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990

Return of Organization Exempt From Income Tax

OMB No 1545-0047

2008

Open to Public
InspectionUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

Department of the Treasury
Internal Revenue Service

A For the 2008 calendar year, or tax year beginning 7/1/2008, and ending 6/30/2009

B Check if applicable:
☐ Address change
☐ Name change
☐ Initial return
☐ Termination
☒ Amended return
☐ Application pending

C Name of organization Miles College
 Doing Business As
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
5500 Myron Massey Blvd
 City or town, state or country, and ZIP + 4
Fairfield AL 35064

D Employer identification number
63-0400608

E Telephone number
205-929-1000

G Gross receipts \$ 29,405,760

F Name and address of principal officer
Diana Knighton 5500 Myron Massey Blvd, Fairfield, AL 35064

H(a) Is this a group return for affiliates? ☐ Yes ☒ No
H(b) Are all affiliates included? ☐ Yes ☐ No
 If "No," attach a list (see instructions)

I Tax-exempt status ☒ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ http://www.miles.edu

K Type of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1905

M State of legal domicile AL

Part I Summary

1 Briefly describe the organization's mission or most significant activities: To motivate and direct its students to seek holistic development that leads to intellectual, ethical, spiritual and service-oriented lives.

2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its assets.

3 Number of voting members of the governing body (Part VI, line 1a) 3 25

4 Number of independent voting members of the governing body (Part VI, line 1b) 4 24

5 Total number of employees (Part V, line 2a) 5 822

6 Total number of volunteers (estimate if necessary) 6

7a Total gross unrelated business revenue from Part VIII, line 12, column (C) 7a 0

7b Net unrelated business taxable income from Form 990-T, line 34 7b 0

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	9,617,662	8,076,680
9 Program service revenue (Part VIII, line 2g)	13,879,790	20,571,035
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	0
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,970,153	758,045
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	28,467,605	29,405,760
13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	2,980,311	3,191,740
14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	106,000	219,283
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b Total fundraising expenses (Part IX, column (D), line 25) <u>87,742</u>		
17 Other expenses (Part IX, column (A), lines 11a, 11d, 11f, 24)	22,500,683	23,903,793
18 Total expenses—add lines 13–17 (must equal Part IX, column (A), line 25)	25,586,994	27,314,816
19 Revenue less expenses. Subtract line 18 from line 12	2,880,611	2,090,944
20 Total assets (Part X, line 16)	Beginning of Year 57,412,370	End of Year 57,795,492
21 Total liabilities (Part X, line 26)	16,411,096	16,597,189
22 Net assets or fund balances—subtract line 21 from line 20	41,001,274	41,198,303

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer Diana Knighton 1-26-11
Date

Diana Knighton Chief Financial Officer
Type or print name and title

Preparer's signature [Signature] **Date** 1-21-11 **Check if self-employed** ☐ **Preparer's identifying number (see instructions)** P81910650

Firm's name (or yours if self-employed), address, and ZIP + 4 The Wesley Peachtree Group, CPAs **EIN**
1100 W. Peachtree St NW, Atlanta, GA 30309 **Phone no** 404-874-0555

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2008)

(HTA)

SCANNED FEB 23 2011

Part III Statement of Program Service Accomplishments (see instructions)**1** Briefly describe the organization's mission:

To motivate and direct its students to seek holistic development that leads to intellectual, ethical, spiritual and service-oriented lives

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?
☐ Yes ☒ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?
☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code) (Expenses \$ 16,624,390 including grants of \$ 3,191,740) (Revenue \$ 15,549,716)

Miles College is an institution for higher education and provides instruction, scholarship and various support services in achieving its primary purpose of educating students

4b (Code) (Expenses \$ 5,154,520 including grants of \$ 0) (Revenue \$ 5,021,319)

Auxiliary enterprises support the College's mission of providing quality educational opportunities. These services include, but are not limited to food service, campus housing, campus post office, parking, vending, campus stores and athletics

4c (Code) (Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4d Other program services (Describe in Schedule O.)

(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e Total program service expenses ► \$ 21,778,910 (Must equal Part IX, Line 25, column (B))

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1 X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	2 X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	4	X
5 Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III	5	
6 Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6	X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7	X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8 X	
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9	X
10 Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V	10 X	
11 Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	11 X	
12 Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12 X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13 X	
14a Did the organization maintain an office, employees, or agents outside of the U S?	14a	X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? If "Yes," complete Schedule F, Part I	14b	X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II	15	X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III	16	X
17 Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I	17	X
18 Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	X
19 Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	X
20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H	20	X
21 Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	X
22 Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22 X	
23 Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J	23	X
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to question 25	24a	X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	X
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	X
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	X
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a	X
b Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I	25b	X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26	X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27	X

Part IV Checklist of Required Schedules (continued)

	Yes	No
28 During the tax year, did any person who is a current or former officer, director, trustee, or key employee		
a Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? <i>If "Yes," complete Schedule L, Part IV</i>		X
b Have a family member who had a direct or indirect business relationship with the organization? <i>If "Yes," complete Schedule L, Part IV</i>		X
c Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? <i>If "Yes," complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	X	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X

Part V Statements Regarding Other IRS Filings and Tax Compliance

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable.	1a 2,350	
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b 0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	X
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a 822	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to <i>e-file</i> this return (see instructions).	2b	X
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	3a	X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	X
b	If "Yes," enter the name of the foreign country: See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
c	If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	5c	
6a	Did the organization solicit any contributions that were not tax deductible?	6a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of more than \$75?	7a	X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	X
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	X
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g	X
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h	X
8	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	X
9	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	X
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	X
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	

Part VI Governance, Management, and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)

Section A. Governing Body and Management

		Yes	No
For each "Yes" response to lines 2–7b below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.			
1a	Enter the number of voting members of the governing body	25	
1b	Enter the number of voting members that are independent	24	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a material diversion of the organization's assets?		X
6	Does the organization have members or stockholders?		X
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		X
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9a	Does the organization have local chapters, branches, or affiliates?		X
9b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990	X	
11	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

Section B. Policies

		Yes	No
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	X	
12b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	X	
13	Does the organization have a written whistleblower policy?		X
14	Does the organization have a written document retention and destruction policy?	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:		
a	The organization's CEO, Executive Director, or top management official?	X	
b	Other officers or key employees of the organization?	X	
Describe the process in Schedule O. (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► AL

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.

☐ Own website ☐ Another's website ☒ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► Diana Knighton 205-929-1000
5500 Myron Massey Blvd, Fairfield, AL 35064

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors
Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if the organization did not compensate any officer, director, trustee, or key employee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Judge Raymond Chambliss Trustee	1	X						0	0	0
Dr. Carmichael Crutchfield Trustee	1	X						0	0	0
Mr. Jordan Frazier Trustee	1	X						0	0	0
Ms. Elnora Hamb Trustee	1	X						0	0	0
Rev. Tyrone T. Davis Trustee	1	X						0	0	0
Mr. William Henry Trustee	1	X						0	0	0
Ms. Mattie Jackson Trustee	1	X						0	0	0
Mr. John O. Hudson III Trustee	1	X						0	0	0
Rev. William Larkin Trustee	1	X						0	0	0
Bishop Paul Stewart Trustee	1	X						0	0	0
Dr. Digambar Mishra Trustee	1	X						0	0	0
Mr. J. Wray Pearce Trustee	1	X						0	0	0
Dr. Annie Robinson Trustee	1	X						0	0	0
Mr. Charles Smith Trustee	1	X						0	0	0
Mr. Bunny Strokes Jr. Trustee	1	X						0	0	0
Rev. James A. Wilson Trustee	1	X						0	0	0
Rev. Troy D. Johnson Trustee	1	X						0	0	0

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Dr. Yvonne Kennedy Trustee	1	X						0	0	0
Mr. Robert Dickerson Trustee	1	X						0	0	0
Mrs. Shirley D. Fowlkes Trustee	1	X						0	0	0
Mr. Steven Hoyt Trustee	1	X						0	0	0
Mr. Antonio Rayford Trustee	1	X						0	0	0
Attorney J. Richet Pearson Trustee	1	X						0	0	0
Bishop Lawrence L. Reddick III, Chair	1	X						0	0	0
Ms. Diana Knighton VP of Budget & Finance	40			X	X	X		103,133	0	0
Dr. George French President	40			X	X	X		116,150	0	0
	0							0	0	0
	0							0	0	0
	0							0	0	0
	0							0	0	0
	0							0	0	0
1b Total								219,283	0	0

2 Total number of individuals (including those in 1a) who received more than \$100,000 in reportable compensation from the organization **2**

- 3** Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual
- 4** For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual
- 5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
3		X
4		X
5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
GSI Management Compæ P.O. Box 56346 Atlanta GA 30343	Management	1,214,320
Omega Janitorial P.O. Box 10325 Birmingham AL 35202	Janitorial Service	453,492
Lewis Electric Company P O Box 611364 Birmingham AL 35261	Electric Company	127,524
Tate's Lawn Service 5801 Court Q Birmingham AL 35288	Lawn Service	126,557
Lenzy's Contractor 3011 Avenue T Birmingham AL 35208	Contractor	112,568

2 Total number of independent contractors (including those in 1) who received more than \$100,000 in compensation from the organization **5**

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a	0			
	b	Membership dues	1b	0			
	c	Fundraising events	1c	0			
	d	Related organizations	1d	0			
	e	Government grants (contributions)	1e	3,698,748			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	4,377,932			
	g	Noncash contributions included in lines 1a-1f \$		0			
	h	Total. Add lines 1a-1f		8,076,680			
Program Service Revenue			Business Code				
	2a	Tuition & Fees	611600	15,549,716	15,549,716		
	b	Sales and Services of Auxiliary Enterprises	611710	5,021,319	5,021,319		
	c			0			
	d			0			
	e			0			
	f	All other program service revenue		0			
	g	Total. Add lines 2a-2f		20,571,035			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		0			
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
	6a	Gross Rents	(i) Real	(ii) Personal			
		Less: rental expenses					
		Rental income or (loss)	0	0			
		Net rental income or (loss)			0		
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		Less: cost or other basis and sales expenses	0	0			
		Gain or (loss)	0	0			
		Net gain or (loss)			0		
	8a	Gross income from fundraising events (not including \$ 0 of contributions reported on line 1c). See Part IV, line 18	a	0			
		Less: direct expenses	b	0			
		Net income or (loss) from fundraising events			0		
		9a	Gross income from gaming activities See Part IV, line 19	a	0		
	Less: direct expenses		b	0			
	Net income or (loss) from gaming activities				0		
	10a		Gross sales of inventory, less returns and allowances	a	0		
		Less: cost of goods sold	b	0			
		Net income or (loss) from sales of inventory			0		
Miscellaneous Revenue		Business Code					
11a	Other Income	900099	758,045	758,045			
			0				
			0				
	All other revenue		0				
	Total. Add lines 11a-11d		758,045				
12	Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e		29,405,760	21,329,080	0	0	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2	Grants and other assistance to individuals in the U.S. See Part IV, line 22	3,191,740	3,191,740		
3	Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	219,283		219,283	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	0			
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	0			
9	Other employee benefits	0			
10	Payroll taxes	0			
11	Fees for services (non-employees):				
a	Management	0			
b	Legal	0			
c	Accounting	0			
d	Lobbying	0			
e	Professional fundraising services See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	0			
12	Advertising and promotion	0			
13	Office expenses	0			
14	Information technology	0			
15	Royalties	0			
16	Occupancy	0			
17	Travel	0			
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	0			
21	Payments to affiliates	0	0	0	0
22	Depreciation, depletion, and amortization	0	0	0	0
23	Insurance	0			
24	Other expenses Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a	Instruction	9,575,964	9,575,964		
b	Academic Support	1,222,171	770,215	451,956	
c	Student Services	1,697,421	1,697,421		
d	Institutional Support	5,638,338	773,671	4,776,925	87,742
e	Public Service	615,379	615,379		
f	All other expenses Auxiliary Enterprises	5,154,520	5,154,520		
25	Total functional expenses. Add lines 1 through 24f	27,314,816	21,778,910	5,448,164	87,742
26	Joint Costs. Check here <input type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	5,887,153	1	7,450,757
	2 Savings and temporary cash investments	5,762,719	2	7,647,946
	3 Pledges and grants receivable, net	2,361,924	3	5,085,525
	4 Accounts receivable, net	54,042	4	130,862
	5 Receivables from current and former officers, directors, trustees, key employees, or other related parties. Complete Part II of Schedule L	0	5	0
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L	0	6	0
	7 Notes and loans receivable, net	102,362	7	69,619
	8 Inventories for sale or use	143,939	8	117,863
	9 Prepaid expenses and deferred charges	126,590	9	74,052
	10a Land, buildings, and equipment: cost basis	65,895,834		
	b Less accumulated depreciation. Complete Part VI of Schedule D	-34,371,539		
		33,823,432	10c	31,811,732
	11 Investments—publicly traded securities	8,719,909	11	4,976,836
	12 Investments—other securities. See Part IV, line 11	0	12	0
	13 Investments—program-related. See Part IV, line 11	0	13	0
	14 Intangible assets		14	
15 Other assets. See Part IV, line 11	430,300	15	430,300	
16 Total assets. Add lines 1 through 15 (must equal line 34)	57,412,370	16	57,795,492	
Liabilities	17 Accounts payable and accrued expenses	1,103,503	17	1,674,921
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	7,475,786	20	7,405,172
	21 Escrow account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties	0	23	0
	24 Unsecured notes and loans payable	0	24	0
	25 Other liabilities. Complete Part X of Schedule D	7,831,807	25	7,517,096
	26 Total liabilities. Add lines 17 through 25	16,411,096	26	16,597,189
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	31,373,026	27	31,450,029
	28 Temporarily restricted net assets	7,446,177	28	7,566,203
	29 Permanently restricted net assets	2,182,071	29	2,182,071
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	41,001,274	33	41,198,303
	34 Total liabilities and net assets/fund balances	57,412,370	34	57,795,492

Part XI Financial Statements and Reporting

- 1 Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant?
- b Were the organization's financial statements audited by an independent accountant?
- c If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
- 3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b If "Yes," did the organization undergo the required audit or audits?

	Yes	No
2a		X
2b	X	
2c	X	
3a	X	
3b	X	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

To be completed by all section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization

Miles College

Employer identification number

63-0400608

Part I Reason for Public Charity Status (All organizations must complete this part.) (see instructions)

The organization is not a private foundation because it is: (Please check only one organization.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 ☒ A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**. (Attach Schedule H.)
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**. (see instructions)
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
- a ☐ Type I b ☐ Type II c ☐ Type III—Functionally integrated d ☐ Type III—Other
- e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**.
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box. ☐
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
- (ii) A family member of a person described in (i) above?
- (iii) A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

h Provide the following information about the organizations the organization supports.

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col.(i) of your support?		(vi) Is the organization in col (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
									0
									0
									0
									0
									0
									0
Total									0

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")	0	0	0			0
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf	0	0	0			0
3 The value of services or facilities furnished by a governmental unit to the organization without charge	0	0	0			0
4 Total. Add lines 1-3	0	0	0	0	0	0
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						0

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4	0	0	0	0	0	0
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	0	0	0			0
9 Net income from unrelated business activities, whether or not the business is regularly carried on						0
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)	0	0	0			0
11 Total support. Add lines 7 through 10						0
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))	14	0 00%
15 Public support percentage from 2007 Schedule A, Part IV-A, line 26f	15	0 00%
16a 33 1/3% support test—2008. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 33 1/3% support test—2007. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances-test—2008. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances-test—2007. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	0	0	0			0
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	0	0	0			0
3 Gross receipts from activities that are not an unrelated trade or business under section 513						0
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf	0	0	0			0
5 The value of services or facilities furnished by a governmental unit to the organization without charge	0	0	0			0
6 Total. Add lines 1-5	0	0	0	0	0	0
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						0
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						0
c Add lines 7a and 7b	0	0	0	0	0	0
8 Public support (Subtract line 7c from line 6)						0

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
9 Amounts from line 6	0	0	0	0	0	0
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						0
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						0
c Add lines 10a and 10b	0	0	0	0	0	0
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						0
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	0	0	0			0
13 Total support. (Add lines 9, 10c, 11, and 12)						0
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2008 (line 8, column (f) divided by line 13, column (f))	15	0.00%
16 Public support percentage from 2007 Schedule A, Part IV-A, line 27g	16	0.00%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2008 (line 10c, column (f) divided by line 13, column (f))	17	0.00%
18 Investment income percentage from 2007 Schedule A, Part IV-A, line 27h	18	0.00%

19a 33 1/3% support tests—2008. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization. ☐

b 33 1/3% support tests—2007. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization. ☐

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions. ☐

Part IV

Supplemental Information. Complete this part to provide the explanation required by Part II, line 10, Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. (see instructions)

Area with horizontal dashed lines for supplemental information.

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

Miles College

Supplemental Financial Statements

► Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

OMB No 1545-0047

2008

**Open to Public
Inspection**

Employer identification number

63-0400608

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7

1 Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g., recreation or pleasure) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of certified historic structure

☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ►

4 Number of states where property subject to conservation easement is located ►

5 Does the organization have a written policy regarding the periodic monitoring, inspection, violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff or volunteer hours devoted to monitoring, inspecting, and enforcing easements during the year ►

7 Amount of expenses incurred in monitoring, inspecting, and enforcing easements during the year ► \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ► \$ 0

(ii) Assets included in Form 990, Part X ► \$ 430,300

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ► \$

b Assets included in Form 990, Part X ► \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☒ Public exhibition

d ☐ Loan or exchange programs

b ☐ Scholarly research

e ☐ Other

c ☒ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☒ No

Part IV Trust, Escrow and Custodial Arrangements. Complete if organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	0

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☒ No

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	2,182,071				
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	2,182,071				

2 Provide the estimated percentage of the year end balance held as:

a Board designated or quasi-endowment ▶ %

b Permanent endowment ▶ 100%

c Term endowment ▶ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land	0	1,726,572		1,726,572
b Buildings	0	50,736,030	0	50,909,202
c Leasehold improvements	0	5,550,607	0	5,618,608
d Equipment	0	7,882,625	0	7,928,889
e Other	0	0	-34,371,539	-34,371,539
Total. Add lines 1a–1e. (Column (d) should equal Form 990, Part X, column (B), line 10(c))				31,811,732

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives and other financial products . . .	0	
Closely-held equity interests	0	
Other	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
.....	0	
Total (Column (b) should equal Form 990, Part X, col (B) line 12) ►	0	

Part VIII Investments—Program Related. See Form 990, Part X, line 13

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
	0	
	0	
	0	
	0	
	0	
	0	
	0	
	0	
	0	
	0	
	0	
	0	
	0	
Total (Column (b) should equal Form 990, Part X, col. (B) line 13) ▶	0	

Part IX **Other Assets.** See Form 990, Part X, line 15.

(a) Description	(b) Book value
	0
	0
	0
	0
	0
	0
	0
	0
	0
	0
	0
Total. (Column (b) should equal Form 990, Part X, col (B) line 15.) ▶	0

Part X **Other Liabilities.** See Form 990, Part X, line 25

(a) Description of liability	(b) Amount
Federal income taxes	0
Capital Lease Obligation	7,517,096
	0
	0
	0
	0
	0
	0
	0
	0
	0
	0
Total (Column (b) should equal Form 990, Part X, col. (B) line 25) ►	7,517,096

In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	29,405,760
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	27,314,816
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	2,090,944
4	Net unrealized gains (losses) on investments	4	-1,893,914
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4-8	9	-1,893,914
10	Excess or (deficit) for the year per financial statements. Combine lines 3 and 9	10	197,030

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	27,511,846
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	-1,893,914
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	-1,893,914
3	Subtract line 2e from line 1	3	29,405,760
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0
5	Total revenue. Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	29,405,760

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	27,314,817
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Losses reported on Form 990, Part IX, line 25	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	27,314,817
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0
5	Total expenses. Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	27,314,817

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4, Part IV, lines 1b and 2b; Part V, line 4; Part X; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b

Part III Line 4 Works of art for historical events and cultural.

Part XIV Supplemental Information *(continued)*

Area for supplemental information with horizontal dotted lines.

SCHEDULE E
(Form 990 or 990-EZ)

Schools

OMB No 1545-0047

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

- To be completed by organizations that answer "Yes" to Form 990, Part IV, line 13, or Form 990-EZ, Part VI, line 48.
► Attach to Form 990 or Form 990-EZ.

Name of the organization

Miles College

Employer identification number

63-0400608

	YES	NO
1 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	X	
2 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	X	
3 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe. If "No," please explain. <u>The College admits students of any race, color, national or ethnic origin. The College does not discriminate on the basis of race, color, national or ethnic origin in the administration of its educational policies, scholarships, or loan programs and athletic and school administered programs. The College's non-discrimination statement appears in all brochures and applications for admission.</u>	X	
4 Does the organization maintain the following?		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	X	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	X	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	X	
d Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement)	X	
5 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?		X
b Admissions policies?		X
c Employment of faculty or administrative staff?		X
d Scholarships or other financial assistance?		X
e Educational policies?		X
f Use of facilities?		X
g Athletic programs?		X
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement)		X
6a Does the organization receive any financial aid or assistance from a governmental agency?	X	
6b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either line 6a or line 6b, please explain using an attached statement		X
7 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation.	X	

Grants and Other Assistance to Organizations, Governments, and Individuals in the U.S.

2008

Open to Public Inspection

Name of the organization

Name of the organization

Employer Identification number

Miles College

Part I

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

☒ Yes ☐ No

Grants and Other Assistance to Governments in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed.

[illegible]

- | | | | | |
|---|--|---|---|---|
| 2 | Enter total number of section 501(c)(3) and government organizations | . | . | . |
| 3 | Enter total number of other organizations | . | . | . |

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

HTA)

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed

[illegible]

Part IV	Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.
----------------	--

**SCHEDULE O
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

- **Attach to Form 990. To be completed by organizations to provide additional information for responses to specific questions for the Form 990 or to provide any additional information.**

OMB No. 1545-0047

2008

**Open to Public
Inspection**

Name of the organization

Miles College

Employer identification number

63-0400608

Form 990 Part VI Section B Line 12c: Trustees are required to disclose at the next convening Board of

Trustees meeting any conflict of interest. Board members with a conflict

of interest with a matter for vote must abstain from voting. The College's audit committee

is responsible for ensuring adherence to the policy.

Form 990 Part VI Section B Line 15b: The Board of Trustees, based on predetermined areas of performance, evaluates

the work of the President of the College annually. The Board's Evaluation and

Compensation Committee evaluates the performance. When additional

compensation is deemed appropriate, a review of salaries of Presidents at peer

institutions is conducted to assist in arriving at a recommendation to the Executive

Committee for approval. Compensation for top officers of the College are at the

discretion of the President. The discretion is performed by 1) previous salary

history, 2) market data from the CUPA survey published in the Chronicle of Higher

Education

Form 990 Part VI Section A Line 10: The College presents the Form 990 to its finance committee for review before it is

filed. The College plans to implement an acknowledgement form for each member

to sign indicating their approval

Form 990 Part VI Section C Line 19: The College makes this information available upon request

Form 990 Part III Line 4b: To report correct program services revenues and expenditures

Form 990 Part IV Line 22: To mark appropriate check boxes

Name of the organization

Employer identification number

Miles College

63-0400608

Form 990 Part VI Section A Line 1a: To show correct Voting Members

Form 990 Part VI Section A Line 1b: To show correct Independent Voting Members

Form 990 Part VI Section A Line 9a: To mark appropriate check boxes.

Form 990 Part VI Section B Line 16b To mark appropriate check boxes

Form 990 Part VII Section A Line C: To mark appropriate check boxes

Form 990 Part VIII Line 1a: To show correct allocation of revenues.

Form 990 Part VIII Line 2a To show correct allocation of revenues.

Form 990 Part VIII Line 11a To show correct allocation of revenues

Form 990 Part IX Line 5c: To show correct allocation of expenses

Form 990 Part IX Line 24d: To show correct allocation of expenses

Form 990 Part X Line 2b To correct end of year total.

Form 990 Part X Line 4b To correct end of year total

Form 990 Part X Line 13b: To correct end of year total.

Form Schedule D Part VIII: To correct investments program related

Name of the organization

Employer identification number

Miles College

63-0400608

Form Schedule D Part X To correct othr liabilities

Form Schedule D Part XI Line 1 To correct reconciliation change in net assets

Form Schedule D Part XI Line 3 To correct reconciliation change in net assets

Form Schedule D Part XI Line 4 To correct reconciliation change in net assets

Form Schedule D Part XI Line 9 To correct reconciliation change in net assets

Form Schedule D Part XII Line 2a To correct reconciliation of revenue per audit

Form Schedule R New form to report related tax organizations

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ See separate instructions.

OMB No. 1545-0047

2008

**Open to Public
Inspection**

Name of the organization

Miles College

Employer identification number

63-0400608

Part I Identification of Disregarded Entities

(A) Name, address, and EIN of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity
-----			0	0	
-----			0	0	
-----			0	0	
-----			0	0	
-----			0	0	
-----			0	0	
-----			0	0	

Part II Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity
Miles Law School P O. Box 39150, Alabama, AL 35208	Education	AL	501 (c)(3)		Board of Trustees

Part V Transactions With Related Organizations**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II–IV?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity		
b Gift, grant, or capital contribution to other organization(s)		X
c Gift, grant, or capital contribution from other organization(s)		X
d Loans or loan guarantees to or for other organization(s)		X
e Loans or loan guarantees by other organization(s)		X
f Sale of assets to other organization(s)		X
g Purchase of assets from other organization(s)		X
h Exchange of assets		X
i Lease of facilities, equipment, or other assets to other organization(s)	X	
j Lease of facilities, equipment, or other assets from other organization(s)		X
k Performance of services or membership or fundraising solicitations for other organization(s)		X
l Performance of services or membership or fundraising solicitations by other organization(s)		X
m Sharing of facilities, equipment, mailing lists, or other assets		X
n Sharing of paid employees		X
o Reimbursement paid to other organization for expenses		X
p Reimbursement paid by other organization for expenses		X
q Other transfer of cash or property to other organization(s)		X
r Other transfer of cash or property from other organization(s)		X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(A) Name of other organization(s)	(B) Transaction type (a–r)	(C) Amount involved
(1)			0
(2)			0
(3)			0
(4)			0
(5)			0
(6)			0

Part VII, Section B, Line 1 (990) - Highest Compensated Independent Contractors

	Contractor's Name	Check if Business	Street Address	City	State	Zip Code	Foreign Country
1	GSI Management Company	X	P O Box 56346	Atlanta	GA	30343	
2	Lenzy's Contractor	X	3011 Avenue T	Birmingham	AL	35208	
3	Lewis Electric Company	X	P O Box 611364	Birmingham	AL	35261	
4	Omega Janitorial	X	P O Box 10325	Birmingham	AL	35202	
5	Tate's Lawn Service	X	5801 Court Q	Birmingham	AL	35288	
6							
7							
8							
9							
10							

[illegible]

Part VIII, Lines 1a-h (990) - Contributions, Gifts, Grants, and Other Amounts

	Cash	Non Cash
1 Federated Campaigns		1
2 Membership dues		2
3 Fundraising events		3
4 Related organizations		4
5 Government grants (contributions)	3,698,748	5
6 All other contributions, gifts, grants, and similar amounts not included above:		
	4,377,932	
Other contributions total	4,377,932	6 0
7 Total	8,076,680	7 0

Part X, Line 3 (990) - Pledges and Grants Receivable

	Pledges and grants receivable		Allowance for doubtful accounts	
	Beginning	End	Beginning	End
1 Pledge Receivable	1,890,859	2,369,158	342,026	295,420
2				
3 Government Grants	813,091	3,011,787		
4				
5				
6				
7				
8				
9				
10				
11				
12 Total pledges and grants receivable	2,703,950	5,380,945	342,026	295,420

Part X, Line 4 (990) - Accounts Receivable

	Accounts receivable		Allowance for doubtful accounts	
	Beginning	End	Beginning	End
1 Student Receivable	6,371,334	6,396,999	6,350,892	6,374,559
2 Other	33,600	108,422		
3				
4				
5				
6				
7				
8				
9				
10				
11 Total accounts receivable	6,404,934	6,505,421	6,350,892	6,374,559

Part X, Line 7 (990) - Other Notes

0 102,362 941,135 871,516

	Check if a business	Check if credit union or 501(c)(3) scholarship loan	Borrower's name	Title	Original amount	Net balance due beginning of year	Balance due end of year	Allowance for doubtful accounts end of year
1	X		Various Student Loans	Loan Receivable		102,362	941,135	871,516
2								
3						0		
4						0		
5						0		
6						0		
7						0		
8						0		
9						0		
10						0		
11						0		
12						0		
13						0		
14								
15								
16								
17								
18								
19								
20								

[illegible]

Part X, Lines 10a and 10b (990) - Land, Buildings, and Equipment

Category or Item		Land	Buildings	Leasehold Improvements	Equipment	Other	Check if Investment Asset	Check if Asset Disposed	Cost/Other Basis	Beginning Accumulated Depreciation	Ending Accumulated Depreciation	Disposals/ Adjustments	Beginning Balance	Ending Balance
1	Land and Improvements	X							1,726,572	0	-34,371,539		33,823,432	31,811,732
2	Building and Improvements		X						50,736,030			173,172	50,736,030	50,909,202
3	Furniture, fixtures and equipment				X				7,882,625	0		46,264	7,882,625	7,928,889
4	Library holdings			X					5,550,607	0		68,001	5,550,607	5,618,608
5	Accumulated Depreciation					X			0	-32,072,402	-34,371,539		-32,072,402	-34,371,539
6									0	0	0		0	0
7									0	0	0		0	0
8									0	0	0		0	0
9									0	0	0		0	0
10									0	0	0		0	0
11									0	0	0		0	0
12									0	0	0		0	0
13									0	0	0		0	0
14									0	0	0		0	0
15									0	0	0		0	0
16									0	0	0		0	0
17									0	0	0		0	0
18									0	0	0		0	0
19									0	0	0		0	0
20									0	0	0		0	0

Part X, Lines 11 and 12 (990) - Investments - Securities

Check one box below to indicate how securities are reported

- ☐ Cost
- ☒ End of year market value (FMV)

						0	8,719,909	4,976,836
Securities at end of year		Publicly Traded Securities?	Financial Denvatives	Closely-Held Equity Interests	Number of Shares/ Face Value	Value at Time of Donation	Beginning Balance Book Value FMV	Ending Balance Book Value FMV
1	Mutual Stocks and Bond Funds	X			0.00	0	2,289,479	1,860,683
2	Corporate Stock	X			0.00	0	6,430,430	3,116,153
3					0.00	0	0	0
4					0.00	0	0	0
5					0.00	0	0	0
6					0.00	0	0	0
7					0.00	0	0	0
8					0.00	0	0	0
9					0.00	0	0	0
10					0.00	0	0	0
11					0.00	0	0	0
12					0.00	0	0	0
13					0.00	0	0	0
14					0.00	0	0	0
15					0.00	0	0	0
16					0.00	0	0	0
17					0.00	0	0	0
18					0.00	0	0	0
19					0.00	0	0	0
20					0.00	0	0	0

Part X, Line 15 (990) - Other Assets

		430,300	430,300
		Beginning	End
1	Art Collection	430,300	430,300
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

Part X, Line 20 (990) - Tax-Exempt Bond Liabilities

	Issue name	Purpose	Beginning balance	End of year amount outstanding	Unexpended proceeds	% of space used by 3rd party, if required	Maturity date
1	HBCU Capital Financing Programs	Capital Projects	7,475,786	7,405,172			7/1/2034
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							

[illegible]

Part X, Line 25 (990) - Other Liabilities

7,831,807 7,517,096

Description		Beginning	End
1	Capital Lease Obligation	7,831,807	7,517,096
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

Part IX (Sch D (990)) - Other Assets

0

Description		Book Value
1		0
2		0
3		0
4		0
5		0
6		0
7		0
8		0
9		0
10		0
11		0
12		0
13		0
14		0
15		0
16		0
17		0
18		0
19		0
20		0

Part X (Sch D (990)) - Other Liabilities

7,517,096

Description		Amount
1	Federal Income Taxes	
2	Capital Lease Obligation	7,517,096
3		0
4		0
5		0
6		0
7		0
8		0
9		0
10		0
11		0
12		0
13		0
14		0
15		0
16		0
17		0
18		0
19		0
20		0
21		0

Lines 6a and 6b (Sch E (990/990EZ)) - Financial Aid or Government Agency Assistance

Does the organization receive any financial aid or assistance from a governmental agency?

☒ Yes☐ No

Has the organization's right to such aid ever been revoked or suspended?

☐ Yes☒ No

If "Yes" to either question above, please explain

The College offers scholarships and financial aid to assist students with meetingtheir financial obligations. The financial aid office has the necessarypolicies and procedures to ensure that the College adheres to and complieswith federal regulations regarding eligibility for student financial aidRequirements for receiving scholarships depend on other factors such as grade
point average, family income, or athletic talents.The College has adequate staff in its other grant programs witheligibility guidelines to ensure compliance. The College also undergoes the requiredOMB Circular A-133 audit.

MILES COLLEGE

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

MILES COLLEGE
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
MILES COLLEGE:

We have audited the accompanying balance sheets of **MILES COLLEGE**, "the College", (an Alabama nonprofit educational institution) as of June 30, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. 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 *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **MILES COLLEGE** as of June 30, 2009 and 2008, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated September 25, 2009 and October 3, 2008 for the fiscal years ended June 30, 2009 and 2008, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over

INDEPENDENT AUDITOR'S REPORT

financial reporting and compliance and the results of the testing and not to provide an opinion on the internal control over financial reporting or compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

September 25, 2009

The Wesley Peachtree Group

Certified Public Accountants

MILES COLLEGE

BALANCE SHEETS

AS OF JUNE 30, 2009 AND 2008

	2009			2008				
	Unrestricted	Temporarily	Restricted Permanently	Total	Unrestricted	Temporarily	Restricted Permanently	Total
ASSETS:								
Cash and certificates of deposit	\$ 6,149,664	\$ 940,117	\$ 360,976	\$ 7,450,757	\$ 3,896,500	\$ 1,631,106	\$ 359,547	\$ 5,887,153
Accounts, pledges, grants and loans receivable, less allowance for doubtful accounts	2,274,219	3,011,787	-	5,286,006	1,705,237	813,091	-	2,518,328
Investments, at market value	7,189,388	3,614,299	1,821,095	12,624,782	7,658,124	5,001,980	1,822,524	14,482,628
Art collection	430,300	-	-	430,300	430,300	-	-	430,300
Inventory	117,863	-	-	117,863	143,939	-	-	143,939
Prepaid expenses	74,052	-	-	74,052	126,590	-	-	126,590
Property and equipment, at cost, net of accumulated depreciation	31,811,732	-	-	31,811,732	33,823,432	-	-	33,823,432
Total assets	\$ 48,047,218	\$ 7,566,203	\$ 2,182,071	\$ 57,795,492	\$ 47,784,122	\$ 7,446,177	\$ 2,182,071	\$ 57,412,370
LIABILITIES AND NET ASSETS:								
liabilities-								
Trade accounts payable, deposits and accrued expenses	\$ 1,674,921	\$ -	\$ -	\$ 1,674,921	\$ 1,103,503	\$ -	\$ -	\$ 1,103,503
Bonds payable, net of unamortized discounts	7,405,172	-	-	7,405,172	7,475,786	-	-	7,475,786
Capitalized lease obligations, net of unamortized discounts	7,517,096	-	-	7,517,096	7,831,807	-	-	7,831,807
Total liabilities	16,597,189	-	-	16,597,189	16,411,096	-	-	16,411,096
Net Assets-								
Unrestricted	31,450,029	-	-	31,450,029	31,373,026	-	-	31,373,026
Temporarily restricted	-	7,566,203	-	7,566,203	-	7,446,177	-	7,446,177
Permanently restricted	-	-	2,182,071	2,182,071	-	-	2,182,071	2,182,071
Total net assets	31,450,029	7,566,203	2,182,071	41,198,303	31,373,026	7,446,177	2,182,071	41,001,274
Total liabilities and net assets	\$ 48,047,218	\$ 7,566,203	\$ 2,182,071	\$ 57,795,492	\$ 47,784,122	\$ 7,446,177	\$ 2,182,071	\$ 57,412,370

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

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

The accompanying notes are an integral part of these financial statements

MILES COLLEGE

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 197,029	\$ 2,880,611
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation expense	2,299,137	2,560,670
Net realized and unrealized investment losses	1,893,914	241,097
(Increase) Decrease in accounts, contributions and loans receivable	(2,767,678)	472,225
(Increase) Decrease in inventory	26,076	(12,299)
Decrease in prepaid expenses	52,538	92,675
Increase in accounts payable, deposits and accrued expenses	<u>571,418</u>	<u>12,945</u>
<i>Net cash provided by operating activities</i>	<u>2,272,434</u>	<u>6,247,924</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales (purchases) of investments	(36,068)	(139,720)
Purchases of property and equipment	<u>(287,437)</u>	<u>(384,262)</u>
<i>Net cash used in investing activities</i>	<u>(323,505)</u>	<u>(523,982)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayments on capitalized lease obligations, bonds and notes payable, <i>net of amortized discounts</i>	<u>(385,325)</u>	<u>(3,309,138)</u>
<i>Net cash used in financing activities</i>	<u>(385,325)</u>	<u>(3,309,138)</u>
NET INCREASE IN CASH AND CERTIFICATES OF DEPOSIT	1,563,604	2,414,804
CASH AND CERTIFICATES OF DEPOSIT, <i>at beginning of year</i>	<u>5,887,153</u>	<u>3,472,349</u>
CASH AND CERTIFICATES OF DEPOSIT, <i>at end of year</i>	<u>\$ 7,450,757</u>	<u>\$ 5,887,153</u>
<i>Supplemental disclosures-</i>		
Cash paid for interest	<u>\$ 659,443</u>	<u>\$ 744,887</u>

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

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS **JUNE 30, 2009 AND 2008**

1. DESCRIPTION OF THE ORGANIZATION:

MILES COLLEGE ("the College") is a co-educational, residential and church-related college located in Birmingham, Alabama. The College was founded in 1905 and is affiliated with the Christian Methodist Episcopal ("C.M.E.") Church. Primary sources of revenue include church appropriations, tuition and fees, Federal grants and contracts, United Negro College Fund contributions, Alabama State grants, and other appropriations and gifts.

The College is currently accredited by the Southern Association of Colleges and Schools ("SACS"). SACS requires an institution to maintain compliance with the criteria for *Principles on Accreditation* which includes standards for institutional purpose, institutional effectiveness, the educational program, educational support services, athletics and administrative processes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS:

Basis of Accounting-

The financial statements of the College have been prepared on the accrual basis of accounting. The accounts of the College are maintained in accordance with the principles of fund accounting whereby resources are classified into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund. For external financial reporting purposes, the funds and accounts have been converted to conform with the basis of presentation described below.

Basis of Presentation-

The accompanying financial statements have been prepared based on the concept of "net assets". Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of the College and changes therein are classified and reported as follows:

- **Unrestricted net assets-** Net assets that are not subject to donor-imposed stipulations.
- **Temporarily restricted net assets-** Net assets subject to donor-imposed stipulations that may or will be met either by actions of the College and/or the passage of time. When the stipulations expire or have been met by action of the College, restricted net assets are reclassified to unrestricted net assets and reported in the *Statement of Activities* as net assets released from restrictions. The College's policy is to record net assets whose restrictions expire in the same reporting period as unrestricted net assets.

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS: (Continued)

Basis of Presentation- (continued)

- Permanently restricted net assets- Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes.

Inventory-

Inventories consist principally of books and supplies to be sold in the College's bookstore. All items are valued at the lower of cost determined principally on the first-in, first-out method, or market.

Investments-

The College's investments are stated at market value. The cost assigned to investments acquired by gift is the market value at the date of donation. All gains and losses arising from the sale, collection, or other disposition of investments and ordinary income derived from investments are accounted for in the net assets group owning such assets, except for income derived from investments of endowment and similar funds. That income is accounted for as temporarily restricted net assets if restricted, or if unrestricted, as unrestricted net assets.

Art Collection-

The College's art collection is stated at estimated fair market value based upon the donor's appraisal.

Auxiliary Enterprises-

Auxiliary Enterprises include intercollegiate athletics, residence halls, food services, post office and the College's bookstore. These activities have been grouped and categorized separately as an operation supplementary to the primary educational mission of the College.

Fair Value of Financial Instruments-

The carrying amount of cash, certificates of deposit, accrued interest receivable, and accounts receivable approximates fair value because of the short maturity of these financial instruments. The carrying value of investments is based upon values provided by external investment managers or quoted market values.

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS: (Continued)

Fair Value of Financial Instruments- *(continued)*

A reasonable estimate of the fair value of the loans receivable from students under government loan programs and advances from Federal government for student loans could not be made because the loans receivable are not saleable and can only be assigned to the U.S. Government or its designees.

The carrying amount of the capital lease obligations, bonds and notes payable approximates fair value because these financial instruments bear interest at rates which approximate market rates for notes with similar maturities and credit quality.

Use of Estimates-

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingencies and the reported revenues and expenses. Actual results could differ from those estimates. Significant estimates used in the preparation of the accompanying financial statements are disclosed in various sections of the notes to the financial statements.

Cash and Certificates of Deposit-

Cash and certificates of deposit include certificates with maturities of one year or less. As of June 30, 2009 and 2008, these amounts were \$7,647,946 and \$5,762,719, respectively. There is \$650,208 and \$1,257,742 in 2009 and 2008, respectively, of cash and certificates of deposit that are reserved for purposes required by the College's bonds payable (*Note 5*).

Concentration of Credit Risk-

Substantially all of the College's cash and certificates of deposit are maintained in several financial institutions and several of the balances are in excess of federal government insurance limits.

Property and Equipment-

Property and equipment are stated at cost on the date of acquisition or fair value on the date of donation in the case of gifts. Depreciation is computed on a straight-line basis over the estimated useful lives of buildings and improvements (30 to 40 years), furniture, fixtures and equipment (5 to 15 years). Library holdings (consisting of books, microfiche, CD-ROM, periodicals, etc.) are depreciable over 10 years. However, library archives and collections have not been valued and are not included in these financial statements. Management does not believe that library archives and collections are material to the College's financial statements. Generally, property and equipment disposals are removed from the records at the time of the disposal. The College's policy is to capitalize all property and equipment with cost in excess of \$5,000.

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS: (Continued)

Property and Equipment- (continued)

As of June 30, 2009 and 2008, the components of property and equipment were:

	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 1,726,572	\$ 1,726,572
Buildings and improvements	50,909,202	50,736,030
Furniture, fixtures and equipment	7,928,889	7,882,625
Library holdings	<u>5,618,608</u>	<u>5,550,607</u>
Total property and equipment	66,183,271	65,895,834
Less: Accumulated depreciation	<u>(34,371,539)</u>	<u>(32,072,402)</u>
Property and equipment, net	<u><u>\$ 31,811,732</u></u>	<u><u>\$ 33,823,432</u></u>

Depreciation expense was \$2,299,137 and \$2,560,670 for the years ended June 30, 2009 and 2008, respectively.

Allowance for Doubtful Accounts-

Accounts and loans receivable consist of net amounts due from students for tuition and fees, net loans advanced under the Federal Perkins loan program, amounts due from the Federal government for the federal award programs, pledged contributions and other receivables. Accounts, pledges and loans receivable are reported net of allowances for doubtful accounts (See Note 4). The determination of such allowance for doubtful accounts is based upon an analysis of the receivables and reflects amounts which, in management's judgment, are adequate to provide for potential uncollectible accounts or losses after giving consideration to the growth and composition of the receivable balances, current economic conditions, and past collection and loss experience. The following allowances are recorded in the accompanying balance sheets:

	<u>2009</u>	<u>2008</u>
Student accounts receivable	\$ 6,374,599	\$ 6,371,334
Student loans receivable	757,146	871,516
Pledges receivable	<u>295,420</u>	<u>342,026</u>
Total allowances	<u><u>\$ 7,427,165</u></u>	<u><u>\$ 7,584,876</u></u>

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS **JUNE 30, 2009 AND 2008** *(Continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS: *(Continued)*

Pledges Receivable-

Pledges receivable and related revenues are recognized when a donor makes an unconditional promise to give to the College. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. As shown in *Note 4*, the net present value of pledges receivable was \$2,073,738 and \$1,548,833 for the years ended June 30, 2009 and 2008, respectively. A discount rate of 5% was used to derive at net present value and the amount of the unamortized discount was \$327,464 and \$215,925 for the years ended June 30, 2009 and 2008, respectively.

As of June 30, 2009, management estimates collection of pledges to be:

<u>Year Ending June 30,</u>	
2010	\$ 663,627
2011	287,042
2012	134,419
2013	141,139
2014	148,196
Thereafter	<u>699,315</u>
Pledges receivable, <i>net</i>	<u><u>\$ 2,073,738</u></u>

Income Taxes-

The College is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax.

Retirement Plan-

The College participates in the Teachers' Insurance Annuity Association ("TIAA") Retirement Plan. Membership is available to faculty and administrative staff after one year of service. Contributions by Plan participants are based on elective percentages and yearly compensation. The College's matching contribution is limited to five percent of annual employee covered compensation. The College contributed \$82,253 and \$79,911 to the plan for the years ended June 30, 2009 and 2008, respectively.

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS: (Continued)

Federal Perkins Loan Program-

The College participates in the Federal Perkins loan program. The College maintains a one-ninth interest in the loan fund and the remainder is distributable to the Federal government upon liquidation of the program.

Fundraising Expenses-

The College's fundraising expenses, as determined by those costs charged to the Development Office, were \$87,742 and \$177,861 for the years ended June 30, 2009 and 2008, respectively.

Advertising Cost-

The College incurred advertising cost in the amounts of \$168,357 and \$290,273 for the years ended June 30, 2009 and 2008, respectively.

Scholarships and Fellowships-

Expenditures of the College reported as scholarships and fellowships include expenditures for privately funded scholarships and those scholarships and fellowships funded by the College.

Interest Costs-

Interest expense for the years ended June 30, 2009 and 2008 was \$694,093 and \$780,545, respectively.

Functional Allocation of Expenses-

The cost of operation and maintenance of physical plant and depreciation expense of \$6,671,921 and \$7,371,286 for fiscal years 2009 and 2008, respectively, have been prorated over the cost of providing instruction, academic support, student services, institutional support, public service and auxiliary enterprises.

3. INVESTMENTS:

As of June 30, 2009 and 2008, investments, stated at market value, consist of the following:

	<u>2009</u>	<u>2008</u>
Certificates of deposit and special interest bearing accounts	\$ 6,997,738	\$ 4,504,877
Mutual stocks and bond funds	1,860,683	2,289,479

Cash Line
Line 2

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008 (Continued)

3. INVESTMENTS: (Continued)

	2009	2008
Corporate stock	Line 11 \$ 3,116,153	\$ 6,430,430
Trust accounts, bonds and short-term reserves	Cash line 650,208	1,257,842
<i>Total investments</i>	<u>\$ 12,624,782</u>	<u>\$ 14,482,628</u>

Investments approximating \$643,828 at June 30, 2009 and 2008 are required to be held in separate trust accounts in connection with capitalized lease obligations (Note 6).

Effective July 1, 2008, the College adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with Generally Acceptable Accounting Principles (GAAP), and expands disclosures about fair value measurements. The new standard provides a consistent definition of fair value, which focuses on exit price, the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The three-level valuation hierarchy for disclosure of fair value measurements is defined as follows:

Level 1 - Valuation based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations where all significant inputs are observable and can be derived principally from or corroborated with observable market data.

Level 3 - Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

The College's investments are Level 1 valuations, except for art collections which are Level 2.

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS **JUNE 30, 2009 AND 2008** *(Continued)*

4. ACCOUNTS, PLEDGES AND LOANS RECEIVABLE:

As of June 30, 2009 and 2008, the components of accounts, pledges and loans receivable were as follows:

	<u>2009</u>	<u>2008</u>
Student accounts	\$ 22,440	\$ 20,442
Pledges receivable	2,073,738	1,548,833
Loans receivable	69,619	102,362
Government grants	3,011,787	813,091
Other	108,422	33,600
	<u>\$ 5,286,006</u>	<u>\$ 2,518,328</u>

5. BONDS PAYABLE:

As of June 30, 2009 and 2008, bonds payable was as follows:

	<u>2009</u>	<u>2008</u>
2.5% Series 2004 Future Advance Project Funding Bond due in varying semi-annual principal installments ranging from \$39,597 to \$249,391 with payments due from July 1, 2005 through July 1, 2034. The date of issuance was July 30, 2004 and the original principal was \$7,850,000. This loan is with Commerce Capital Access Program Corporation under the U.S. Department of Education Historically Black Colleges and Universities Capital Financing Program.	<u>\$ 7,405,172</u>	<u>\$ 7,475,786</u>
	<u>\$ 7,405,172</u>	<u>\$ 7,475,786</u>

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(Continued)

5. BONDS PAYABLE: (Continued)

The aggregate maturities of bonds payable at June 30, 2009 for the next five years are as follows:

<u>Year Ending June 30,</u>	
2010	\$ 155,129
2011	162,797
2012	168,959
2013	180,101
2014	188,035
Thereafter	<u>6,550,151</u>
	<u><u>\$ 7,405,172</u></u>

6. CAPITALIZED LEASE OBLIGATIONS:

As of June 30, 2009 and 2008, the capitalized lease obligation was as follows:

	<u>2009</u>	<u>2008</u>
Capitalized lease obligation in the form of Tuition Revenue Bonds, Series 2004-A, due in varying principal installments ranging from \$1,115,000 due on February 1, 2006 to \$285,000 due on February 1, 2020. The bonds bear interest initially at a weekly rate mode determined by the Remarketing Agent, as defined by the Bond Indenture. The bonds may be converted to a different interest rate mode, as provided in the Bond Indenture. The obligation is secured by a pledge of the College's tuition and fees, less unamortized bond discount of \$193,234 and \$201,046 at June 30, 2009 and 2008, respectively. The interest rate was 3.10% at June 30, 2009 and 3.98% at June 30, 2008.	\$ 3,816,766	\$ 3,938,955

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(Continued)

6. CAPITALIZED LEASE OBLIGATIONS: (Continued)

	<u>2009</u>	<u>2008</u>
5.125 to 5.5% Capitalized lease obligation in the form of Tuition Revenue Bonds, Series 1998, due in varying principal installments ranging from \$70,000 in 1999 to \$310,000 in 2028 with interest payable semi-annually on May 1 and November 1 of each year, secured by a pledge of the College's tuition and fees, less unamortized bond discount of \$184,235 and \$194,018 at June 30, 2009 and 2008, respectively. The date of issuance was May 1, 1998 and the original principal was \$4,745,000.	3,595,765	3,695,982
Capitalized lease obligation for office equipment entered into on June 22, 2006 for a term of fifty-seven (57) months with payments due on the first of each month in the amount of \$8,198. The effective interest rate is 3.92%.	<u>104,565</u>	<u>196,870</u>
	<u><u>\$ 7,517,096</u></u>	<u><u>\$ 7,831,807</u></u>

In May 1998, the College entered into a 30-year lease agreement, which expires on May 1, 2028, with the Educational Building Authority of the City of Birmingham (the "Authority") to construct and lease a new dormitory building for its students. To finance the acquisition and construction of the dormitory, the Authority issued \$4,745,000 in Tuition Revenue Bonds, Series 1998. The College has agreed to make rental payments in such amounts as will be equivalent to pay the principal and interest on the Series 1998 Bonds when due. As security for the lease agreement, the College has pledged its tuition and fees payable by students enrolled at the College. Additionally, and among other restrictive covenants, the College has agreed to maintain the market value of its direct endowment, as defined, to equal or exceed the outstanding balance of the Series 1998 Bonds.

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS **JUNE 30, 2009 AND 2008** *(Continued)*

6. CAPITALIZED LEASE OBLIGATIONS: *(Continued)*

In March 2004, the College entered into a 30-year lease agreement which expires on February 1, 2029 with the Educational Building Authority of the City of Birmingham (the "Authority") to improve and lease certain buildings, primarily Brown Hall and Williams Hall that are used in the educational programs of the College. To finance the improvements, the Authority issued \$7,500,000 in Tuition Revenue Bonds, Series 2004A. The College has agreed to make rental payments in such amounts as will be equivalent to pay the principal and interest on the Series 2004A Bonds when due. Additionally, and among other restrictive covenants, the College is required to maintain a debt service coverage ratio of not less than 1.25 to 1.0. The College was in compliance as of June 30, 2009 and 2008.

Based on the terms of the lease agreements, the College has recognized the leases for financial accounting and reporting purposes as capitalized lease obligations. The present value of the minimum lease payments over the next five years are as follows:

Fiscal Year Ending June 30,	
2010	\$ 350,989
2011	273,576
2012	275,000
2013	290,000
2014	305,000
Thereafter	<u>6,400,000</u>
	7,894,565
<i>Less: unamortized discount</i>	<u>(377,469)</u>
	<u>\$ 7,517,096</u>

The College's policy is to amortize the discount over the term of the leases using the straight-line method, which approximates the effective interest method.

7. RELATED PARTY:

The College leases a portion of its plant facilities to Miles Law School, a separate but affiliated institution. Miles Law School's Board of Directors is comprised of at least one member of the College's Board of Trustees. The College received lease payments of \$2,500 during both fiscal years ended June 30, 2009 and 2008.

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(Continued)

8. COMMITMENTS AND CONTINGENCIES:

The College receives a significant portion of its funding from the U.S. Department of Education ("USDE") and other governmental agencies. The funds received are subject to separate external audit and audit by the various agencies and they can determine liabilities, limit or suspend the College's participation. Management believes the College is in substantial compliance with the terms and conditions of the related funding contracts.

The College has been named as a defendant in several lawsuits. In the opinion of the College's management, the ultimate outcome of this litigation will not have a material adverse effect on the College's operations, after considering proceeds from insurance policies.

The College had commitments to complete certain projects under construction contracts outstanding as of June 30, 2009 in the amount of \$652,334.

9. RESTRICTIONS AND LIMITATIONS ON NET ASSETS:

As of June 30, 2009 and 2008, net assets were available as follows:

	<u>2009</u>	<u>2008</u>
<i>Temporarily restricted net assets-</i>		
Portion of perpetual endowment funds subject to a time restriction under SPMIFA without purpose	\$ 2,314,828	\$ 2,314,828
For Federal Perkins loan program	-	159,346
For various private sponsored programs	<u>5,251,375</u>	<u>4,972,003</u>
	<u>\$ 7,566,203</u>	<u>\$ 7,446,177</u>
<i>Permanently restricted net assets-</i>		
Perpetual endowment funds required to be retained permanently either by explicit donor stipulation or by SPMIFA.	<u>\$ 2,182,071</u>	<u>\$ 2,182,071</u>

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(Continued)

9. RESTRICTIONS AND LIMITATIONS ON NET ASSETS: *(Continued)*

In August 2008, the Financial Accounting Standards Board (FASB), issued FASB Staff Position (FSP) FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and expands disclosures for endowment funds.

The State of Alabama has enacted the State Prudent Management of Institutional Funds Act (SPMIFA). The Board of Trustees of the College has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with SPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the College and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the College.
- The investment policies of the College.

Return Objectives and Risk Parameters—

The College has adopted investment and spending policies for endowment assets that attempt to maximize the returns of investments at an acceptable level of risk by achieving the objectives as follows:

1. **Total Funds** – Achieve a total annualized rate of return during each rolling three-year period, which equals or exceeds the blended rate of return of the benchmarks established for each manager according to the asset allocation.
2. **Equity Managers** – Achieve risk-adjusted rate of return which exceeds the appropriate benchmark (i.e. Standard & Poor's 500, Standard and Poor's madcap, Russell 2000) net of management fees over a period of three years.
3. **Fixed Income** – Earn an average annual return for income and capital appreciation, which exceeds the Lehman Aggregate Bond Index or the Lehman Government/Corporate Intermediate net of management fees for each rolling three-year period.

MILES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(Continued)

9. RESTRICTIONS AND LIMITATIONS ON NET ASSETS: *(Continued)*

Spending Policy and How the Investment Strategies Employed for Achieving Objectives-

To satisfy its long-term rate-of-return objectives, the Investment Committee will monitor performance on an ongoing basis and shall take appropriate corrective actions when required. The asset allocation mix will be certain equities and fixed income investments. This mix will be reviewed and adjusted at least quarterly.

Objectives Relate to Spending Policy-

The College has a policy of limiting the appropriation for current operating needs to income earned from interest, dividends and rent, not to exceed the budgeted spending rate. During fiscal year 2009, the College withdrew \$50,133 for spending in accordance with the donor restrictions.

10. SUBSEQUENT EVENTS:

The College purchased three (3) single family and two (2) duplex properties near its campus for a total of \$155,293 on September 18 and September 25, 2009, respectively.

The date through which subsequent events have been evaluated is October 16, 2009.