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FINE MORTUARY COLLEGE, LLC
AUDITED FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

DALCPA

David A Levy CPA LLC, CPA & Advisors

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Members: American Institute of Certified Public Accountants, TIN: 04-3139309

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Financial Responsibility Supplemental Schedule, as required by 34 C.F.R. Section 90.10

& Tangible Net Worth, are presented for purposes of additional analysis and are not a required part of the financial statements. The Financial Responsibility Supplemental Schedule, the

and Profitability, Current Ratio, Acid Test Ratio & Tangible Net Worth are the responsibility of management and were derived from and relate 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 Financial Responsibility Supplemental Schedule, the

Default Rate, and Profitability, Current Ratio, Acid Test Ratio & Tangible Net Worth are 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 15, 2024 on our consideration of Fine Mortuary College internal control over financial reporting and on our tests of its comp

FINE MORTUARY COLLEGE
BALANCE SHEETS
AS OF MAY 31, 2024 AND 2023

| Assets | 2024 | 2023 |
|--|------------|--------------|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 477,716 | \$ 396,435 |
| Accounts Receivable - Students | 41,137 | 77,143 |
| Inventory | 71,845 | 67,190 |
| Prepaid Expenses | 48,416 | 36,708 |
| Total Current Assets | \$ 639,114 | \$ 577,476 |
| Fixed Assets, Net | 13,607 | 27,190 |
| Other Assets | | |
| Lease Right-of-Use Assets, Net | 224,064 | 341,189 |
| Security Deposits | 13,888 | 13,888 |
| Notes Receivable Related Party - Unsecured | - | 289,068 |
| Organization Cost, Net | 26,916 | 32,568 |
| Total Other Assets | 264,868 | 676,713 |
| Total Assets | \$ 917,589 | \$ 1,281,379 |
| Liabilities & Members' Equity | | |
| Current Liabilities | | |
| Accounts Payable & Accrued Expenses | \$ 166,701 | \$ 163,375 |
| Current Portion of Notes Payable | - | - |
| Current Portion of Lease Right-of-Use Liability | 120,689 | 117,125 |
| Deferred Tuition | 253,538 | 63,596 |
| Total Current Liabilities | 540,928 | 344,096 |
| Long Term Liabilities | | |
| Notes Payable, Net of Current Portion | 140,700 | 140,700 |
| Lease Right-of-Use Liability, Net of Current Portion | 103,375 | 224,064 |
| Total Long Term Liabilities | 244,075 | 364,764 |
| Total Liabilities | \$ 785,003 | \$ 708,860 |
| Member's Equity | | |
| Member's Equity | 132,586 | 572,519 |
| Total Member's | 132,586 | 572,519 |
| Total Liabilities & Member's Equity | \$ 917,589 | \$ 1,281,379 |

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

FINE MORTUARY COLLEGE
STATEMENTS OF INCOME
FOR THE YEARS ENDED MAY 31, 2024 AND 2023

| Revenue | <u>2024</u> | <u>2023</u> |
|-------------------------------|-------------------|-------------------|
| Earned Tuition | \$ 2,691,461 | \$ 1,956,989 |
| Retail Income | 2,345 | 1,079 |
| Total Revenue | <u>2,693,806</u> | <u>1,958,068</u> |
| Expenses | | |
| Administrative | 563,428 | 526,774 |
| Payroll and Payroll Taxes | 1,140,086 | 830,806 |
| Occupancy | 201,662 | 190,200 |
| Operating | 147,128 | 87,607 |
| Depreciation and Amortization | 19,235 | 19,235 |
| Total Operating Expenses | <u>2,071,539</u> | <u>1,654,622</u> |
| Net Income from Operations | <u>622,267</u> | <u>303,446</u> |
| Interest Expenses | (8,232) | (4,802) |
| Interest Income | 7,904 | 235 |
| Other Income | 5,342 | 7,553 |
| Net Income for the Period | <u>\$ 627,281</u> | <u>\$ 306,432</u> |

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

FINE MORTUARY COLLEGE
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED MAY 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|-----------------------------------|-------------------|-------------------|
| Member's Equity Beginning of Year | \$ 572,519 | \$ 1,029,380 |
| Net Income for the Period | 627,281 | 306,432 |
| Contributions | - | 123,449 |
| Distributions | (1,067,214) | (886,742) |
| Member's Equity End of Year | <u>\$ 132,586</u> | <u>\$ 572,519</u> |

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

FINE MORTUARY COLLEGE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2024 AND 2023

| <u>Cash Flow from Operating Activities</u> | 2024 | 2023 |
|---|-------------|------------|
| Net Income | \$ 627,281 | \$ 306,432 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and Amortization | 19,235 | 19,235 |
| <u>Change in Operating Assets and Liabilities</u> | | |
| Accounts Receivable - Students | 36,006 | 23,215 |
| Inventory | (4,655) | (9,367) |
| Prepaid Expenses | (11,708) | 26,975 |
| Lease Right-of-Use Assets, Net | 117,125 | (341,189) |
| Accounts Payable & Accrued Expenses | 3,326 | 63,813 |
| Lease Right-of-Use Liability | (117,125) | 341,189 |
| Deferred Tuition | 189,942 | 44,349 |
| HEERF Unexpended | - | (10,319) |
| Cash Provided by Operating Activities | 859,427 | 464,333 |
| <u>Cash Flows from Investing Activities</u> | | |
| Acquisition of Fixed Assets | - | (2,548) |
| Repayment of Note Receivable | 289,068 | - |
| Issuance of Note Receivable | - | (7,294) |
| Cash Provided / (Used) by Investing Activities | 289,068 | (9,842) |
| <u>Cash Flows from Financing Activities</u> | | |
| Member's Contribution | - | 123,449 |
| Member's Distribution | (1,067,214) | (886,742) |
| Cash Used by Financing Activities | (1,067,214) | (763,293) |
| Change in Cash and Cash Equivalents | 81,281 | (308,802) |
| Beginning Cash Balance | 396,435 | 705,237 |
| Ending Cash Balance | \$ | |

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

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 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 000ETQdt0 G{a)-5(c* nrdi)-3(on ntrat)-4()5(c) 4()5(c) 4()5(c)

**FINE MORTUARY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023**

NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT

FINE MORTUARY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024 AND 2023

NOTE 8: NOTE PAYABLE

As of May 31, 2024 and 2023, the Institution had an outstanding note payable as detailed below:

| | 2024 | | | 2023 | | |
|--|------------|------------|------------|------------|------------|------------|
| | Short Term | Long Term | Total | 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. | \$ - | \$ 140,700 | \$ 140,700 | \$ - | \$ 140,700 | \$ 140,700 |
| Total | \$ - | \$ 140,700 | \$ 140,700 | \$ - | \$ 140,700 | \$ 140,700 |

Future minimum debt obligations were detailed as below:

| May 31, | Amount |
|------------|-------------------|
| 2025 | \$ - |
| 2026 | - |
| 2027 | 1,351 |
| 2028 | 3,059 |
| 2029 | 3,175 |
| Thereafter | 133,115 |
| Total | <u>\$ 140,700</u> |

NOTE 9: 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 10: REFUNDS AND REPAYMENTS TO THE U.S. DEPARTMENT OF EDUCATION

As of May 31, 2024 and 2023, there were no unpaid refunds to the Department of Education or to lenders who issued SFA loans. Accordingly, as of May 31, 2024 and 2023, there were no unpaid refunds as part of the current liabilities. The Institution 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.

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

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David A Levy CPA LLC, CPA & Advisors

Members: American Institute of Certified Public Accountants, TIN: 04-3139309

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards
(No Material Weaknesses Identified; No Significant Deficiencies Identified; No Reportable Instances of Noncompliance or Other Matters Identified)

To the Member
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, 2024 and 2023 and the related statements of income, changes in membership then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fine Mortuary College procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fine Mortuary College

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fine Mortuary College 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 financial statement. Such tests included compliance tests as set forth in the 2023 edition of the *Guide For Financial Statement Audits of Proprietary Schools and For Compliance Attestation Examination Engagements of Proprietary Schools and 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 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 Fine Mortuary College audit performed in accordance with *Government Auditing Standards* internal control and compliance. Accordingly, this communication is not suitable

SUPPLEMENTARY INFORMATION

A. 90/10 REVENUE TEST

The Institution 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, the Institution must comply with the regulations promulgated under HEA. According to 34 C.F.R. § 668.28(c)(i) if an Institution does not derive at least 10 percent of its revenue from sources other than Title IV program funds for two consecutive fiscal years, it loses its eligibility to participate in the Title IV programs for at least two fiscal years. For any fiscal year an Institution does not derive at least 10 percent of its revenue from sources other than Title IV program funds, it becomes provisionally certified under 34 C.F.R. § 668.13(c)(1)(ii) for two fiscal years after the fiscal year it fails to satisfy the revenue requirement (34 C.F.R. § 668.28(c)(2)).

FINE MORTUARY COLLEGE

MAY 31, 2024

| Revenue Category | Amount Disbursed | Adjusted Amount |
|--|------------------|-----------------|
| Student /Other Federal Funds Paid Directly to the Institution | - | - |
| Dept. of Veterans Affairs | \$ 254,475.48 | \$ 254,475.48 |
| Federal Funds 2 | \$ 6,012.50 | \$ 6,012.50 |
| Federal Portion of Other Funds | | |

D. FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

| Lines | | <u>Equity Ratio:</u> <u>Modified Equity:</u> | |
|--------------------|---|---|---------|
| 31 | Balance Sheet - Total Equity | Total Equity | 132,586 |
| Excluded 17, 25 | Balance Sheet - Lease right-of-use assets Leases liability (both current and long-term) | Pre-implementation right-of-use leases | |
| | | | 224,064 |
| Excluded 9 Note | Note of Financial Statements - Balance Sheet - Lease right-of-use asset pre- implementation | Lease right-of-use asset - pre- implementation | |

FINE MORTUARY COLLEGE
SUPPLEMENTARY INFORMATION
MAY 31, 2024

D. FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

Note for Line 8 - Net Property, Plant and Equipment

| | | | |
|----|---|--------------|---------------|
| A. | Pre-Implementation Property, Plant and Equipment | | - |
| B. | Post-Implementation Property, Plant and Equipment | | - |
| | Equipment & Furniture | - | |
| | Leasehold Improvements | - | |
| | Vehicle | - | |
| C. | Construction in progress | | - |
| D. | Post-Implementation Property, Plant and Equipment | | 13,607 |
| | | Total | 13,607 |

- A.
- B.
- C.
- D.

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

| | | | |
|----|---|----------------|---------------------|
| A. | Lease right-of-use assets - pre-implementation | 224,064 | Removed from Assets |
| B. | Lease right-of-use assets - post-implementation | - | |
| | Total | 224,064 | |

Note for Line 15, 19, 20, 23 & 24 - Long-term debt for long term purposes

| | | | |
|----|---|--------------|----------------|
| A. | Pre-Implementation Long-Term Debt | | - |
| B. | Post-Implementation Long-Term Debt | | - |
| | Equipment & Furniture | - | |
| | Leasehold Improvements | - | |
| | Vehicle | - | |
| C. | Construction in progress - Debt | | - |
| D. | Long-term debt not for the purchase of Property, Plant and Equipment or liability greater than assets value | | 140,700 |
| | | Total | 140,700 |

- A.
- B.
- C. This is the debt associated with Construction in progress up to the asset value for construction in process included.
- D.

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

| | | | |
|----|---|----------------|--------------------------|
| A. | Lease right-of-use assets liability - pre-implementation | 224,064 | Removed from Liabilities |
| B. | Lease right-of-use assets liability - post-implementation | - | |
| | Total | 224,064 | |