

**BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)**

**REPORT ON AUDIT OF THE FINANCIAL STATEMENTS AND ON
FEDERAL AWARDS PROGRAMS IN ACCORDANCE WITH
THE OMB UNIFORM GUIDANCE**

for the years ended June 30, 2021 and 2020

**Weworski & Associates
Certified Public Accountants**

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
for the years ended June 30, 2021 and 2020

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Part I

**Financial Statement and
Schedule of Expenditures of Federal Awards**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
Penngrove, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Bergin University of Canine Studies (a California Non-Profit Corporation), herein referred to as "the Organization", which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

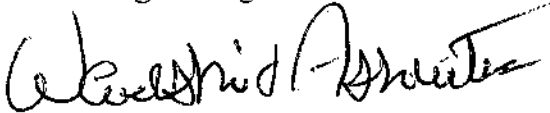
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bergin University of Canine Studies (a California Non-Profit Corporation) as of June 30, 2021 and 2020, and the change in its net assets and its cash flows for years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on the Organization's related party transactions and the financial responsibility supplemental schedule 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. In addition, the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 auditing procedures applied in the audits 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 March 17, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



San Diego, California
March 17, 2022

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current assets:</u>		
Cash and cash equivalents	\$ 124,262	\$ 171,138
Investments	234,678	134,299
Accounts receivable, net of allowance for doubtful accounts of \$6,810 and \$16,342, respectively	11,711	25,531
Grant receivable	30,002	-
Related party receivable	222,992	170,204
Other receivable	-	3,733
Inventory	95,000	110,000
Prepaid expenses and other current assets	125,055	138,195
	<hr/>	<hr/>
Total current assets	843,700	753,100
Property and equipment, net	1,090,340	883,167
<u>Other assets:</u>		
Investments, restricted	6,913	6,913
Deposits	57,382	54,321
	<hr/>	<hr/>
Total other assets	64,295	61,234
	<hr/>	<hr/>
Total assets	<u>\$ 1,998,335</u>	<u>\$ 1,697,501</u>

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

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION, Continued
June 30, 2021 and 2020

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current liabilities:</u>		
Accounts payable	\$ 25,634	\$ 36,211
Accrued payroll and other accrued expenses	81,715	70,093
Student deposits and refunds payable	4,687	585
Deferred revenue	47,634	27,894
Related party line of credit	207,004	-
Current portion of note payable	21,214	641
	<hr/>	<hr/>
Total current liabilities	387,888	135,424
Related party line of credit	-	125,000
Note payable, net of current portion	290,331	149,259
	<hr/>	<hr/>
Total liabilities	678,219	409,683
<u>Net assets:</u>		
Without donor restrictions	1,313,203	1,280,905
With donor restrictions	6,913	6,913
	<hr/>	<hr/>
Total net assets	1,320,116	1,287,818
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 1,998,335</u>	<u>\$ 1,697,501</u>

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

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
STATEMENTS OF ACTIVITIES
for the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue, gains, and other support:</u>			
Tuition and fees	\$ 512,634	\$ -	\$ 512,634
Less: discounts and scholarships	(17,781)	-	(17,781)
Net tuition and fees	494,853	-	494,853
Contributions:			
Cash donations	597,432	-	597,432
In-kind donations	2,475	-	2,475
Charitable gifts	18,363	-	18,363
Investment income	61,107	-	61,107
Other revenue	666,034	-	666,034
Total revenue, gains, and other support	1,840,264	-	1,840,264
<u>Expenses:</u>			
Program services	1,722,812	-	1,722,812
Academic support	60,305	-	60,305
Fundraising	24,849	-	24,849
Total expenses	1,807,966	-	1,807,966
Change in net assets	32,298	-	32,298
<u>Net assets, Beginning</u>	<u>1,280,905</u>	<u>6,913</u>	<u>1,287,818</u>
<u>Net assets, Ending</u>	<u>\$ 1,313,203</u>	<u>\$ 6,913</u>	<u>\$ 1,320,116</u>

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

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
STATEMENTS OF ACTIVITIES, Continued
for the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue, gains, and other support:</u>			
Tuition and fees	\$ 582,500	\$ -	\$ 582,500
Less: discounts and scholarships	(5,869)	-	(5,869)
Net tuition and fees	576,631	-	576,631
Contributions:			
Cash donations	241,382	-	241,382
In-kind donations	3,426	-	3,426
Charitable gifts	3,197	-	3,197
Grants	193,700	-	193,700
Investment income:	21,053	-	21,053
Other revenue	591,405	-	591,405
Total revenue, gains, and other support	1,630,794	-	1,630,794
<u>Expenses:</u>			
Program services	1,451,328	-	1,451,328
Academic support	53,952	-	53,952
Fundraising	23,760	-	23,760
Total expenses	1,529,040	-	1,529,040
Change in net assets	101,754	-	101,754
<u>Net assets, Beginning</u>	<u>1,179,151</u>	<u>6,913</u>	<u>1,186,064</u>
<u>Net assets, Ending</u>	<u>\$ 1,280,905</u>	<u>\$ 6,913</u>	<u>\$ 1,287,818</u>

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

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
STATEMENTS OF CASH FLOWS
for the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Cash flow from operating activities:</u>		
Cash received from revenues and other support	\$ 1,073,280	\$ 914,264
Cash paid for program and supporting services	<u>(1,731,482)</u>	<u>(1,483,974)</u>
Net cash used in operating activities	(658,202)	(569,710)
<u>Cash flow from investing activities:</u>		
Purchase of property and equipment	(257,331)	(654,133)
Proceeds from sale of investments	<u>10,985</u>	<u>3,903</u>
Net cash used in investing activities	(246,346)	(650,230)
<u>Cash flow from financing activities:</u>		
Proceeds from related party line of credit	82,004	125,000
Proceeds from notes payable	161,645	149,900
Proceeds from related party license and service fees	<u>614,023</u>	<u>735,865</u>
Net cash provided by financing activities	<u>857,672</u>	<u>1,010,765</u>
Net decrease in cash	(46,876)	(209,175)
<u>Cash and cash equivalents, Beginning</u>	<u>171,138</u>	<u>380,313</u>
<u>Cash and cash equivalents, Ending</u>	<u><u>\$ 124,262</u></u>	<u><u>\$ 171,138</u></u>

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

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
STATEMENTS OF CASH FLOWS, Continued
for the years ended June 30, 2021 and 2020

<u>Reconciliation of change in net assets to net cash</u> <u>used in operating activities:</u>	<u>2021</u>	<u>2020</u>
Change in nets assets	\$ 32,298	\$ 101,754
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	50,360	11,935
Marketable security donation	(50,257)	(70,886)
Realized gain/loss on investments	(23,335)	(3,910)
Unrealized gain/loss on investments	(37,772)	(17,143)
Licensing and service fees	(667,013)	(584,498)
Changes in assets and liabilities:		
Accounts receivable, net	13,820	(23,237)
Grant receivable	(30,002)	-
Other receivable	3,733	-
Prepaid expenses and other current assets	13,140	(101)
Deposits	(3,061)	-
Accounts payable	(10,577)	15,267
Accrued payroll and other accrued expenses	11,622	17,965
Student deposits and refunds payable	4,102	(5,326)
Deferred revenue	19,740	(11,530)
Net cash used in operating activities	<u>\$ (658,202)</u>	<u>\$ (569,710)</u>

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

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS
for the years ended June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies

The following items comprise the significant accounting policies of the Organization. The policies reflect industry practices and conform to accounting principles generally accepted in the United States of America.

Organization's Activities

Bergin University of Canine Studies (the Organization) is a California Non-Profit Corporation that was founded in 1991 as an educational institution. The Organization is dedicated to enhancing the field of assistance dog work through research, development of methods and materials and educational programs for assistance dog work. The Organization offers Associate of Science, Bachelor of Science and Master of Science degrees. The Organization also offers certificate programs in training dogs. The Organization is accredited by the Accrediting Council for Independent Colleges and Schools (ACICS). On January 13, 2020, the Organization withdrew its accreditation with Accrediting Commission of Career Schools and Colleges (ACCSC).

The Organization is funded by tuition and fees, charitable gifts, grants, donations, group and service club contributions, bequests, sponsorships and ongoing fundraising activities.

Financial Statement Presentation

The Organization's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). This standard requires the classification of the Organization's financial position and activities according to two classes of net assets; without donor restrictions and without donor restrictions.

Net asset without donor restrictions - Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions - Net assets that are subject to donor imposed restrictions.

As of June 30, 2021, the Organization has net assets without donor restrictions of \$1,313,203 and net assets with donor restrictions of \$6,913. As of June 30, 2020, the Organization has net assets without donor restrictions of \$1,280,905 and net assets with donor restrictions of \$6,913.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies, Continued

Basis of Accounting

The accounting records and accompanying financial statements have been maintained and prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Although our current estimates contemplate current conditions, including the impact of the novel coronavirus (COVID-19) pandemic, and how management expects them to change in the future, as appropriate, it is reasonably possible that actual conditions could differ from what was anticipated in management estimates, which could materially affect our results of activities and financial condition.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

The Organization's investments consist of equity and fixed income securities. Investments with readily determinable fair values are stated at fair value. Management has determined all investments should be classified as Level 1 investments. Dividends, interest, realized and unrealized gains and losses on investments are included in investment income in the accompanying statements of activities.

Fair value of securities is based upon quoted market prices in active markets or estimated fair value when quoted market prices are not available. The cost basis for realized gains and losses on available-for-sale securities is determined on a specific identification basis.

The Organization recognizes transfers in and out of levels within fair value hierarchy at the end of the reporting period. There were no transfers between levels during the years ended June 30, 2021 and 2020.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies, Continued

Accounts Receivable

Accounts receivable consist of amounts due from students. An allowance for estimated uncollectible accounts receivable has been recorded based on management's assessment of collectability of the accounts. The Organization reviews its past due balances and accounts deemed uncollectible are written-off.

Inventory

The Organization trains dogs and has deferred \$2,500 of costs for each dog, which is what the Organization expects to receive when a dog has been properly trained.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair value on the donation date. Fixed assets are depreciated on the straight-line method over 5 to 7 years. Construction in progress represents items not yet placed in service and are not depreciated.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 clarifies the principles for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance affects entities that enter into contracts with customers to transfer goods or services, and supersedes prior GAAP guidance, namely ASC Topic 605 - Revenue Recognition. During the year ended June 30, 2021, the Organization implemented FASB ASU 2014-09 using the modified retrospective adoption method with a date of initial application of July 1, 2020 with no material impact to the financial statements.

The Organization identifies a contract for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. The Organization's contracts include promises for educational services and course materials which are distinct performance obligations.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies, Continued

Revenue Recognition, Continued

Tuition revenue is primarily derived from postsecondary education services provided to students. Generally, tuition and other fees are paid upfront and recorded in contract liabilities in advance of the date when education services are provided to the student. A tuition receivable is recorded for the portion of tuition not paid in advance. In some instances, installment billing is available to students which reduces the amount of cash consideration received in advance of performing the service. The contractual terms and conditions associated with installment billing indicate that the student is liable for the total contract price; therefore, mitigating the Organization's exposure to losses associated with nonpayment.

Tuition revenue is recognized ratably over the instruction period. The Organization generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of tuition services.

The Organization's refund policy may permit students who do not complete a course to be eligible for a refund for the portion of the course they did not attend. Refunds generally result in a reduction of deferred revenue during the period that the student drops or withdraws from a class.

The transaction price is stated in the contract and known at the time of contract inception, as such there is variable consideration for situations when a student drops from a program based on the Organization's refund policy and additional charges if a student requires additional hours to complete the program beyond the contracted end date. The Organization believes that its experience with these situations is of little predictive value because the future performance of students is dependent on each individual and the amount of variable consideration is highly susceptible to factors outside of the Organization's influence. Accordingly, no variable consideration has been included in the transaction price or recognized as income until the constraint has been eliminated. Revenue is allocated to each performance obligation based on its standalone selling price. Any discounts within the contract are allocated across all performance obligations unless observable evidence exists that the discount relates to a specific performance obligation or obligations in the contract. The Organization generally determines standalone selling prices based on prices charged to students. The Organization excludes from revenue taxes assessed by a governmental authority as these are agency transactions collected on their behalf from the customer.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies, Continued

Revenue Recognition, Continued

Significant judgments include the allocation of the contract price across performance obligations, the methodology for earning tuition ratably over the instruction period, estimates for the amount of variable consideration included in the transaction price as well as the determination of the impact of the constraints preventing the variable consideration from being recognized in revenue.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). ASU 2018-08 clarifies the principles for recognizing transactions to depict whether they should be classified as a contribution or an exchange. The guidance affects entities that receive or make contributions. During the year ended June 30, 2021, the Organization implemented FASB ASU 2018-08, no material impacts to the financial statements were noted.

Cash contributions are recorded as revenue upon receipt or promise to give. Net assets with donor-imposed restrictions are reclassified net assets without donor restrictions when an event occurs which satisfies the donor-imposed restriction. Non-cash contributions of assets are recorded as contributions at fair value at the date the donation is received. Contributions of services are recognized if the services received create or enhance non-financial assets, require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased by the Organization. No amounts have been reflected in the financial statements for non-cash contributions or donated services.

Contract assets and liabilities

The Organization has contract assets and contract liabilities associated with its recognition of revenue. Contract assets consists of accounts receivable. Contract liabilities consist of deferred revenue, which is the unearned portion of tuition revenue. Contract assets and liabilities, beginning and ending balances consist of the following as of June 30, 2021 and July 1, 2020:

	<u>2021</u>	<u>2020</u>
Contract assets:		
Accounts receivable	\$ 11,711	\$ 25,531
Contract liabilities:		
Deferred revenue	\$ 47,634	\$ 27,894

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies, Continued

Advertising Costs

Advertising, promotion and similar costs are expensed as incurred and included in program services on the accompanying statements of activities.

Income Taxes

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code, and is not liable for federal or state income taxes. The Organization could be liable for unrelated business income tax, should it have any income from trade or business activities regularly carried on that are unrelated to the purposes for which it was granted tax exemption. Management does not believe the Organization has any unrelated business income.

U.S. GAAP requires the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service (IRS). The Organization has analyzed the tax positions taken by the Organization, and believes there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Organization's tax filings are subject to audit by various taxing authorities. As of June 30, 2021, the earliest tax year still subject to examination is 2018 for federal purposes and 2017 for state purposes. The Organization believes their estimates are appropriate based on current facts and circumstances.

Functional Expenses

The costs of providing the program and supporting services have been summarized on a functional basis in Note 13. The allocation of functional expenses in Note 13 presents the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are tracked using direct identification methodology of charging specific expenses as either program services or institutional support.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies, Continued

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. Depending on the nature of the asset or liability, various techniques and assumptions can be used to estimate fair value.

The definition of the fair value hierarchy is as follows:

Level 1 - Quoted prices in active markets for identical assets and liabilities.

Level 2 - Observable inputs other than quoted prices in active markets for similar assets and liabilities.

Level 3 - Inputs for which significant valuation assumptions are unobservable in a market and therefore value is based on the best available data, some of which is internally developed and considers risk premiums that market participants would require.

The Organization's investments are reported at fair value. The Organization's remaining financial instruments primarily consist of cash and cash equivalents, accounts receivable, inventory, accounts payable, accrued payroll and other accrued expenses, and deferred revenue. The carrying values of the Organization's financial instruments approximate fair value.

CARES Act (Higher Education Emergency Relief Funds)

On March 27, 2020 the CARES Act was enacted in response to the COVID-19 pandemic. The CARES Act includes and Higher Education Emergency Relief Funds (HEERF) that provided emergency funding to higher education. Of the funds granted to each institution, a portion must go directly to students and a portion for expenses relates to the disruption of campus operations due to the COVID-19 pandemic. In addition, on December 27, 2020, the CARES Act Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was enacted in response to the COVID-19 pandemic. The Act provided additional funding for non-profit institutions through HEERF. Through these Acts the Organization was granted a total of \$481,932 of HEERF funds. During the year ended June 30, 2021, the Organization drew down and disbursed \$433,024 of the funds to students and for the reimbursement of institutional expenses. The Organization

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies, Continued

CARES Act (Higher Education Emergency Relief Funds), Continued

believes it has complied with all terms and conditions of the HEERF grants. As of June 30, 2021, the Organization has a grant receivable of \$30,002 for the HEERF funds that have been utilized, but not yet draw down and is included in on the accompanying statement of financial position.

Concentration of Credit Risk

The Organization maintains its cash balance and cash equivalents in financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Organization performs ongoing evaluations of these institutions to limit concentration risk exposure.

A portion of revenues and accounts receivable at June 30, 2021 are a direct result of the Organization's participation in the Financial Student Aid (FSA) programs, which represent a major source of student tuition. The FSA programs are subject to political budgetary considerations. There is no assurance that funding will be maintained at current levels. The FSA programs are subject to significant regulatory requirements. Any regulatory violation could have a material effect on the Organization.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 provides guidance in GAAP about the recognition of assets and liabilities by lessees for those leases classified as operating leases under GAAP. The guidance requires that a lessee should recognize in the statement of financial position a liability to make lease payments and a right-to-use asset representing the entity's right to use the underlying assets for the term of the lease. The guidance allows a lessee who enters into a lease with a term of 12 months or less to make an accounting policy election to not recognize assets and liabilities. The provisions of ASU 2016-02 are effective for the fiscal periods beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. During November 2019, the FASB issued ASU 2019-10, extending the effective date of the ASU to periods beginning after December 15, 2020. In June 2020, the FASB issued ASU 2020-05, extending the effective date to periods beginning after December 15, 2021. Early application is permitted. The Organization has not yet elected this accounting guidance.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies, Continued

New Accounting Pronouncements, Continued

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. The guidance removes, modifies and adds disclosure requirements for fair value measurement. In addition, certain disclosures that are required by this ASU, are not required for nonpublic entities. The amendments are effective for nonpublic companies for fiscal years beginning after December 15, 2020. Early application is permitted. During 2021, the Organization implemented this accounting guidance, no material impacts to the financial statements were noted.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes for not-for-profit entities with contributed nonfinancial assets, or gifts-in-kind. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization has not yet elected this accounting guidance.

Note 2: Related Party Transactions

Paws for Purple Hearts

The Organization has a licensing and service fee contract with Paws for Purple Hearts (PPH) located in Penngrove, California, described in Note 7. During the years ended June 30, 2021 and 2020, the Organization recognized \$667,013 and \$584,498, respectively, in licensing and service fees as revenue and received \$614,023 and \$735,865, respectively, from PPH related to the licensing and service fee contract and has been included in other revenue in the accompanying statements of activities. As of June 30, 2021 and 2020, the Organization has outstanding receivable of \$222,992 and \$170,204, respectively, related to the contract, which has been included in the related party receivable on the accompanying statement of financial position.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 2: Related Party Transactions, Continued

Other Related Party Transactions

The Organization has a non-cancelable operating lease with James Anthony Bergin and Bonita Mae Bergin Trust (Bergin Trust), which is located in Penngrove, California, as described in Note 11. Bonita Mae Bergin is the founder and board member of the Organization. During the years ended June 30, 2021 and 2020, the Organization paid rent of \$66,000 and \$66,000, respectively, to the Bergin Trust.

During the years ended June 30, 2021 and 2020, the Organization paid expense reimbursement payments and paid premiums for long-term insurance for Bonita Mae Bergin's totaling \$4,059 and \$5,390, respectively.

Related Party Line of Credit

During May 2020, the Organization entered into a line of credit with the CEO and Board Member for a total debt facility of \$400,000, as described in Note 8. During the years ended June 30, 2021 and 2020, the Organization received advances on the line of credit of \$82,004 and \$125,000, respectively. As of June 30, 2021 and 2020, the Company had a balance outstanding on the line of credit of \$207,004 and \$125,000, respectively.

Note 3: Information about Financial Assets and Liquidity

The Organization's financial assets without donor or other restrictions limiting their use, available within one year of the balance sheet date for general expenditure, are as follows for year ended June 30, 2021:

Cash and cash equivalents	\$ 124,262
Investments	234,678
Accounts receivable, net	<u>11,711</u>
	<u>\$ 370,651</u>

The Organization's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 4: Investments

The Organization's investments were comprised of the following as of June 30, 2021:

	Adjusted Cost	Unrealized Gains	Fair Value
Equity securities	\$ 80,840	\$ 103,240	\$ 184,080
Fixed income securities	57,210	301	57,511
	<u>\$ 138,050</u>	<u>\$ 103,541</u>	<u>\$ 241,591</u>

The Organization's investments were comprised of the following as of June 30, 2020:

	Adjusted Cost	Unrealized Gains	Fair Value
Equity securities	\$ 88,298	\$ 31,197	\$ 119,495
Fixed income securities	14,641	7,076	21,717
	<u>\$ 102,939</u>	<u>\$ 38,273</u>	<u>\$ 141,212</u>

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to level of risk associated with certain investment securities, it is at least reasonably possible that changes in any of these factors could materially affect amounts reported.

Note 5: Fair Value Measurement

Following is a description of the valuation methodologies used for assets measured at fair value:

Equity and Fixed income securities: Valued at the closing price reported on the active market on which the individual securities are traded and categorized as level 1 of the fair value hierarchy.

The preceding method described may produce a settlement value calculation that may not be indicative of net realizable value or reflective of future settlement values.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 5: Fair Value Measurement, Continued

Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the settlement value of certain financial instruments could result in a different settlement value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2021:

	Fair Value	Level 1
Equity Securities	\$ 184,080	\$ 184,080
Fixed income securities	57,511	57,511
	<u>\$ 241,591</u>	<u>\$ 241,591</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2020:

	Fair Value	Level 1
Equity Securities	\$ 119,495	\$ 119,495
Fixed income securities	21,717	21,717
	<u>\$ 141,212</u>	<u>\$ 141,212</u>

Note 6: Property and Equipment

Property and equipment consist of the following as of June 30, 2021 and 2020:

	2021	2020
Furniture and fixtures	\$ 78,607	\$ 20,768
Leasehold improvements	1,013,420	38,995
Machinery and equipment	260,012	221,109
Autos and trucks	74,788	74,788
Software	-	77,455
Construction in progress	-	819,934
	<u>1,426,827</u>	<u>1,253,049</u>
Less: accumulated depreciation	<u>(336,487)</u>	<u>(369,882)</u>
	<u>\$ 1,090,340</u>	<u>\$ 883,167</u>

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 6: Property and Equipment, Continued

Depreciation expense for the years ended June 30, 2021 and 2020 was \$50,360 and \$11,935, respectively, is included in program services on the accompanying statement of activities.

The Company implemented the composite score reporting requirement of the Department of Education during June 30, 2020. The following is additional information for property and equipment that is required to support the calculation of the composite score in the financial responsibility supplemental schedule in the accompanying supplemental information:

Pre-implementation property and equipment:

Property and equipment as of June 30, 2020	\$ 46,377
Less: 2021 depreciation expense	<u>(8,910)</u>

Pre-implementation property and equipment as of June 30, 2021	<u><u>\$ 37,467</u></u>
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Post-implementation property and equipment acquired without debt:

Property and equipment as of June 30, 2020	\$ 16,856
Add: 2021 purchases of property and equipment	1,077,467
Less: 2021 depreciation expense	<u>(41,450)</u>

Post-implementation property and equipment as of June 30, 2021	<u><u>\$ 1,052,873</u></u>
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Note 7: Agreements

The Organization has an agreement with PPH overseeing the choice of dogs purchased or obtained by PPH for breeding, training and/or placement, helping breed and whelp puppies as well as oversees the training of pups and dogs to be raised by PPH that the Organization believes are suitable candidates for training by veterans suffering from psychological scars including PTSD, providing and updating the curriculum for teaching veterans about training service and assistance dogs, and consulting regarding dogs being trained by PPH. PPH has agreed to obtain dogs approved by the Organization, provide for the health and maintenance of the dogs, to extent possible, and all instructors of PPH shall be the Organization's graduates. In addition, after their training in the PPH program, the Organization then makes the final determination as to whether or not any of the trained dogs can be placed with injured Veterans as a service or assistance dog. Finally, the Organization will make the final determination as to which dog is placed with which Veteran. The agreement requires PPH to reimburse the Organization for the cost of services and

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 7: Agreements, Continued

expenses, and an annual licensing fee of 9.75% of PPH's revenue from \$250,000 to \$499,000, 8.5% of revenue from \$500,000 to \$749,000, 7.25% of revenue from \$750,000 to \$1,000,000 and 6% of revenue in excess of \$1,000,000. During the years ended June 30, 2021 and 2020, the Organization recorded \$667,013 and \$584,498, respectively, for licensing and service fees included in other revenue on the accompanying statements of activities. As of June 30, 2021 and 2020, the Organization is due \$222,992 and \$170,204, respectively, from PPH related to the above agreement and is included in related party receivable on the accompanying statement of financial position.

Note 8: Related Party Line of Credit

During May 2020, the Organization entered into a line of credit with the CEO and Board Member for a total debt facility of \$400,000. The terms of the line of credit require interest only payments of the prime rate as published in the Wall Street Journal (3.25% as of June 30, 2021 and 2020) over the 120-month term line of credit that matures in April 2030. On the maturity date, all unpaid principal and accrued interest will be due and payable. As of June 30, 2021 and 2020, the outstanding balance of the line of credit was \$207,004 and \$125,000, respectively, and has been included as a current liability as the Organization repaid the balance in full during August 2021.

Note 9: Payroll Protection Program and Economic Injury Disaster Loans

During 2021, the Company entered into a \$161,645 note payable under the Paycheck Protection Program (PPP), provided by the Small Business Administration (SBA), a loan program designed to provide direct incentive for small businesses to keep their workers employed. The SBA will forgive the loan if the employees remain employed for 8 to 24 weeks and the money is used for payroll, rent, mortgage interest or utilities. In the event the loan is not forgiven, payments of \$3,326 including interest of 1%, beginning in December 2021. The note payable will mature in January 2026. The Company has not received notification from the SBA that the Company received forgiveness of the PPP loan. As of June 30, 2021, the outstanding balance of the note payable was \$161,645.

During May 2020, the Organization entered into a note payable of \$149,900 under the COVID-19 Economic Injury Disaster Loans (EIDL), provided by the Small Business Administration (SBA). The loan program is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to COVID-19. The note payable requires monthly payments beginning in March 2022 of \$641, including interest of 2.75%. The note payable will mature in May 2050. As of June 30, 2021, the outstanding balance of the note payable was \$149,900.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 9: Payroll Protection Program and Economic Injury Disaster Loans, Continued

Future maturities of the note payables are as follows:

<u>Year ending June 30,</u>	
2022	\$ 21,214
2023	42,183
2024	42,992
2025	43,493
2026	27,344
Thereafter	<u>134,319</u>
	<u>\$ 311,545</u>

During April 2020, the Organization received a loan of \$193,700 under the Paycheck Protection Program (PPP) a loan program provided by the Small Business Administration (SBA). The loan program is designed to provide direct incentive for small businesses to keep their workers employed. The SBA will forgive the loan if the employees remain employed for 8 to 24 weeks and the money is used for payroll, rent, mortgage interest or utilities. The Organization, believes it has met all requirements to receive forgiveness for the entire amount of the loan. As a result, during the year ended June 30, 2020, the Organization recorded the full amount of the original PPP loan as grant income on the accompanying statement of activities.

Note 10: Operating Leases

The Organization has a non-cancelable operating lease with Bergin Trust for its administrative and operating facility in Penngrove, California, that expires in May 2037. The lease requires monthly payments of \$5,500.

The Organization has a non-cancelable operating lease for modular buildings that are being installed at the Penngrove location described in the first paragraph. The lease requires monthly payments of \$6,512 and expires in March 2022. During April 2022, the lease change to a month-to month lease.

During the year ended June 30, 2020, the Organization had an agreement with an individual to house the property of a school building while it obtains the necessary permits and prepares the property to house the school and dogs. The agreement is month-to-month and requires payments of \$7,200. During the year ended June 30, 2021, the Organization no longer used the property and terminated the agreement.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 10: Operating Leases, Continued

The future minimum payments under these leases are as follows:

<u>Year ending June 30,</u>	
2022	\$ 105,072
2023	66,000
2024	66,000
2025	66,000
2026	66,000
Thereafter	<u>764,500</u>
	<u>\$ 1,133,572</u>

Rent expense for the years ended June 30, 2021 and 2020, was \$165,905 and \$224,784, respectively, is included in program services on the accompanying statement of activities.

Note 11: Simple IRA Plan

The Organization sponsors a Simple IRA plan covering substantially all employees. Under the Plan, employees contribute a specified percentage of their salary, or fixed dollar amount, to the plan. The Organization may agree to make "nonselective" contributions to their employees' Simple IRA plans. For the years ended June 30, 2021 and 2020, the Organization made matching contributions of \$12,116 and \$11,573, respectively, to the plan.

Note 12: Commitments and Contingencies

Regulatory Matters

The Organization is accredited by ACICS and is approved to participate in the Title IV federal aid programs. Organizations that are accredited and participate in Title IV federal financial aid programs must comply with rules and regulations of their accrediting body and the U.S. Department of Education (the Department). As a result, the Organization may in the future be subject from time to time to audits, investigations, claims of noncompliance or lawsuits by government agencies, regulatory bodies, or third parties. There can be no assurance that such matters will not occur and if they do occur will not have a material adverse effect on these financial statements.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 12: Commitments and Contingencies, Continued

Accreditation

On June 2, 2021, the federal recognition of ACICS as an accrediting body by the Department was withdrawn. ACICS has appealed the withdrawal of recognition in July 2021. As a result, all institutions accredited by ACICS have 18 months to obtain accreditation from another accrediting body recognized by the Department to continue to participate in Title IV funding. The Organization has begun the process to obtain accreditation from Accrediting Commission of Career Schools and Colleges (ACCSC).

Borrowers Defense to Repayment

On October 28, 2016, the U.S. Department of Education published its new regulations with an effective date of July 1, 2017. The new regulations allow a borrower to assert a defense to repayment on the basis of a substantial misrepresentation, any other misrepresentation in cases where certain other factors are present, a breach of contract or a favorable nondefault contested judgment against a school for its act or omission relating to the making of the borrower's loan or the provision of educational services for which the loan was provided. In addition, the financial responsibility standards contained in the new regulations establish the conditions or events that trigger the requirement for an institution to provide the Department with financial protection in the form of a letter of credit or other security against potential institutional liabilities. Triggering conditions or events include, among others, certain state, federal or accrediting agency actions or investigations. The new regulations also prohibit schools from requiring that students agree to settle future disputes through arbitration.

Composite Score

The Department requires institutions to meet standards of financial responsibility. The Department deems an institution financially responsible when the composite score is at least 1.5. For the year ended June 30, 2021, the Organization's composite score was 1.6.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 12: Commitments and Contingencies, Continued

COVID-19 Pandemic

In March 2020, the COVID outbreak was declared a pandemic by the World Health Organization, which recommended containment and mitigation measures worldwide. The outbreak and the response of governmental and public health organizations in dealing with the pandemic included restricting general activity levels within communities, the economy, and operations of our customers. While we have not yet experienced an impact to our business, operations, and financial results as a result of the COVID pandemic, it may have a far-reaching impact on many aspects of our operations including the impact on students, business operations, our employees, and the market in general. The extent to which COVID pandemic ultimately impacts our business, financial condition, results of operations, cash flows, and liquidity may differ from management's current estimates due to inherent uncertainties regarding the duration and further spread of the outbreak, actions taken to contain the virus, as well as, how quickly and to what extent normal economic and operating conditions can resume.

Litigation

Management does not believe the Organization is currently party to any pending or threatened litigation arising from services currently or formerly performed by the Organization. To the extent that there may be pending or threatened litigation that management is unaware of, they do not believe there to be any possible claims that could have a material adverse effect on their business, results of operations or financial condition.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 13: Functional Expenses

The following tables present expenses by both their nature and function for the year ended June 30, 2021:

	Program Services	Academic Support	Fundraising	Total
Salaries	\$ 778,123	\$ 37,989	\$ 13,787	\$ 829,899
Employee benefits, payroll taxes and compensation insurance	133,099	2,364	864	136,327
Total salaries and related expenses	911,222	40,353	14,651	966,226
Expenses:				
Dogs provided to clients	15,000	-	-	15,000
Equipment	47,426	-	-	47,426
Equipment leases	5,151	-	-	5,151
Equipment repair	2,834	-	-	2,834
Bank charges	8,514	-	-	8,514
Interest	8,379	-	-	8,379
Insurance	14,655	1,899	-	16,554
Marketing	31,798	-	432	32,230
Occupancy	290,549	-	-	290,549
Postage	8,277	-	14	8,291
Legal and accounting	3,555	13,200	-	16,755
Off-site faculty	29,139	-	-	29,139
Software	27,224	-	-	27,224
Outside services	104,485	-	6,201	110,686
Supplies	61,925	4,853	-	66,778
Scholarships, Grants, Sponsorship	68,809	-	-	68,809
Taxes and licenses	15,293	-	3,551	18,844
Travel	1,213	-	-	1,213
Library	13,870	-	-	13,870
Miscellaneous	3,134	-	-	3,134
Total expenses	1,672,452	60,305	24,849	1,757,606
Depreciation	50,360	-	-	50,360
	<u>\$ 1,722,812</u>	<u>\$ 60,305</u>	<u>\$ 24,849</u>	<u>\$ 1,807,966</u>

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended June 30, 2021 and 2020

Note 13: Functional Expenses, Continued

The following tables present expenses by both their nature and function for the year ended June 30, 2020:

	Program Services	Academic Support	Fundraising	Total
Salaries	\$ 741,698	\$ 35,250	\$ 10,400	\$ 787,348
Employee benefits, payroll taxes and compensation insurance	126,341	2,506	500	129,347
Total salaries and related expenses	868,039	37,756	10,900	916,695
Expenses:				
Equipment	10,345	-	-	10,345
Equipment leases	4,481	-	-	4,481
Equipment repair	3,345	-	-	3,345
Bank charges	7,639	-	-	7,639
Interest	1,962	-	-	1,962
Insurance	14,241	1,844	-	16,085
Marketing	18,720	-	4,745	23,465
Occupancy	299,177	-	-	299,177
Postage	1,927	-	1,453	3,380
Legal and accounting	750	11,800	-	12,550
Off-site faculty	14,089	-	2,500	16,589
Software	19,971	-	-	19,971
Outside services	74,028	-	3,050	77,078
Supplies	53,183	-	-	53,183
Taxes and licenses	10,385	-	834	11,219
Telephone	2,224	278	278	2,780
Travel	9,204	2,274	-	11,478
Library	7,386	-	-	7,386
Miscellaneous	18,297	-	-	18,297
Total expenses	1,439,393	53,952	23,760	1,517,105
Depreciation	11,935	-	-	11,935
	<u>\$ 1,451,328</u>	<u>\$ 53,952</u>	<u>\$ 23,760</u>	<u>\$ 1,529,040</u>

Operating expenses are allocated functionally on a direct basis. Certain categories of expenses are attributable to more than one function, such as salaries, benefits and payroll taxes, services and professional fees, supplies, and penalties and interest.

Note 14: Subsequent Events

During August 2021, the Organization repaid the related party line of credit in full.

Subsequent events were evaluated through March 17, 2022, which is the date the financial statements were available to be issued.

Supplementary Information

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUPPLEMENTARY INFORMATION
(Information Required by the U.S. Department of Education)
for the years ended June 30, 2021 and 2020

Related Party Transactions

Paws for Purple Hearts

The Organization has a licensing and service fee contract with Paws for Purple Hearts (PPH) located in Penngrove, California, described in Note 7. During the years ended June 30, 2021 and 2020, the Organization recognized \$667,013 and \$584,498, respectively, in licensing and service fees as revenue and received \$614,023 and \$735,865, respectively, from PPH related to the licensing and service fee contract and has been included in other revenue in the accompanying statements of activities. As of June 30, 2021 and 2020, the Organization has outstanding receivable of \$222,992 and \$170,204, respectively, related to the contract, which has been included in the related party receivable on the accompanying statement of financial position.

Other Related Party Transactions

The Organization has a non-cancelable operating lease with James Anthony Bergin and Bonita Mae Bergin Trust (Bergin Trust), which is located in Penngrove, California, as described in Note 11. Bonita Mae Bergin is the founder and board member of the Organization. During the years ended June 30, 2021 and 2020, the Organization paid rent of \$66,000 and \$66,000, respectively, to the Bergin Trust.

During the years ended June 30, 2021 and 2020, the Organization paid expense reimbursement payments and paid premiums for long-term insurance for Bonita Mae Bergin's totaling \$4,059 and \$5,390, respectively.

Related Party Line of Credit

During May 2020, the Organization entered into a line of credit with the CEO and Board Member for a total debt facility of \$400,000, as described in Note 8. During the years ended June 30, 2021 and 2020, the Organization received advances on the line of credit of \$82,004 and \$125,000, respectively. As of June 30, 2021 and 2020, the Company had a balance outstanding on the line of credit of \$207,004 and \$125,000, respectively.

Financial Responsibility

The U.S. Department of Education issued regulations, effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV. These disclosures are not required by accounting principles generally accepted in the United States of America, but are intended for use by the U.S. Department of Education and to ensure compliance with Federal Title IV regulations. For the year ended June 30, 2021, the Organization's composite score was 1.6, as calculated on page 37.

The financial statements and accompanying notes should be
read in connection with the supplementary information.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the years ended June 30, 2021 and 2020

The information above as well as the information presented on pages 29 through 37, 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.

The financial statements and accompanying notes should be
read in connection with the supplementary information.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended June 30, 2021

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

Lines		Primary Reserve Ratio:		
		Expendable Net Assets:		
25	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		1,313,203
31	Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions		6,913
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	222,992	
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		222,992
8	Statement of Financial Position - Property, plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	1,090,340	
FS Note line 8A	Note of the Financial Statements - Statement of Financial Position - Property, Plant and Equipment - pre-implementation	Property, plant and equipment - pre-implementation		37,467
FS Note line 8B	Note of the Financial Statements - Statement of Financial Position - Property, Plant and Equipment - post-implementation with outstanding debt for original purchase	Property, plant and equipment - post-implementation with outstanding debt for original purchase		-
FS Note line 8D	Note of the Financial Statements - Statement of Financial Position - Property, Plant and Equipment - post-implementation without outstanding debt for original purchase	Property, plant and equipment - post-implementation without outstanding debt for original purchase		1,052,873
FS Note line 8C	Note of the Financial Statement - Statement of Financial Position - Construction in process	Construction in progress		-
9	Statement of Financial Position - Lease right-of-use assets, net	Lease right-of-use asset, net	-	
Excluded Line 9 Note Leases	Note of Financial Statements - Statement of Financial Position - Lease right-of-use assets pre-implementation	Lease right-of-use asset pre-implementation		-
M9 Note Leases	Note of Financial Statements - Statement of Financial Position - Lease right-of-use assets post-implementation	Lease right-of-use asset post-implementation		-
10	Statement of Financial Position - Goodwill	Intangible assets		-
18	Statement of Financial Position - Post-employment and pension liabilities	Post-employment and defined pension plan liabilities		-
14, 21, 23	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long-term) and Line of Credit for Construction in process	Long-term debt - for long-term purposes	311,545	
14, 21, 23 Note Debt A	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long-term) and Line of Credit for Construction in process	Long-term debt for long-term purposes pre-implementation		-

The financial statements and accompanying notes should be read in connection with this supplementary information.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended June 30, 2021

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE, Continued

14, 21, 23 Note Debt B	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long-term) and Line of Credit for Construction in process	Long-term debt for long-term purposes post-implementation		-
14, 21, 23 Note Debt C	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long-term) and Line of Credit for Construction in process	Line of Credit for Construction in process		-
22	Statement of Financial Position - Lease right-of-use of asset liability	Lease right-of-use asset liability	-	
Excluded Line 22 Note Leases	Statement of Financial Position - Lease right-of-use of asset liability pre-implementation	Pre-implementation right-of-use leases		-
Line 22 Note Leases	Statement of Financial Position - Lease right-of-use of asset liability pre-implementation	Post-implementation right-of-use leases		-
26	Statement of Financial Position - Annuities	Annuities with donor restrictions		-
27	Statement of Financial Position - Term Endowments	Term endowments with donor restrictions		-
28	Statement of Financial Position - Life Income Funds	Life income funds with donor restrictions		-
30	Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions restricted in perpetuity		-
		Total Expenses and Losses:		
45	Statement of Activities - Total Operating Expenses, (Total from Statement of Activities prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Activities		1,807,966
(36), 47, 48	Statement of Activities Non-Operating (Investment return appropriate for spending), Investments, net of annual spending gain (loss) and Other gains (loss) - (Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss)		61,107
(36), 47	Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment losses		-

Lines		Equity Ratio		
		Modified Net Assets:		
25	Statement of Financial Position - Net Assets without Donor Restrictions	Net assets without donor restrictions		1,313,203
31	Statement of Financial Position - Total Net Assets with Donor Restrictions	Net assets with donor restrictions		6,913
10	Statement of Financial Position - Goodwill	Intangible assets		-
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	222,992	

The financial statements and accompanying notes should be read in connection with this supplementary information.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended June 30, 2021

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE, Continued

4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		222,992
		<u>Modified Assets:</u>		
12	Statement of Financial Position - Total assets	Total assets		1,998,335
Excluded Line 9 Note Leases	Note of Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Lease right-of-use asset - pre-implementation		-
Excluded Line 22 Note Leases	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases		-
10	Statement of Financial Position - Goodwill	Intangible assets		-
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	222,992	
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		222,992

Lines		Net Income Ratio:		
50	Statement of Activities - Change in Net Assets Without Donor Restrictions	<u>Change in Net Assets Without Donor Restrictions</u>		32,298
39, (38), 49	Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	<u>Total Revenues and Gains</u>		1,779,157

The financial statements and accompanying notes should be read in connection with this supplementary information.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended June 30, 2021

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE, Continued

STATEMENT OF FINANCIAL POSITION

Line			
1	Cash and cash equivalents	\$	124,262
2	Accounts receivable, net		11,711
3	Prepaid expense and other current assets		220,055
4	Related party receivable		222,992
5	Contributions receivable, net		-
6	Grant receivable		30,002
7	Investments		241,591
8	Property, plant and equipment, net		1,090,340
9	Lease right-of-use assets, net		-
10	Goodwill and intangible assets, net		-
11	Deposits		57,382
12		Total Assets	\$ 1,998,335
13	Line of credit - short term	\$	207,004
14	Line of credit - short term for CIP		-
15	Accounts payable and accrued expenses		107,349
16	Related party payable		-
17	Deferred income and student deposits		52,321
18	Post-employment and pension liability		-
19	Line of credit - operating		-
20	Other liabilities		-
21	Notes payable and capital leases		311,545
22	Leases right-of-use assets liability		-
23	Line of credit for long term purposes		-
24		Total Liabilities	678,219
25	Net Assets without Donor Restrictions		1,313,203
	Net Assets with Donor Restrictions		
26	Annuities		-
27	Term endowments		-
28	Life income funds		-
29	Other restricted by purpose and time		6,913
30	Restricted in perpetuity		-
31		Total Net Assets with Donor Restrictions	6,913
32		Total Net Assets	1,320,116
33		Total Liabilities and Net Assets	\$ 1,998,335

The financial statements and accompanying notes should be
read in connection with this supplementary information.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended June 30, 2021

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE, Continued

STATEMENT OF ACTIVITIES

Line

	Changes in Net Assets without Donor Restrictions:	
	Operating Revenue and Other Additions:	
34	Tuition and fees, net	\$ 494,853
35	Contributions and grants	618,270
36	Investment return appropriated for spending	-
37	Auxiliary enterprises	666,034
38	Net assets released from restriction	-
39	Total Operating Revenue and Other Additions	1,779,157
	Operating Expenses and Other Deductions:	
40	Instructional program services	1,722,812
41	General and administrative	60,305
42	Fundraising	24,849
43	Interest expense	-
44	Depreciation and amortization	-
45	Total Operating Expenses	1,807,966
46	Change in Net Assets from Operations	(28,809)
	Non-Operating Changes	
47	Investments, net of annual spending, gain (loss)	-
48	Other gains (losses)	61,107
49	Sale of fixed assets, gains (losses)	-
	Total Non-Operating Changes	61,107
50	Change in Net Assets Without Donor Restrictions	32,298
	Change in Net Assets With Donor Restrictions:	
51	Contributions and grants	-
52	Investment return, net	-
53	Net assets released from restrictions	-
54	Change in Net assets With Donor Restrictions	-
55	Change in Net Assets	32,298
56	Net Assets, Beginning of Year	1,287,818
57	Net Assets, End of Year	\$ 1,320,116

The financial statements and accompanying notes should be
read in connection with this supplementary information.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended June 30, 2021

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE, Continued

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

A.	Lease right-of-use assets - pre-implementation	\$	-	Removed from assets
B.	Lease right-of-use assets - post implementation		-	
	Total	\$	-	

Note for Line 22 - Lease right-of-use asset liability

A.	Lease right-of-use assets - pre-implementation	\$	-	Removed from liabilities
B.	Lease right-of-use assets - post implementation		-	
	Total	\$	-	

Note for Line 8 - Net Property, Plant and Equipment

A.	Pre-Implementation Property, Plant and Equipment		\$	37,467
	Post-Implementation Property, Plant and			
B.	Equipment			-
	Vehicles		-	
	Furniture		-	
	Computers		-	
C.	Construction in progress			-
D.	Post-Implementation Property, Plant and Equipment			1,052,873
	Total		\$	1,090,340

- 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 the Construction in progress
- D. Post-Implementation Property, Plant and Equipment with no outstanding debt.

Notes for Line 14, 21 and 23 - Long-term debt for long term purposes

A.	Pre-Implementation Long-term Debt		\$	-
B.	Allowable Post-Implementation Long-term Debt			-
	Vehicles		-	
	Furniture		-	
	Computers		-	
C.	Construction in progress - debt			-
	Long-term debt not for the purchase of Property, Plant and			
D.	Equipment or liability greater than assets value			311,545
	Total		\$	311,545

- A. This is the ending balance of the last financial statement submission prior to the implementation of the regulations -- Less in 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 on progress is included
- D. Long-term debt not for the purchase of Property, Plant and Equipment.

The financial statements and accompanying notes should be
read in connection with this supplementary information.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended June 30, 2021

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE, Continued

Calculating the Composite Score without pre-implementation leases

Lines			
*Primary Reserve Ratio = Expendable Net Assets /Total Expenses and Loses Without Donor Restrictions	25+31-30-(26+27+28)-10- (8+9)+18+(M14+M21+M22+M23)-4 45-48	6,784 1,746,859	0.0039
*Equity Ratio = Modified Net Assets /Modified assets	25+31-10-4 12-10-4	1,097,124 1,775,343	0.6180
Net Income Ratio = Change in Net Assets Without Donor Restrictions /Total Revenue and Gains Without Donor Restrictions	50 39-36+49	32,298 1,779,157	0.0182

***All pre-implementation right-of-use assets and liabilities are removed from total assets and total**

M# - For post implementation debt not directly related to purchase of assets.

Step 1: Calculate the strength factor score for each ratio by using the following algorithms

Primary Reserve strength factor score = 10 x the primary reserve ratio result

Equity strength factor score = 6 x the equity ratio result

Negative net income ratio result: Net Income strength factor score = 1 + (25 x net income ratio result)

Positive net income ratio result: Net Income strength factor score = 1 + (50 x net income ratio result)

Zero result for net income ratio: Net Income strength factor score = 1

If the strength factor score for any ratio is greater than or equal to 3, the strength factor score for the ratio is 3

If the strength factor score for any ratio is less than or equal to -1, the strength factor score for that ratio is -1

Step 2: Calculate the weighted score for each ratio and calculate the composite score by adding the three weighted scores

Primary Reserve weighted score = 40% x the primary reserve strength factor

Equity weighted score = 40% x the equity strength factor score

Net income weighted score = 20% x the net income strength factor score

Composite Score = the sum of all weighted scores

Round the composite score to one digit after the decimal point to determine the final score

RATIO	Ratio	Strength Factor	Weight	Composite Score
Primary Reserve Ratio	0.0039	0.0388	40%	0.0155
Equity Ratio	0.6180	3.0000	40%	1.2000
Net Income Ratio	0.0182	1.9077	20%	0.3815
				1.5971
TOTAL Composite Score - Rounded				1.6

The financial statements and accompanying notes should be
read in connection with this supplementary information.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUPPLEMENTARY INFORMATION, Continued
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2021

<u>Federal Grantor/Pass-Through Granter/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>		
<i>Student Financial Assistance (SFA) Cluster:</i>		
Federal Pell Grant Program	84.063	\$ 40,365
Federal Direct Student Loan Program	84.268	280,723
<i>Total SFA Cluster:</i>		<u>321,088</u>
<i>Other Programs:</i>		
<i>COVID-19 - Education Stabilization Fund:</i>		
COVID-19 - Education Stabilization Fund - Student	84.425E	25,826
COVID-19 - Education Stabilization Fund - School	84.425F	33,668
COVID-19 - Education Stabilization Fund - School	84.425M	2,868
COVID-19 - Education Stabilization Fund - School	84.425N	370,662
<i>Total Education Stabilization Fund:</i>		<u>433,024</u>
<i>Total U.S. Department of Education</i>		754,112
<u>U.S. Department of Veterans Affairs</u>		
Post-9/11 Veterans Educational Assistance	64.028	14,832
Vocational Rehabilitation for Disabled Veterans	64.116	26,785
<i>Total U.S. Department of Veterans Affairs</i>		<u>41,617</u>
<i>Total Expenditures of Federal Awards:</i>		<u><u>\$ 795,729</u></u>

The financial statements and accompanying notes should be
read in connection with the supplementary information.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUPPLEMENTARY INFORMATION, Continued
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2021

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes of net assets, or cash flows of the Organization.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

The financial statements and accompanying notes should be
read in connection with the supplementary information.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
Penngrove, California

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 Bergin University of Canine Studies (a California Non-Profit Corporation), herein referred to as "the Organization", which comprise the statement of financial position as of June 30, 2021 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2022.

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Internal Control Over Financial Reporting

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

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

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

Part II


Reports on Internal Control and Compliance

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



San Diego, California
March 17, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Board of Directors of
BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
Penngrove, California

Report on Compliance for Each Major Federal Program

We have audited Bergin University of Canine Studies (a California Non-Profit Corporation), herein referred to as "the Organization", compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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Part III

Audit Findings and Questioned Costs

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2021

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified
not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements
noted: _____ Yes X No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified
not considered to be material weaknesses? X Yes _____ None Reported

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

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

Identification of major programs:

CFDA Number

84.425

Name of Federal Program

COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between
Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes X No

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
for the year ended June 30, 2021

Section II – Financial Statement Finding:

None noted.

Section III – Federal Award Findings and Questioned Costs

FINDING 2021-001

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>
COVID-19 Education Stabilization Fund	84.425

Criteria – The U.S. Department of Education Office of Inspector General requires that organizations that receive Higher Education Emergency Relief Fund (HEERF) Grants through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) follow the procurement standards set out at 2 C.F.R. §§ 200.318 through 200.326. Organizations must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable Federal statutes and the procurement requirements identified in 2 C.F.R. part 200.

Condition – The Organization could not provide support that the required procurement standards set out at 2 C.F.R. §§ 200.318 through 200.326 were followed for expenditures classified as small purchases.

Cause – It appears the Organization was unaware of the procurement requirements and did not establish the required policies and procedures related to procurements.

Effect – Four out of the 41 procurement transactions selected for testing were identified as small purchases. For each of the four transactions, the Organization was unable to provide support that the required procurement standards were followed.

Questioned Costs – There are no questioned costs associated with this finding as the small purchase transactions were for allowable costs. However, due to the high error rate associated with this finding, 100% (4/4 small purchase transactions), this finding has been identified as a significant deficiency in the Independent Auditors' Report on Compliance.

Recommendation – The Organization should develop written procurement policies and procedures that conform to applicable Federal statutes and the procurement requirements identified in 2 C.F.R. part 200.

Views of Responsible Officials – The Organization concurs with this finding and has procedures in place as outlined in the Corrective Action Plan to ensure compliance with requirements.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
for the year ended June 30, 2021

FINDING 2021-002

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>
COVID-19 Education Stabilization Fund	84.425

Criteria – Per the Organization’s Funding Certification and Agreement for the Student Portion of the Higher Education Emergency Relief Fund Formula Grants Authorized by Section 18004(e) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act under Part 4 Section (c), institutions must submit to the Secretary thirty (30) days from the date of the Certification and Agreement and every forty five (45) days thereafter how grants were distributed to students, the amount of each grant awarded to each student, how the amount of each grant was calculated, and any instructions or directions given to students about the grants. Beginning on May 6, 2020, the U.S. Department of Education (ED) revised the requirements and required institutions that received a HEERF I 18004(a)(1) Student Aid Portion award to publicly post seven reporting items on their website. In addition, ED revised the frequency of reporting on August 31, 2020. The revised frequency required institutions to report every calendar quarter, no later than 10 days after the end of each calendar quarter.

Condition – The Organization’s Student Aid Portion public reporting disclosures were not posted to the Institution’s website in a timely manner.

Cause – In these cases, it appears the Organization’s procedures for posting the Student Aid Portion public reporting disclosure in a timely manner were not properly followed.

Effect – For two of the two Student Aid Portion public reporting disclosures selected for testing, the public disclosures were not posted to the Organization’s website.

<u>Public Report</u>	<u>Date Due</u>	<u>Date Posted</u>	<u>Days Late</u>
12/31/20	01/10/21	Not Posted	N/A
03/31/21	04/10/21	Not Posted	N/A

Questioned Costs – There are no questioned costs associated with this finding. However, due to the high error rate associated with this finding, 100% (2/2 reports), this finding has been identified as a significant deficiency in the Independent Auditors’ Report on Compliance.

Recommendations – The Organization should post the quarterly Student Aid Portion public reporting disclosure to its website. In addition, the Organization should take steps to ensure that its procedures for posting the Student Aid Portion public reporting disclosures in a timely manner are strictly followed.

Views of Responsible Officials – The Organization concurs with this finding and has procedures in place as outlined in the Corrective Action Plan to ensure compliance with requirements.

BERGIN UNIVERSITY OF CANINE STUDIES
(A California Non-Profit Corporation)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
for the year ended June 30, 2021

Section IV – Prior Year Findings and Questioned Costs for Financial Statements

FINDING 2020-01

Condition – The Organization did not identify all necessary accrual entries to fairly state the financial statements in accordance with GAAP.

Recommendation – The auditor recommended the Organization should establish internal controls to identify necessary adjustments.

Current Status – No similar findings were noted in the 2021 audit.