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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Network of International Christian Schools/
Oasis International Christian Schools, Inc.
and Subsidiary
Southaven, Mississippi

Opinion

We have audited the financial statements of Network of International Christian Schools/ Oasis International Christian Schools, Inc. and Subsidiary and its subsidiaries, Oasis Enterprises, LLC, which comprise the consolidated statements of assets, liabilities and capital-income tax basis as of June 30, 2022, and the related consolidated statements of revenue and expenses and changes in net assets - income tax basis, functional expenses - income tax basis and cash flows - income taxes basis for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities and net assets as of June 30, 2022, and its revenue and expenses and changes in net assets for the year then ended in accordance with the income tax basis of accounting as described in Note A.

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting the non-profit corporation uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Network of International Christian Schools/
Oasis International Schools, Inc. and Subsidiary**

CONSOLIDATED FINANCIAL REPORT

June 30, 2022

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting the non-profit corporation uses for income tax purposes and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Cordova, Tennessee
October 28, 2022

Jackson Howell, Associate, PCA

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
CONSOLIDATED STATEMENT OF ASSETS,
LIABILITIES, AND NET ASSETS - INCOME TAX BASIS
June 30, 2022**

ASSETS

Cash and cash equivalents	\$ 1,977,021
Restricted cash and cash equivalents	53,815
Restricted investments, at fair value	1,195,712
Investments, at fair value	492,402
Prepaid expenses	2,699
Due from schools	1,565,712
Note receivable	600,000
Land held for sale	130,000
Property and equipment, net	<u>5,698,985</u>
TOTAL ASSETS	<u>\$11,716,346</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Line of credit	\$ -
Due to schools	858,357
Unified crisis fund	1,233,768
Accrued expenses	148,084
Notes payable	<u>2,542,097</u>
TOTAL LIABILITIES	4,782,306

NET ASSETS

Without donor restrictions	6,410,216
With donor restrictions	<u>523,824</u>
TOTAL NET ASSETS	<u>6,934,040</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$11,716,346</u>

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

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
CONSOLIDATED STATEMENT OF REVENUE AND
EXPENSES AND OTHER CHANGES IN NET ASSETS
- INCOME TAX BASIS
Year Ended June 30, 2022**

REVENUE

Contributions	\$1,628,395
Administrative and service fees	3,624,313
Interest income	28,922
Change in investment	(44,005)
Orientation and other fees	33,133
Rent income	<u>36,218</u>

TOTAL SUPPORT AND REVENUE	5,306,976
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EXPENSES

Program service	4,837,225
Management and general	957,567
Fundraising expenses	<u>114,629</u>

TOTAL EXPENSES	<u>5,909,421</u>
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EXCESS REVENUE (EXPENSES)	(602,445)
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UNREALIZED LOSS	<u>(13,839)</u>
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CHANGE IN NET ASSETS	(616,284)
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NET ASSETS - beginning of year	<u>7,550,324</u>
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NET ASSETS - end of year	<u>\$6,934,040</u>
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The accompanying notes are an integral part of these financial statements.

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
CONSOLIDATED STATEMENT OF
FUNCTIONAL EXPENSES - INCOME TAX BASIS
Year Ended June 30, 2022**

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Accounting fees	\$ -	\$ 13,550	\$ -	\$ 13,550
Advertising and promotion	21,798	22,687	-	44,485
Bad Debts	1,516,796	-	-	1,516,796
Compensation - officers	283,652	121,994	75,000	480,646
Conferences, conventions, meetings	-	23,876	-	23,876
Depreciation	64,500	27,644	-	92,144
Information technology	-	48,594	24,571	73,165
Insurance	-	81,346	-	81,346
Interest expense	75,837	29,792	-	105,629
Legal fees	-	10,712	-	10,712
Occupancy expense	73,226	31,382	-	104,608
Office expenses	44,562	19,098	-	63,660
Orientation expense	113,878	-	-	113,878
Other employee benefits (Health Ins.)	41,037	27,358	3,600	71,995
Other management and general expenses	-	76,607	-	76,607
Other salaries and wages	783,638	335,845	-	1,119,483
Payroll taxes	73,152	48,768	6,417	128,337
Pension plan contributions	57,472	38,314	5,041	100,827
Recruiting expense	94,478	-	-	94,478
School educational program expenses	37,985	-	-	37,985
School support projects	1,370,560	-	-	1,370,560
Special school projects	77,120	-	-	77,120
Travel	107,534	-	-	107,534
	<u>\$4,837,225</u>	<u>\$957,567</u>	<u>\$114,629</u>	<u>\$5,909,421</u>

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

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
CONSOLIDATED STATEMENT OF CASH
FLOWS - INCOME TAX BASIS
Year Ended June 30, 2022**

OPERATING ACTIVITIES

Change in net assets	\$ (616,284)
Adjustments to reconcile revenue over expenses to net cash flows from operating activities:	
Depreciation	92,144
Change in value of investments	13,839
Realized loss on investments	16,565
Bad debt	1,516,796
Changes in operating assets and liabilities:	
Due to schools	(614,493)
Custodial account	(9,643)
Accrued expenses	<u>12,946</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	411,870

INVESTMENT ACTIVITIES

Purchase of investments	(273,607)
Proceeds from sale of investments	277,773
Due from schools	635,088
Collection of loans	<u>394,775</u>
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	1,034,029

FINANCING ACTIVITIES

Payments on note payable	<u>(824,426)</u>
NET CASH FLOWS USED IN FINANCING ACTIVITIES	<u>(824,426)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS 621,473

CASH AND CASH EQUIVALENTS -
beginning of year 1,409,363

CASH AND CASH EQUIVALENTS -
end of year \$2,030,836

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

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
CONSOLIDATED STATEMENT OF CASH
FLOWS - INCOME TAX BASIS - CONTINUED
Year Ended June 30, 2022**

RECONCILIATION OF CASH AND CASH EQUIVALENTS:

Cash and cash equivalents	\$ 1,977,021
Restricted cash and cash equivalents	<u>53,815</u>
	<u>\$ 2,030,836</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	<u>\$ 75,838</u>
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The accompanying notes are an integral part of these financial statements.

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

Network of International Christian Schools/ Oasis International Christian Schools, Inc. is a Tennessee non-profit corporation; Oasis Enterprise, LLC (OE) is a limited liability company organized in the State of Mississippi (collectively the Entity). OE is a disregarded entity wholly owned by NICS and its accounts are consolidated in these financial statements. All significant intercompany transactions have been eliminated in the consolidation.

Nature of Organization

NICS is a non-profit corporation organized to assist member schools. This assistance includes helping to start up new schools, teacher recruiting, purchasing textbooks and other services to the schools both domestic and foreign. OE is a not for profit entity organized to manage the activities of International schools in foreign countries under the direction of NICS.

Income Tax Basis of Accounting

The consolidated financial statements have been prepared on the income tax basis of accounting in accordance with the method of accounting used for federal income tax reporting purposes, which is a basis of accounting other than generally accepted accounting principles, and include the accounts of NICS and its subsidiary, OE. Under generally accepted accounting principles, NICS would be required to include in its consolidated financial statements NICS Care Foundation and the domestic and foreign schools in which NICS has a financial interest and controls through written agreements wherein the schools' board of directors act as trustees for the benefit of NICS. As indicated below, certain revenues and expenses are recognized in the determination of income in different reporting periods than they would if the financial statements were prepared in conformity with generally accepted accounting principles. Under the income tax basis of accounting, allowance for doubtful accounts and in kind professional services are not recognized. The accompanying consolidated income tax basis financial statements are not intended to present the financial position and results of operations of NICS in conformity with accounting generally accepted in the United States of America.

Because many types of transactions may have varying interpretations under federal and state income tax laws and regulations, the amounts reported in the consolidated income tax basis financial statements may be subject to change at a later date upon final determination by the taxing authorities.

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Consolidated Financial Statement Presentation

The accompanying consolidated financial statements have been prepared on the income tax basis. The Entity has not reported the changes in each of the classes of net assets in the accompanying financial statements. Unrestricted, board designated net assets totaling \$202,841 as of June 30, 2022, are designated for crisis and contingency.

Net Assets With Donor Restrictions: Represents contributions or other revenues wherein donors have specified the purpose for which the net assets are to be spent or time restrictions imposed or implied by the nature of the gift. Some donor restrictions are temporary in nature; those restrictions will be satisfied by actions of the Entity or passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of revenues and expenses and other changes in net assets.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are all the remaining net assets of the Entity.

Cash and Cash Equivalents

The Entity considers all highly liquid deposit instruments with original maturities of three months or less, and cash accounts that are not subject to withdrawal restrictions or penalties to be cash equivalents. The Entity maintains cash accounts which may exceed federally insured amounts at times, and which may at times significantly exceed amounts reported in the statement of assets, liabilities and net assets amounts due to outstanding checks. As of June 30, 2022, the Entity had approximately \$1,474,079 of cash and cash equivalents in excess of federal deposit insurance.

The Entity maintains a cash account for schools that it supports.

The funds are distributed to the schools upon request and receipt of proper documentation. As of June 30, 2022, restricted cash totals \$53,815.

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

NICS investments consist of available for sale securities and are reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The entity uses a fair value hierarchy which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs for observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

The consolidated financial statements include investment securities traded on a national securities exchange, or reported on the NASDAQ national market, which are valued based on quoted market prices. These financial instruments are classified as Level 1 in the fair value hierarchy.

Realized gains or losses upon disposition of investments are computed based upon the difference between the proceeds and the carrying value determined using the specific identification method. Unrealized gains or losses on investments are computed based upon the difference between fair value and the carrying value of investments held during the year and are classified as a component of investment return. All other changes in the valuation of investments are reported in investment return on the consolidated statement of revenue and expenses and other changes in net assets - income tax basis.

Investments - Restricted

The Entity holds investments for schools that it supports for potential emergencies or crises. The investments are distributed upon request and receipt of proper documentation for the designated use. As of June 30, 2022, investments - restricted totaled \$1,195,712.

Due from Schools

Due from schools represents amounts that NICS advances to schools for education and building projects. Amounts due from schools have no definite repayment schedule, bear no interest, and are not supported by collateral. Due to the fact that the schools are located outside the United States of America, these funds may be subject to loss if the countries in which the schools are located become unstable or have regulations enforced that make it difficult for NICS to sustain management. As of June 30, 2022, NICS has total credit risk of \$1,565,712 due from schools. As accounts are deemed uncollectible, they are charged to bad debt expense. Bad debt expense totaled \$1,516,796 for the year ended June 30, 2022.

Land Held for Sale

NICS holds land for sale that is reported at its cost basis.

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Property and equipment are recognized at acquisition cost if purchased, or the estimated fair value on the date received if donated, less accumulated depreciation. Expenditures for additions, major renewals, or betterments are capitalized, and those for maintenance and repairs are charged to expense as incurred. Depreciation of property and equipment is provided over the statutory methods and lives as required by the Internal Revenue Service. Upon the disposition of property and equipment, the cost and accumulated depreciation are removed from the related accounts, and any gain or loss is reflected in operations.

Buildings, improvements, furniture, fixtures and equipment are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Building	39
Building improvements	5-15
Furniture, fixtures and equipment	5-7

Contributed Support

Contributions are recognized when they are received or unconditionally pledged as support.

Administrative and Service Fees

NICS receives membership fees and a percentage of school project contributions as administrative and service fees. These amounts are reflected as revenue on the consolidated statement of revenue and expenses and other changes in net assets - income tax basis.

Program Service

Program service consists of expenses on programs designed to support administrators and teachers and school operations for schools supported by NICS.

Income Taxes

The Entity is classified by the Internal Revenue Service as a public charity exempt from federal income taxes on related business income under the provision of Section 501(c)(3) of the Internal Revenue Code and is similarly exempt from state taxes. Consequently, no federal or state income taxes have been expensed in these consolidated financial statements. The Entity does not have any unrelated business income for the year ended June 30, 2022.

The Entity's federal and state exempt organization returns for the years ended June 30, 2022, 2021, and 2020, are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Allocation of Expenses

Expenses that are directly identifiable are charged to program service, management and general, or fundraising as incurred. Expenses related to more than one function are allocated to program service, management and general, and fundraising on the basis of estimates made by management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Entity.

Estimates and Uncertainties

The preparation of financial statements in conformity with the income tax basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration

During the year ended June 30, 2022, NICS received 40% of its administrative and service fees from a school in Seoul, Korea. During the year ended June 30, 2022, 62% of NICS' outstanding receivables was from a school in Brasilia.

Subsequent Events

The Entity has evaluated subsequent events for potential recognition and disclosure through October 28, 2022, the date the consolidated income tax basis financial statements were available to be issued.

NOTE B - INVESTMENTS

Investments reported at fair value consist of the following:

	Fair Value			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$1,358,935	\$ -	\$ -	\$1,358,935
Mutual funds	<u>329,179</u>	<u>-</u>	<u>-</u>	<u>329,179</u>
Investments at fair value	<u>\$1,688,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,688,114</u>

Net investment return consists of the following:

Interest and dividend income reinvested	\$ (27,440)
Realized loss on investments	<u>(16,565)</u>
	<u>\$ (44,005)</u>

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

NOTE C - LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Entity's financial assets as of the statement of assets, liabilities and net assets - income tax basis, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of assets, liabilities and net assets - income tax basis.

Financial Assets:

Cash and cash equivalents	\$2,030,836
Investments, at fair value	1,688,114
Accounts receivable	854,034
Note receivable	<u>600,000</u>
Financial Assets, at year-end	5,172,984

Less, those unavailable for general expenditures

Within one year, due to:

Contractual or donor-imposed restrictions:

Restrictions by donor with purpose restrictions	523,824
Restrictions by donor with time restrictions	<u>-</u>
	<u>523,824</u>

Financial assets available to meet cash needs

for general expenditures within one year	<u>\$4,649,160</u>
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In addition to financial assets available to meet general expenditures over the next twelve months, the Entity operates with a balanced budget and anticipates collecting sufficient support to cover general expenditures not covered by donor restricted resources.

NOTE D - NOTE RECEIVABLE

NICS has a receivable from a related school for operating funds in the amount of \$500,000, due February 2023, bearing interest at a rate equal to 5.5% per annum computed on the basis of a 360-day year. The balance for this receivable was \$500,000 as of June 30, 2022.

NICS has a receivable from a related school for operating funds in the amount of \$100,000, interest free, due February 2024. The balance for this receivable was \$100,000 as of June 30, 2022.

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consist of the following major classifications:

Land	\$ 3,516,686
Building and improvements	3,180,198
Furniture and fixtures	151,467
Computer equipment	<u>518,010</u>
	7,366,361
Accumulated depreciation	<u>1,667,376</u>
	<u>\$ 5,698,985</u>

NOTE F - CAPITAL LEASE OBLIGATIONS

NICS has capital lease obligations for a copier and postage machine. For income tax purposes, the present value of future minimum lease payments related to the equipment has been capitalized. The leased assets are reported at a cost of \$28,716 less accumulated depreciation of \$28,716 as of June 30, 2022. Amortization of these assets is included in depreciation expense.

NOTE G - LINE OF CREDIT

NICS has an available bank line of credit in the amount of \$1,000,000. The credit agreement requires no compensating balances and matures June 2023. The line of credit bears interest at a rate equal to 3.25% per annum computed on the basis of a 360-day year. The balance outstanding on the line of credit was \$0 as of June 30, 2022.

NOTE H - NOTES PAYABLE

NICS has a promissory note with a bank, due in monthly installments of \$22,229, including principal and interest at 3.50%, with a final balloon payment for the remaining outstanding balance on October 2022. During the year ended June 30, 2022, NICS recognized interest totaling \$75,838. This loan is collateralized by the building and land. The balance for this note was \$1,942,097 as of June 30, 2022.

NICS entered into a loan agreement with individuals to borrow \$100,000 to assist in establishing a school. The loan is to be repaid following the first year the school has paid off its debts but no later than November 2024. The loan is to be paid in four payments of \$25,000 per year on November 1, 2024.

NICS has a promissory note with a financing company for \$500,000, bearing interest at a rate equal to 5.5% per annum computed on the basis of a 360-day year, due February 2023.

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

NOTE H - NOTES PAYABLE - CONTINUED

Future maturities of the notes payable subsequent to June 30, 2022, are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2023	\$2,442,097
2024	25,000
2025	25,000
2026	25,000
2027	25,000
Thereafter	<u>-</u>
	<u>\$2,542,097</u>

NOTE I - EMPLOYEE BENEFIT PLAN

NICS sponsors a 403(b) defined contribution tax shelter annuity employee benefit plan covering substantially all employees. Under the plan, NICS matches dollar for dollar up to 8% of a participant's qualifying compensation. Plan matching expenses incurred by NICS during the year ended June 30, 2022 totaled \$100,827.

NOTE J - COMMITMENTS AND CONTINGENCIES

In August 2012, NICS filed suit in Accra, Ghana to retain control of a sponsored school. In June 2015, the High Court of Justice Commercial Division ruled that NICS was the sole member of the school and therefore controlled the school. The court also directed that NICS refund the sum of \$798,000 to the school for administrative fees received from the school until such time that an audit can be performed to determine the legality of the agreement for the fees. Both parties in the lawsuit have filed appeals of the decision. Management believes that they will not have to return the \$798,000 and that any amount that is determined should be refunded will not have a material affect on the consolidated income tax basis financial statements. No amount has been reflected as a result of this lawsuit in the consolidated income tax basis financial statements.

NOTE K - FUNCTIONAL EXPENSES

A major fundraising effort was undertaken in 2016 for a new school in Kuala Lumpur, Malaysia. The school began operating in August 2018 but the fundraising efforts will be ongoing until it can operate with a balanced budget. This is projected to take 3-5 years.

**Network of International Christian Schools/
Oasis International Christian Schools, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS

The funds that make up the net assets with donor restrictions held by NICS at June 30, 2022 are as follows:

Seed Fund for All Schools	\$ 520,911
Seed Fund for Kuala Lumpur	<u>2,913</u>
	523,824
 Net assets without donor restrictions	 <u>6,410,216</u>
 TOTAL NET ASSETS	 <u>\$6,934,040</u>