

**THESSALONICA AGRICULTURAL AND INDUSTRIAL INSTITUTE  
AND AFFILIATES  
(The American Farm School)**

**Notes to Consolidated Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**Note 20 – Perrotis College**

Perrotis College (“The College”) was established in 1996 as a division of the American Farm School. Following changes in the regulatory framework of private colleges in Greece, only legal entities incorporated in a European Union member state can obtain a license to operate a college. As a result, a not-for-profit association under the name of “American Farm School Post-Secondary Educational and Training Association” was founded in 2008 in Thessaloniki, Greece to establish and operate a private college under the commercial name Perrotis College.

The College has remained for all purposes under the American Farm School umbrella, under the governance of the Higher Education Committee, and all members of the American Farm School Board. From a financial perspective, Perrotis College is considered an affiliate to the American Farm School and as such is considered in the School’s field operations consolidated financial statements.

It currently offers Bachelor of Science degrees in the fields of Sustainable Agriculture and Management, International Business and Agro, Food Science and Technology, Digital Marketing and Environmental Science. In addition, Perrotis College operates a Life – Long learning department, offering adult seminars and professional training to farmers and agro-food employees, a Center for Agricultural Entrepreneurship and an Olive Center.

The College also offers graduate programs with majors in “New Food Product & Business Development” and a second in “Marketing for the Agro - Food Sector. Since September 2020, a new graduate program in “Sustainable Agricultural Management” has been added.

The College has a two-year vocational training program for those interested in pursuing careers in agricultural, food and related areas. This two-year program leads to a Certificate accredited by the Greek state.

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**Notes to Consolidated Financial Statements (continued)  
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**Note 20 – Perrotis College (continued)**

The College also participates in a significant number of state and privately sponsored projects related mainly to agrifood training and consultation. “A New Agriculture for a New Generation” is one of the major projects, designated by the S. Niarchos Foundation through Rutgers University. It commenced in 2017 with a number of studies to identify needs and opportunities in Greek agriculture and food and continues for three years with an annual amount of approximately \$1,200,000 aggregating to approximately \$4,000,000. It should be noted that, due to the developments of the COVID-19 pandemic, this project is expected to be extended.

Major capital investments have been undertaken to maintain the superior standards of services, teaching and research at Perrotis’ College: the innovative Aliki Perroti Educational Center, the Seth Frank Hall of Graduate Studies, high-tech equipment for labs, and the Krinos Olive center were all funded primarily from donations and grants. Although those assets are owned by the American Farm School they are exclusively used by Perrotis College. The net book value of those long-lived tangible assets, of \$11,586,134 (\$11,524,062 as of June 30, 2020) is included in the Perrotis’ College statement of financial position.

The American Farm School Educational Farm (land, buildings, and equipment) are also available and accessible to Perrotis College faculty and students in order to undertake their educational training, practice, and applied research. These assets were not previously reflected in the Perrotis College’s financial statements. However, as of the current fiscal year, management decided to reflect such assets in the Perrotis College’s financial statements and, accordingly, the comparative figures for fiscal year 2020 have been restated. Specifically, long-lived tangible assets have been increased by \$11,524,000 with a corresponding increase in Equity in the Statement of Financial Position. In addition, education instruction expenses have been increased by \$637,000 due to depreciation charges and foreign currency translation losses have been increased by \$194,000 resulting in an equivalent decrease of changes in net assets in the Statement of Activities affecting the Statement of Cash Flows.

In 1996, the “Perrotis College Endowment” (“DPCAS Endowment”) was initiated by contributions, in support of the establishment of a post-secondary division at the American Farm School. It is maintained in the United States, and is overseen by the institution’s Investment Committee. The DPCAS endowment is permanently restricted in its use exclusively to Perrotis College.

This endowment constitutes part of the American Farm School’s investments in the United States and is not shown separately among the assets of the stand-alone financial statements of Perrotis College. As of June 30, 2021, the fair value of the DPCAS related investments amounted to \$17,400,000 (\$14,400,000 as of June 30, 2020).

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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**Note 20 – Perrotis College (continued)**

The Intra institute account in the statement of activities (June 30, 2021 and 2020: \$592,000 and \$558,000, respectively) represents the annual withdrawal from the DPCAS endowment in accordance with its total return spending policy. This policy provides for annual withdrawals (5%) from the investment portfolio based on a rolling average (five years) of market values.

In order to further facilitate its financial sustainability and independence from the School, the College established a line of credit with a total value of \$280,000 with a Greek financial institution at an interest rate equal to the 3-month Euribor rate plus 4.6% (total 4.6% at the end of June 2021). The outstanding balance at June 30, 2021, amounted to \$-0- (\$280,000 as of June 30 2020).

In addition, a state guaranteed cash facility in the amount of \$594,000 was approved for the College under favorable terms and conditions (i.e., interest rate at 2.40%, five-year quarterly repayment schedule including a fifteen-month grace period). This facility was withdrawn to replace amounts used from the regular line of credit. The outstanding balance at June 30, 2021, amounted to \$594,150 (\$-0- at June 30, 2020).

The Perrotis College's stand-alone statement of financial position, statement of activities and statement of cash flows as of and for the years ended June 30, 2021 and June 30, 2020, which are included in the School's consolidated financial statements and are on the following pages to better enable the reader to understand the financial position and operating results of Perrotis College, are as follows:

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**Notes to Consolidated Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**Note 20 – Perrotis College (continued)**

**Statement of Financial Position**

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 557,901	\$ 570,771
Due from affiliates *	2,430,254	2,035,797
Other receivables	210,811	248,076
State contributions receivable	53,510	46,477
Pledges receivable, current	635,019	269,136
Prepaid expenses	14,777	9,365
<b>Total current assets</b>	<b>3,902,272</b>	<b>3,179,622</b>
<b>Other Assets:</b>		
Pledges receivable, non - current	440,463	657,039
Long-term receivables	8,318	-
Long-lived tangible assets	11,586,134	11,524,062
<b>Total other assets</b>	<b>12,034,915</b>	<b>12,181,101</b>
<b>Total assets</b>	<b>\$ 15,937,187</b>	<b>\$ 15,360,723</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 333,165	\$ 332,614
Short-term borrowings	-	280,302
Short-term portion of long-term borrowings	40,809	-
Deferred revenues	253,333	141,625
<b>Total current liabilities</b>	<b>627,307</b>	<b>754,541</b>
<b>Long-term Liabilities:</b>		
Long-term borrowings	553,341	-
Reserve for personnel retirement indemnities	154,905	137,943
Other long-term liabilities	501	-
<b>Total long-term liabilities</b>	<b>708,747</b>	<b>137,943</b>
<b>Total liabilities</b>	<b>1,336,054</b>	<b>892,484</b>
<b>Net assets</b>		
Without donor restrictions	12,484,997	12,494,858
With donor restrictions**	2,116,136	1,973,381
<b>Total net assets</b>	<b>14,601,133</b>	<b>14,468,239</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,937,187</b>	<b>\$ 15,360,723</b>

\* The balance shown as “Due from affiliates” is mainly related to draw-downs from a restricted endowment of US\$17.4 million dedicated to Perrotis College and invested in the US. The balance also concerns restricted gifts and grants maintained and directed through the American Farm School.

\*\* The Net assets with donor restrictions consist mainly of scholarships and gifts in support of the operations of the College.

\*\*\* For the foreign currency translation please see note 3 (d) to the accompanying field operations consolidated financial statements.

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**Notes to Consolidated Financial Statements (continued)  
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**Note 20 – Perrotis College (continued)**

**Statement of Activities**

	Year Ended June 30					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions (Restated)	With Donor Restrictions	Total (Restated)
<b>Support and revenue</b>						
Private gifts and grants	\$ 1,398,214	\$ 366,553	\$ 1,764,767	\$ 2,155,688	\$ 1,215,716	\$ 3,371,404
State contributions	388,006	-	388,006	527,606	-	527,606
Education income *	1,195,039	-	1,195,039	1,632,409	-	1,632,409
Auxiliary enterprises	76,864	-	76,864	71,291	-	71,291
Investment income	35	-	35	28	-	28
Other income	125	-	125	424	-	424
Net assets released from restrictions used in operations	341,791	(341,791)	-	347,702	(347,702)	-
<b>Total support and revenue</b>	<b>3,400,074</b>	<b>24,762</b>	<b>3,424,836</b>	<b>4,735,148</b>	<b>868,014</b>	<b>5,603,162</b>
<b>Expenses</b>						
Education instruction	(2,910,212)	-	(2,910,212)	(3,184,238)	-	(3,184,238)
Expenses incurred for the implementation of funded projects	(1,151,256)	-	(1,151,256)	(1,345,336)	-	(1,345,336)
Operations and maintenance **	(247,373)	-	(247,373)	(235,037)	-	(235,037)
General administration **	(415,500)	-	(415,500)	(350,299)	-	(350,299)
Fundraising	(45,191)	-	(45,191)	(43,022)	-	(43,022)
Auxiliary enterprises	(12,997)	-	(12,997)	(29,339)	-	(29,339)
<b>Total expenses</b>	<b>(4,782,529)</b>	<b>-</b>	<b>(4,782,529)</b>	<b>(5,187,271)</b>	<b>-</b>	<b>(5,187,271)</b>
<b>Increase (decrease) in net assets from operations</b>	<b>(1,382,455)</b>	<b>24,762</b>	<b>(1,357,693)</b>	<b>(452,123)</b>	<b>868,014</b>	<b>415,891</b>
<b>Non-operating activities</b>						
Foreign exchange (losses), net	(7,206)	-	(7,206)	(1,926)	-	(1,926)
Foreign currency translation gains (losses), net	788,266	117,993	906,259	(199,358)	(4,360)	(203,718)
Intra institute account ***	592,000	-	592,000	558,000	-	558,000
Actuarial gain/(loss)	(466)	-	(466)	30,952	-	30,952
<b>Change in net assets</b>	<b>(9,861)</b>	<b>142,755</b>	<b>132,894</b>	<b>(64,455)</b>	<b>863,654</b>	<b>799,199</b>
<b>Net assets at beginning of year</b>	<b>12,494,858</b>	<b>1,973,381</b>	<b>14,468,239</b>	<b>12,559,313</b>	<b>1,109,727</b>	<b>13,669,040</b>
<b>Net assets at end of year</b>	<b>\$ 12,484,997</b>	<b>\$ 2,116,136</b>	<b>\$ 14,601,133</b>	<b>\$ 12,494,858</b>	<b>\$ 1,973,381</b>	<b>\$ 14,468,239</b>

\* Educational income is presented net of any tuition waivers and scholarships (US\$ 315,711 and US\$ 300,211 in 2021 and 2020, respectively) in the Statements of Activities.

\*\* Operations, maintenance and general administration expenses mainly comprise amounts incurred in the field operations of the American Farm School, a portion of which is allocated to the Perrotis College. Management, general and fund raising expenses incurring in the American Farm School's NY Office have not been incorporated.

\*\*\* The intra account in the Statements of Activities represents the annual withdrawal from the DPCAS endowment in accordance with and as provided by the American Farm School spending policy. This policy provides for annual withdrawals (5%) from the investment portfolio based on a rolling average (five years) of market values.

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**Notes to Consolidated Financial Statements (continued)  
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**Note 20 – Perrotis College (continued)**

**Statement of Cash Flows**

	<b>Year Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 132,894	\$ 799,199
Adjustments to reconcile changes in net assets to net increase (decrease) in cash and cash equivalents:		
Depreciation	677,185	637,069
Provision for doubtful accounts receivable	10,208	19,417
Provision for personnel retirement indemnities	8,278	12,535
Actuarial (gain) loss on reserve for personnel retirement indemnities	466	(30,952)
Losses from discount of pledges	18,317	15,460
Translation (gains) losses on long-lived assets	(692,627)	282,415
Translation (gains) losses on reserve for personnel retirement indemnities	8,218	(2,665)
Translation (gains) losses on allowance for doubtful accounts receivable	1,213	(84)
(Increase)/decrease in:		
Due from affiliates	(394,457)	(723,251)
Other receivables	25,844	(139,566)
State contributions receivable	(7,033)	(4,818)
Pledges receivable	(384,200)	(135,738)
Prepaid expenses	(5,412)	2,345
Other long-term receivables	(8,318)	-
Pledges receivable, non-current	216,576	(672,499)
Increase in:		
Accounts payable and accrued liabilities	551	113,491
Deferred revenues	111,708	128,028
Other long-term liabilities	501	-
<b>Net cash provided by (used in) operating activities</b>	<b><u>(280,088)</u></b>	<b><u>300,386</u></b>
<b>Cash flows from investing activities</b>		
Additions to long-lived tangible assets	<u>(46,630)</u>	<u>(87,977)</u>
<b>Cash Flows from financing activities</b>		
Proceeds from long-term borrowings	594,150	-
Net change in short-term borrowings	<u>(280,302)</u>	<u>280,302</u>
<b>Net cash provided by financing activities</b>	<b><u>313,848</u></b>	<b><u>280,302</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(12,870)</b>	<b>492,711</b>
<b>Cash and cash equivalents at beginning of year</b>	<b><u>570,771</u></b>	<b><u>78,060</u></b>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 557,901</u></b>	<b><u>\$ 570,771</u></b>
Cash paid for interest	<u>\$ 1,074</u>	<u>\$ 4,111</u>