

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

CONSOLIDATED FINANCIAL REPORT

June 30, 2024

JACKSON, HOWELL & ASSOCIATES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS/BUSINESS CONSULTANTS



MEMBERS:

DAVID L. JACKSON, CPA
CYNTHIA C. ROBB, CPA

MEMBERS AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
PRIVATE COMPANIES PRACTICE SECTION

TENNESSEE

7240 GOODLETT FARMS PARKWAY, SUITE 101
CORDOVA, TENNESSEE 38016-4925
(901) 683-5100 (O) / (901) 683-0562 (F)

ARKANSAS

301 EAST BROADWAY STREET
WEST MEMPHIS, ARKANSAS 72301-3173
(870) 735-2683 (O) / (870) 735-5871 (F)

E-MAIL: JHH@JHHCPA.COM

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. (NICS) and Subsidiary, Oasis Enterprises, LLC, which comprise the consolidated statements of assets, liabilities and capital-income tax basis as of June 30, 2024, 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, 2024, 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.

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.

CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Consolidated Statement of Assets, Liabilities, and Net Assets - income tax basis	5
Consolidated Statement of Revenue and Expenses and Other Changes in Net Assets - income tax basis	6
Consolidated Statement of Functional Expenses - income tax basis	7
Consolidated Statement of Cash Flows - income tax basis	8
Notes to Consolidated Financial Statements	10

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NICS and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Cordova, Tennessee
September 20, 2024

Jackson, Howell & Associates, P.C.

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, 2024

ASSETS

Cash and cash equivalents	\$ 3,603,438
Restricted cash and cash equivalents	35,749
Restricted investments, at fair value	1,327,297
Investments, at fair value	316,462
Prepaid expenses	2,699
Due from schools	1,215,349
Note receivable	550,000
Land held for sale	130,000
Property and equipment, net	5,540,445
Right of use asset	<u>5,162</u>
TOTAL ASSETS	<u>\$12,726,601</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Line of credit	\$ -
Due to schools	1,326,343
Unified crisis fund	1,363,597
Accrued expenses	65,645
Notes payable	1,741,380
Lease liabilities	<u>5,363</u>
TOTAL LIABILITIES	4,502,328

NET ASSETS

Without donor restrictions	7,616,444
With donor restrictions	<u>607,829</u>

TOTAL NET ASSETS	<u>8,224,273</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$12,726,601</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, 2024**

REVENUE

Contributions	\$1,565,130
Administrative and service fees	3,626,330
Interest income	60,221
Change in investment	46,639
Orientation and other fees	100,911
Rent income	<u>23,240</u>

TOTAL SUPPORT AND REVENUE	5,422,471
----------------------------------	-----------

EXPENSES

Program service	3,657,899
Management and general	1,232,795
Fundraising expenses	<u>125,833</u>

TOTAL EXPENSES	<u>5,016,527</u>
-----------------------	------------------

EXCESS REVENUE (EXPENSES)	405,944
----------------------------------	---------

UNREALIZED GAIN	<u>14,867</u>
------------------------	---------------

CHANGE IN NET ASSETS	420,811
-----------------------------	---------

NET ASSETS - beginning of year	<u>7,803,462</u>
---------------------------------------	------------------

NET ASSETS - end of year	<u><u>\$8,224,273</u></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
FUNCTIONAL EXPENSES - INCOME TAX BASIS
Year Ended June 30, 2024**

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Accounting fees	\$ -	\$ 23,096	\$ -	\$ 23,096
Advertising and promotion	28,152	27,048	18,308	73,508
Compensation - officers	317,983	133,520	82,575	534,078
Conferences, conventions, meetings	-	27,414	-	27,414
Depreciation	64,024	27,439	-	91,463
Information technology	-	72,839	-	72,839
Insurance	-	82,037	-	82,037
Interest expense	77,116	33,050	-	110,166
Legal fees	-	14,266	-	14,266
Miscellaneous	-	27,199	-	27,199
Occupancy expense	91,197	39,085	-	130,282
Office expenses	44,495	19,069	-	63,564
Orientation expense	198,323	-	-	198,323
Other employee benefits (Health Ins.)	148,109	98,739	12,992	259,840
Other management and general expenses	-	156,483	-	156,483
Other salaries and wages	859,924	360,627	-	1,220,551
Payroll taxes	74,104	49,402	6,500	130,006
Pension plan contributions	62,224	41,482	5,458	109,164
Recruiting expense	145,535	-	-	145,535
School educational program expenses	113,988	-	-	113,988
School support projects	1,172,444	-	-	1,172,444
Special school projects	118,041	-	-	118,041
Travel	142,240	-	-	142,240
	<u>\$3,657,899</u>	<u>\$1,232,795</u>	<u>\$125,833</u>	<u>\$5,016,527</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, 2024

OPERATING ACTIVITIES

Change in net assets	\$ 420,811
Adjustments to reconcile revenue over expenses to net cash flows from operating activities:	
Depreciation	91,463
Gain on sale of asset	-
Change in value of investments	(14,867)
Realized (gain) loss on investments	(3,492)
Amortization	1,596
Changes in operating assets and liabilities:	
Due to schools	(201,239)
Custodial account	235,355
Accrued expenses	(8,045)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	521,582

INVESTMENT ACTIVITIES

Purchase of equipment	(25,434)
Purchase of investments	(346,108)
Proceeds from sale of investments	201,791
Collection on loan	50,000
Due from schools	474,476
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	354,725

FINANCING ACTIVITIES

Proceeds from long-term debt	-
Payments on note payable	(143,692)
Reduction of lease liability	(1,530)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(145,222)

NET CHANGE IN CASH AND CASH EQUIVALENTS 731,085

CASH AND CASH EQUIVALENTS -
beginning of year 2,908,102

CASH AND CASH EQUIVALENTS -
end of year \$3,639,187

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, 2024**

RECONCILIATION OF CASH AND CASH EQUIVALENTS:

Cash and cash equivalents	\$ 3,603,438
Restricted cash and cash equivalents	<u>35,749</u>
	<u>\$ 3,639,187</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	<u>\$ 110,166</u>
------------------------	-------------------

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.

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 \$342,947 as of June 30, 2024, are designated for crisis and contingency.

**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 - Continued

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, 2024, the Entity had approximately \$3,064,756 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, 2024, restricted cash totals \$35,749.

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.

**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 - Continued

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, 2024, investments - restricted totaled \$1,327,297.

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, 2024, NICS has total credit risk of \$1,215,349 due from schools. As accounts are deemed uncollectible, they are charged to bad debt expense.

Leases

The Entity determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Entity also considers whether its service arrangements include the right to control the use of an asset.

The Entity recognizes most leases on its balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

**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

Leases - Continued

The Entity made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of the future lease payments over the lease term at the commencement date of the lease January 1, 2022, for existing leases upon the adoption of ASC Topic 842, Leases. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Entity made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date for remaining term for leases existing upon the adoption of Topic 842.

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Entity has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Entity, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Land Held for Sale

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

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.

**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

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, 2024, NICS received 39% of its administrative and service fees from a school in Seoul, Korea. During the year ended June 30, 2024, 11% of NICS' outstanding receivables was from a school in La Paz.

Subsequent Events

The Entity has evaluated subsequent events for potential recognition and disclosure through September 20, 2024, 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			Total
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Fixed income	<u>\$1,643,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,643,759</u>
Investments at fair value	<u>\$1,643,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,643,759</u>

Net investment return consists of the following:

Interest and dividend income reinvested	\$ 43,147
Realized gain on investments	<u>3,492</u>
	<u>\$ 46,639</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:

Financial Assets:	
Cash and cash equivalents	\$3,639,187
Investments, at fair value	1,643,759
Accounts receivable	1,215,349
Note receivable	<u>550,000</u>
Financial Assets, at year-end	7,048,295
Less, those unavailable for general expenditures	
Within one year, due to:	
Contractual or donor-imposed restrictions:	
Restrictions by donor with purpose restrictions	607,829
Restrictions by donor with time restrictions	<u>-</u>
	<u>607,829</u>
Financial assets available to meet cash needs	
for general expenditures within one year	<u>\$6,440,466</u>

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, beginning June 2024 NICS will receive \$50,000 principal plus interest at 5.5% annually through June 2033. The balance for this receivable was \$450,000 as of June 30, 2024.

NICS has a receivable from a related school for operating funds in the amount of \$100,000, interest free, due February 2025. The balance for this receivable was \$100,000 as of June 30, 2024.

**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>450,488</u>
	7,298,839
Accumulated depreciation	<u>1,758,394</u>
	<u>\$5,540,445</u>

NOTE F - OPERATING LEASE OBLIGATIONS

The components of the operating leases are as follows for the year ending June 30, 2024:

Operating lease costs	\$1,730
Operating cash flows	\$1,665
Right of use assets obtained	\$ -
Weighted average lease term	2.32 years
Weighted average discount rate	3.00 %

Annual lease payments under these non-cancelable leases as of June 30, 2024 are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2025	\$2,220
2026	2,220
2027	740
2028	-
2029	-

The Entity has obligation for postage meter with initial non-cancelable term of 5 years. The Entity classifies the lease as operating. Payments due under the lease contracts include fixed payments.

NOTE G - LINE OF CREDIT

NICS has an available bank line of credit in the amount of \$995,000. The credit agreement requires no compensating balances and matures December 2025. The line of credit bears interest prime (8.5%) 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, 2024.

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

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 2027. During the year ended June 30, 2024, NICS recognized interest totaling \$109,832. This loan is collateralized by the building and land. The balance for this note was \$1,641,380 as of June 30, 2024.

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.

Future maturities of the notes payable subsequent to June 30, 2024, are as follows:

Year Ending June 30	<u>Amount</u>
2025	\$ 179,391
2026	189,464
2027	200,193
2028	1,172,332
2029	-
Thereafter	<u>-</u>
	<u>\$1,741,380</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, 2024 totaled \$109,164.

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.

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

NOTE K - FUNCTIONAL EXPENSES

A major fundraising effort has been undertaken for a school in Kuala Lumpur, Malaysia. The fundraising efforts will be ongoing until it can operate with a balanced budget.

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS

The funds that make up the net assets with donor restrictions held by NICS at June 30, 2024 are as follows:

Seed Fund for All Schools	\$ 599,151
Seed Fund for Kuala Lumpur	<u>8,678</u>
	607,829
 Net assets without donor restrictions	 <u>7,616,444</u>
 TOTAL NET ASSETS	 <u>\$8,224,273</u>