current in its debt payments, and the Institution is meeting all of its financial obligations, including making required refunds, including the return of Title IV funds and making repayments to cover FSA program debts and liabilities. For an Institution to participate in any Title IV, HEA program, the Institution must be financially responsible (34 C.F.R. § 668.171(a)). An Institution that is not financially responsible because its composite score is between 1.0 and 1.4 but meets all other standards of financial responsibility may participate in the Title IV programs under the Zone Alternative, as described in 34 C.F.R. § 668.175(d).

Composite score

The composite score standard combines different measures of fundamental elements of financial responsibility to yield a single measure of a school’s overall financial responsibility. This score, which has not been calculated by the U.S. Department of Education, is currently 3.0 in fiscal year ended May 31, 2021 as detailed below:

<u>Type</u>	<u>Ratio</u>	<u>Weight</u>	<u>Weighted Ratio</u>
Primary Reserve	3.0000	30%	0.9000
Equity	3.0000	40%	1.2000
Net Income	3.0000	30%	0.9000
Composite Score			<u>3.0</u>

This information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

FINE MORTUARY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2021

NOTE 17: PROFITABILITY, ACID TEST RATIO, TANGIBLE NET WORTH

Profitability

The Institution's profitability for the current audit year was as follows:

Description	2021
Gross Income	\$ 1,945,635
Total Expenses (excluding Taxes)	(1,180,989)
Profit before Tax	764,646
Tax Expenses	-
Net Profit After Taxes	<u>\$ 764,646</u>

Acid Test Ratio

As of May 31, 2021, the Institution's acid test ratio was as detailed below:

Description	2021
Current Assets	\$ 994,488
Current Liabilities	<u>90,943</u>
Acid Test Ratio	<u>10.94:1</u>

Tangible Net worth

The tangible net worth of the Institution as of As of May 31, 2021 was as detailed below:

Description	2021
Total Assets	\$ 1,710,199
Less: Total Liabilities	<u>(231,543)</u>
Equity	1,478,656
Less: Unsecured Related Party Receivables	<u>(644,693)</u>
Tangible Net Worth	<u>\$ 833,963</u>

This information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

NOTE 18: HIGHER EDUCATION EMERGENCY RELIEF FUND (HEERF FUNDS)

The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress on March 27th, 2020. This bill allotted \$2.2 trillion to provide fast and direct economic aid to the American people negatively impacted by the COVID-19 pandemic. Of that money, approximately \$14 billion was given to the Office of Postsecondary Education as the Higher Education Emergency Relief Fund (HEERF). The Institution received a total of \$78,045 in HEERF Funds, (\$39,023 Student Portion & \$39,022 Institutional Portion). The student portion was required to be distributed by the Institution directly to students to reimburse them for COVID-19 related losses. The Institution distributed the student portion in the amount of \$39,023 among 40 students who were eligible for a FAFSA during the fiscal year ended May 31, 2021. The Institutional portion in the amount of \$39,022 of the HEERF funds were used to reimburse the Institution for certain COVID-19 related expenses associated with significant changes to the delivery of instruction due to the coronavirus.



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (NO MATERIAL WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED, NO REPORTABLE INSTANCES OF NONCOMPLIANCE OR OTHER MATTERS IDENTIFIED)

INDEPENDENT AUDITOR'S REPORT

To the Members
Fine Mortuary College, LLC
Dba Fine Mortuary College
150 Kerry Place
Norwood, MA 02062

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 financial statements of Fine Mortuary College, which comprise the balance sheets as of May 31, 2021, and the related statements of income, members' equity and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Fine Mortuary College'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fine Mortuary College's internal control. Accordingly, we do not express an opinion on the effectiveness of Fine Mortuary College's internal control.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of Fine Mortuary College's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Fine Mortuary College's financial statements are free from 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 financial statement amounts. Such tests included compliance tests as set forth in the *Guide For Audits of Proprietary Institutions and For Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs*, issued by the U.S. Department of Education, Office of Inspector General (the Guide) including those relating to related parties and percentage of revenue derived from Title IV programs. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards or the *Guide*.

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 entity'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 entity's internal control and compliance. This communication is intended solely for the information and use of the U.S. Department of Education and the management of Fine Mortuary College and is not intended to be and should not be used by anyone other than these specified parties.



David A Levy CPA PC
Needham, Massachusetts
November 29, 2021

FINE MORTUARY COLLEGE
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2021

Lines		Primary Reserve Ratio:		
		Adjusted Equity		
25	Balance Sheet - Total Equity	Total equity		1,478,656
6,7	Balance Sheet - All Related party receivable from affiliate, net and Related party note*	Secured and Unsecured related party receivables and/or other related party assets	644,693	
6	Balance Sheet - Related party receivable, net and Receivable from affiliate, net and Related party note	Unsecured related party receivables and/or other related party assets		644,693
8	Balance Sheet - Property, Plant and Equipment, net	Property, plant and equipment, net	13,258	
FS Note line 8A	Balance Sheet - Property, Plant and Equipment, net - pre-implementation	Property, plant and equipment, net - pre-implementation		13,258
FS Note line 8B	Note of the Financial Statements - Balance Sheet - Property, Plant and Equipment, net - post-implementation with outstanding debt for original purchase	Property, plant and equipment, net - post-implementation with outstanding debt for original purchase with debt		-
FS Note line 8D	Note of the Financial Statements Balance Sheet - Property, Plant and Equipment, net - post-implementation without outstanding debt for original purchase	Property, plant and equipment, net - post-implementation without outstanding debt for original purchase with debt		-
FS Note line 8C	Note of the Financial Statements Balance Sheet - Property, Plant and Equipment - Construction in progress	Construction in progress		-
9	Balance Sheet - Lease right-of-use-asset	Lease right-of-use-asset	-	
FS Note line 9A	Note of Financial Statements - Balance Sheet - Lease right-of-use asset pre-implementation	Lease right-of-use asset - pre-implementation		-
FS Note line 9B	Note of Financial Statements - Balance Sheet - Lease right-of-use asset post-implementation	Lease right-of-use asset - post-implementation		-
11	Balance Sheet - Goodwill	Intangible Assets		-
22	Balance Sheet - Post-employment and pension liability	Post-employment and defined pension plan liabilities		-
19,20,21	Balance Sheet - Notes payable and Line of Credit and Line of Credit for Construction in process	Long-term debt - for long-term purposes and Construction in process debt	140,600	
FS Note line 19A,20A,21A	Balance Sheet - Notes payable and Line of Credit and Line of Credit for Construction in process	Long-term debt for long-term purposes pre-implementation		-
FS Note line 19B,20B,21B	Balance Sheet - Notes payable and Line of Credit for purchase of Property, Plant and Equipment	Qualified Long-term debt for long-term purposes post-implementation for purchase of Property, Plant and Equipment		-
FS Note line 19C,20C,21C	Balance Sheet - Notes payable and Line of Credit for Construction in	Line of Credit for Construction in progress		140,600
17	Balance Sheet - Lease right-of-use assets liability	Lease right-of-use asset liability	-	
FS Note line 17A	Balance Sheet - Lease right-of-use assets liability	Pre-implementation right-of-use liability		-
FS Note line 17B	Balance Sheet - Lease right-of-use assets liability	Post-implementation right-of-use liability		-
36,37,39,40	Statement of Income - Total Operating Expenses, Interest Expense, Loss on Impairment of Assets and Loss on Disposal of Assets	Total Expenses and Losses:		1,180,989

FINE MORTUARY COLLEGE
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2021

Lines		<u>Equity Ratio:</u>		
		<u>Modified Equity</u>		
25	Balance Sheet - Total Equity	Total Equity		1,478,656
11	Balance Sheet - Goodwill	Intangible Assets		-
6.7	Balance Sheet - All Related party receivable from affiliate, net and Related party note*	Secured and Unsecured related party receivables and/or other related party assets	644,693	
6	Balance Sheet - Related party receivable, net and Receivable from affiliate, net and Related party note	Unsecured related party receivables and/or other related party assets		644,693

<u>Modified Assets</u>				
13	Balance Sheet - Total Assets	Total Assets		1,710,199
11	Balance Sheet - Goodwill	Intangible Assets		-
6.7	Balance Sheet - All Related party receivable from affiliate, net and Related party note*	Secured and Unsecured related party receivables and/or other related party assets	644,693	
6	Balance Sheet - Related party receivable, net and Receivable from affiliate, net and Related party note	Unsecured related party receivables and/or other related party assets		644,693

Lines		<u>Net Income Ratio:</u>		
43	Statement of (Loss) Income - Net Income Before Income Taxes	<u>Income Before Taxes</u>		764,646
29,38,41	Statement of (Loss) Income - Total Revenue, Interest income, and Other miscellaneous income	<u>Total Revenues and Gains</u>		1,945,635

FINE MORTUARY COLLEGE
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2021

Balance Sheet		As of May 31, 2021	
Balance Sheet			
Line			
1	Cash and Cash Equivalents	851,957	
2	Accounts Receivable, Net	67,215	
3	Prepaid Expenses	17,544	
4	Payroll Advance	-	
5	Inventories	57,772	
6	Related party receivable	644,693	
7	Related party receivable, secured	-	
8	PROPERTY & EQUIPMENT, NET	13,258	
9	Lease right-of-use assets, net	-	
10	Organization Cost	43,872	
11	Goodwill	-	
12	Deposits	13,888	
13	Total Assets	1,710,199	
14	Accounts Payable / Accrued Expenses	72,440	
15	Deferred Revenue	18,503	
16	Prepaid Tuition	-	
17	Leases right-of-use asset liability	-	
18	Line of credit - operating	-	
19	Line of credit - for long term purposes	-	
20	Note Payable	140,600	
21	Finance Lease	-	
22	Deferred Rent	-	
23	Total Liabilities	231,543	
	Members' Equity		
24	Members' Equity	1,478,656	
25	Total Members' Equity	1,478,656	
26	Total Liabilities and Members' Equity	1,710,199	

Statement of Income	
Line	
	Revenue
27	Earned Tuition, Net of Refunds 1,936,725
28	Other Income 8,910
29	Total Revenue 1,945,635
	Operating Expenses & Other Deductions
30	Administrative 349,616
31	Operating 21,352
32	Advertising & Marketing -
33	Occupancy 187,974
34	Payroll 610,312
35	Depreciation 11,735
36	Total Operating Expenses 1,180,989
	Operating Income (Loss) 764,646
	Other Income (Expense)
37	Interest expense -
38	Interest income -
39	Loss on impairment of assets -
40	Loss on disposal of assets -
41	Other miscellaneous income -
42	Operating Income (Expense) -
43	Operations Before Income Taxes 764,646
44	Income from Discontinued Ope -
45	Income Taxes -
46	Net Income 764,646

Calculating the Composite Score	Lines	Ratio	Strength Factor	Weight	Composite Score	
*Primary Reserve Ratio = Adjusted Equity	25-6-11- 961,305	0.8140	20	3.000	30%	0.9000
/ Total Expenses and Losses	(8+9)+(M17+M19+M20+M21) 1,180,989					
*Equity Ratio = Modified Equity	25-6-11 833,963	0.7827	6	3.000	40%	1.2000
/Modified assets	13-6-11 1,065,506					
Net Income Ratio = Income Before Taxes	43 764,646	0.3930	1	3.000	30%	0.9000
Total Revenue and Gains	29+38+41 1,945,635					
			33.3			3.0000
					Total Composite Score	3.0

FINE MORTUARY COLLEGE
FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
MAY 31, 2021

Note for Line 8 - Net Property, Plant and Equipment

A.	Pre-Implementation Property, Plant and Equipment		13,258
B.	Post-Implementation Property, Plant and Equipment		
	Furniture & Fixtures	-	
	Equipment		
	Signs	-	
C.	Construction in progress		-
D.	Post-Implementation Property, Plant and Equipment		
	Total		13,258

- A This is the ending balance on the last financial statement submission prior to the implementation of the regulations-Less any depreciation or disposals
B This is the balance of assets purchased after the implementation of the regulations that was purchased by obtaining debt
C Asset value of construction in progress
D Post-Implementaion Property, Plant & Equipment with no outstanding debt

Note for Line 9 - Lease right -of-use-assets

A.	Lease right-of-use assets - pre-implementation		-
B.	Lease right-of-use assets - post-implementation		-
	Total		-

Note for Line 17 - Lease right -of-use-asset liability

A.	Lease right-of-use assets liability - pre-implementation		-
B.	Lease right-of-use assets liability - post-implementation		-
	Total		-

Note for Line 19,20 & 21 - Long-term debt for long term purposes

A.	Pre-Implementation Long-Term Debt		-
B.	Post-Implementation Long-Term Debt		-
	Furniture & Fixtures	-	
	Equipment	-	
	Signs	-	
C.	Construction in progress - Debt		140,600
D.	Long-term debt not for the purchase of Property, Plant and Equipment or liability greater than assets value		-
	Total		140,600

- A This is the ending balance on the last financial statement submission prior to the implementation of the regulations-Less any repayments
B This is the lessor of actual outstanding debt of each asset or the value of the asset
C All debt associated with construction in progress up to the asset value for construction in process
D Long term debt not for the purchase of Property, Plant & Equipment