

Blessed Trinity Catholic High School, Inc.

FINANCIAL STATEMENTS

June 30, 2024 and 2023



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REPORT





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Blessed Trinity Catholic High School, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of Blessed Trinity Catholic High School, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blessed Trinity Catholic High School, Inc. (the School) as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Blessed Trinity Catholic High School, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blessed Trinity Catholic High School, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
December 18, 2024



FINANCIAL STATEMENTS



Blessed Trinity Catholic High School, Inc.
Statements of Financial Position

June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 2,289,450	\$ -	\$ 2,289,450
Funds on deposit with CENGI	8,439,633	1,151,164	9,590,797
Accounts receivable - trade, net of allowance of \$49,479	583,618	-	583,618
Inventory	410,721	-	410,721
Beneficial interest in assets held by foundation	-	2,008,399	2,008,399
Finance lease right-of-use assets, net	148,273	-	148,273
Property and equipment, net	19,947,234	-	19,947,234
Other assets	328,349	-	328,349
Total assets	\$ 32,147,278	\$ 3,159,563	\$ 35,306,841
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 1,992,386	\$ -	\$ 1,992,386
Accounts payable - related party	453,107	-	453,107
Performance obligation liabilities	3,367,439	-	3,367,439
Finance lease liability	150,768	-	150,768
Note payable, CENGI	7,105,300	-	7,105,300
Total liabilities	13,069,000	-	13,069,000
Net assets			
Without donor restrictions			
Undesignated	14,640,810	-	14,640,810
Board designated	4,437,468	-	4,437,468
With donor restrictions			
Purpose restrictions	-	134,398	134,398
Time restrictions	-	5,161	5,161
Perpetual in nature	-	3,020,004	3,020,004
Total net assets	19,078,278	3,159,563	22,237,841
Total liabilities and net assets	\$ 32,147,278	\$ 3,159,563	\$ 35,306,841

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

Blessed Trinity Catholic High School, Inc.
Statements of Financial Position (Continued)

June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 1,939,090	\$ -	\$ 1,939,090
Funds on deposit with CENGI	9,362,197	1,203,542	10,565,739
Accounts receivable - trade, net of allowance of \$73,078	646,595	-	646,595
Inventory	378,386	-	378,386
Beneficial interest in assets held by foundation	-	1,650,462	1,650,462
Property and equipment, net	19,174,445	-	19,174,445
Other assets	168,735	-	168,735
Total assets	\$ 31,669,448	\$ 2,854,004	\$ 34,523,452
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 1,104,393	\$ -	\$ 1,104,393
Accounts payable - related party	112,433	-	112,433
Performance obligation liabilities	3,459,939	-	3,459,939
Note payable, CENGI	7,560,160	-	7,560,160
Total liabilities	12,236,925	-	12,236,925
Net assets			
Without donor restrictions			
Undesignated	15,289,284	-	15,289,284
Board designated	4,143,239	-	4,143,239
With donor restrictions			
Purpose restrictions	-	95,634	95,634
Time restrictions	-	26,563	26,563
Perpetual in nature	-	2,731,807	2,731,807
Total net assets	19,432,523	2,854,004	22,286,527
Total liabilities and net assets	\$ 31,669,448	\$ 2,854,004	\$ 34,523,452

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

Blessed Trinity Catholic High School, Inc.
Statements of Activities

For the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Revenue from student tuition - net, fees and auxiliary services	\$ 14,972,778	\$ -	\$ 14,972,778
Contributions, subsidies and support	1,203,773	101,089	1,304,862
Other income	211,839	14,124	225,963
Net assets released from restrictions	17,591	(17,591)	-
Total revenue and support	16,405,981	97,622	16,503,603
Expenses			
<i>Program services</i>			
Instructional	9,656,450	-	9,656,450
Student services	4,629,397	-	4,629,397
Operations	604,798	-	604,798
Total program services	14,890,645	-	14,890,645
<i>Supporting services</i>			
General and administrative	1,322,337	-	1,322,337
Development and fundraising	547,244	-	547,244
Total supporting services	1,869,581	-	1,869,581
Total expenses	16,760,226	-	16,760,226
Change in net assets before change in beneficial interest	(354,245)	97,622	(256,623)
Change in value of beneficial interest	-	207,937	207,937
Change in net assets	(354,245)	305,559	(48,686)
Net assets at beginning of year	19,432,523	2,854,004	22,286,527
Net assets at end of year	\$ 19,078,278	\$ 3,159,563	\$ 22,237,841

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

Blessed Trinity Catholic High School, Inc.
Statements of Activities (Continued)

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Revenue from student tuition - net, fees and auxiliary services	\$ 14,568,402	\$ -	\$ 14,568,402
Contributions, subsidies and support	1,350,229	30,537	1,380,766
Other income	191,958	16,457	208,415
Net assets released from restrictions	37,003	(37,003)	-
Total revenue and support	16,147,592	9,991	16,157,583
Expenses			
<i>Program services</i>			
Instructional	9,001,509	-	9,001,509
Student services	4,608,685	-	4,608,685
Operations	532,070	-	532,070
Total program services	14,142,264	-	14,142,264
<i>Supporting services</i>			
General and administrative	1,341,870	-	1,341,870
Development and fundraising	468,366	-	468,366
Total supporting services	1,810,236	-	1,810,236
Total expenses	15,952,500	-	15,952,500
Change in net assets before change in beneficial interest	195,092	9,991	205,083
Change in value of beneficial interest	-	84,771	84,771
Change in net assets	195,092	94,762	289,854
Net assets at beginning of year	19,237,431	2,759,242	21,996,673
Net assets at end of year	\$ 19,432,523	\$ 2,854,004	\$ 22,286,527

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

Blessed Trinity Catholic High School, Inc.
Statements of Functional Expenses

For the year ended June 30, 2024

	Program Services				Supporting Services		
	Instructional	Student Services	Operations	Programs Subtotal	General and Administrative	Development and Fundraising	Total
Salaries and benefits	\$ 7,220,586	\$ 1,929,338	\$ 384,322	\$ 9,534,246	\$ 881,481	\$ 372,825	\$ 10,788,552
Payroll taxes	440,942	82,863	24,902	548,707	54,958	23,236	626,901
Advertising	-	-	-	-	53,769	-	53,769
Bookstore	-	337,956	-	337,956	-	-	337,956
Cafeteria	-	95,725	-	95,725	-	-	95,725
Depreciation and amortization	949,034	726,364	84,168	1,759,566	19,589	17,179	1,796,334
Dues and subscriptions	1,059	6,828	-	7,887	19,838	528	28,253
Events and activities	34,663	562,772	2,248	599,683	25,312	87,994	712,989
Instructional materials	57,683	29,048	-	86,731	935	-	87,666
Insurance	160,240	103,520	4,952	268,712	2,791	2,448	273,951
Interest	3,471	2,657	127	6,255	72	63	6,390
Miscellaneous	297	53,230	37	53,564	82,381	11,088	147,033
Operating supplies	42,530	22,466	61,971	126,967	31,098	1,498	159,563
Professional development	28,086	13,252	-	41,338	18,781	8,636	68,755
Professional fees	9,380	76,652	388	86,420	115,565	6,942	208,927
Repairs and maintenance	413,829	361,209	30,898	805,936	9,685	9,473	825,094
Utilities	294,650	225,517	10,785	530,952	6,082	5,334	542,368
Total expenses	\$ 9,656,450	\$ 4,629,397	\$ 604,798	\$ 14,890,645	\$ 1,322,337	\$ 547,244	\$ 16,760,226

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

Blessed Trinity Catholic High School, Inc.
Statements of Functional Expenses (Continued)

For the year ended June 30, 2023

	Program Services				Supporting Services		
	Instructional	Student Services	Operations	Programs Subtotal	Development and		Total
					General and Administrative	Fundraising	
Salaries and benefits	\$ 6,710,911	\$ 1,976,658	\$ 378,732	\$ 9,066,301	\$ 862,843	\$ 276,979	\$ 10,206,123
Payroll taxes	411,738	82,414	20,318	514,470	47,895	15,392	577,757
Advertising	-	-	-	-	54,028	-	54,028
Bookstore	-	348,489	-	348,489	-	-	348,489
Cafeteria	-	39,096	-	39,096	-	-	39,096
Depreciation	830,498	635,640	30,404	1,496,542	17,142	15,033	1,528,717
Dues and subscriptions	2,267	12,640	-	14,907	19,536	1,014	35,457
Events and activities	29,867	579,709	240	609,816	17,891	114,426	742,133
Instructional materials	107,022	40,852	-	147,874	-	-	147,874
Insurance	152,368	97,396	4,658	254,422	2,627	2,303	259,352
Miscellaneous	1,161	69,219	6,200	76,580	84,434	17,553	178,567
Operating supplies	43,651	58,557	58,348	160,556	59,640	2,404	222,600
Professional development	22,212	17,486	1,822	41,520	12,645	-	54,165
Professional fees	17,561	83,267	7,489	108,317	140,417	7,857	256,591
Repairs and maintenance	437,665	387,715	15,271	840,651	17,930	11,159	869,740
Utilities	234,588	179,547	8,588	422,723	4,842	4,246	431,811
Total expenses	\$ 9,001,509	\$ 4,608,685	\$ 532,070	\$ 14,142,264	\$ 1,341,870	\$ 468,366	\$ 15,952,500

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

Blessed Trinity Catholic High School, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2024	2023
Operating Activities		
Change in net assets	\$ (48,686)	\$ 289,854
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,796,334	1,528,717
Provision for credit losses	(23,599)	2,900
Donor restricted contributions and investment income	(115,213)	(46,994)
Change in value of beneficial interest	(207,937)	(84,771)
Change in operating assets and liabilities		
Accounts receivable, net	86,576	(545,217)
Inventory	(32,335)	(68,364)
Other assets	(159,614)	78,413
Accounts payable and accrued expenses	74,954	(142,195)
Accounts payable - related parties	340,674	15,810
Performance obligation liabilities	(92,500)	(34,737)
Net cash provided by (used in) operating activities	1,618,654	993,416
Investing Activities		
Purchases of property and equipment	(1,706,659)	(1,276,776)
Transfer of funds to Foundation	(150,000)	-
Net cash provided by (used in) investing activities	(1,856,659)	(1,276,776)
Financing Activities		
Donor restricted contributions and investment income	115,213	46,994
Payments on finance lease liability	(46,930)	-
Payment of note payable, CENGI	(454,860)	(453,840)
Net cash provided by (used in) financing activities	(386,577)	(406,846)
Net change in cash and cash equivalents and funds on deposit with CENGI	(624,582)	(690,206)
Cash and cash equivalents and funds on deposit with CENGI, at beginning of year	12,504,829	13,195,035
Cash, cash equivalents and funds on deposit with CENGI, at end of year	\$ 11,880,247	\$ 12,504,829

(Continued)

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

Blessed Trinity Catholic High School, Inc.
Statements of Cash Flows (Continued)

For the years ended June 30, **2024** **2023**

Presented on Statements of Financial Position as:

Cash and cash equivalents	\$	2,289,450	\$	1,939,090
Funds on deposit with CENGI		9,590,797		10,565,739

Cash, cash equivalents and funds on deposit with CENGI, at end of year	\$	11,880,247	\$	12,504,829
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Schedule of Noncash Transactions

Lease liability arising from obtaining right-of-use assets				
Finance leases	\$	197,698	\$	-

Property and equipment funded through accounts payable and accrued expenses	\$	813,039	\$	-
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Schedule of Certain Cash Flow Information

Interest paid	\$	6,390	\$	-
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The accompanying notes are an integral part of these financial statements.

Blessed Trinity Catholic High School, Inc.

Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Blessed Trinity Catholic High School, Inc. (the School) was established in 2001 to provide a coeducational college preparatory education that transforms lives in Christ, integrating spiritual formation, academic excellence, artistic sensibility, and athletic achievement in accordance with the teaching ministry of the Catholic Church. Catholic Education of North Georgia, Inc. (CENGI) is the sole member of the School and exercises its control through its ability to appoint the members of the School's Board of Directors. CENGI operates five schools within the territory of the Roman Catholic Archdiocese of Atlanta (the Archdiocese). The School's enrollment was approximately 920 and 950 students for the years ended June 30, 2024 and 2023, respectively.

The School was incorporated on May 5, 2023. Prior to incorporation, the School operated as part of an unincorporated division of CENGI. On the date of incorporation, all of the related operations were transferred to Blessed Trinity Catholic High School, Inc. The accompanying financial statements include the operations of the School from July 1, 2022 through May 4, 2023, when it operated as part of an unincorporated division of CENGI, as well as the operations from incorporation on May 5, 2023 to June 30, 2024.

The School's conducts the following programs:

Instructional – The School provides students with access to college preparatory classes, accredited teachers, instructional materials and other instructional supplies.

Student Services - The School provides students with multiple amenities including the school bookstore, cafeteria, access to school-held events, and other miscellaneous activities.

Operations - The School provides upkeep of physical infrastructure and maintains optimal conditions of the School's facilities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for credit losses and allocation of functional expenses.

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less. Funds on deposit with CENGI are considered cash and cash equivalents, however, they are presented separately on the statements of financial position.

Funds on Deposit with CENGI

The School has funds set aside by management for capital replacements and other specific uses. Funds are invested in the CENGI Deposit and Loan Fund. CENGI's Deposit and Loan Fund receives funds from the various CENGI schools and in turn loans funds to other CENGI schools. The School's funds invested in the CENGI Deposit and Loan Fund earn interest at a rate of 1.25% during each of the years ended June 30, 2024 and 2023.

Accounts Receivable

Accounts receivable represent amounts owed to the School which are expected to be collected within twelve months and are presented on the statements of financial position net of the allowance for credit losses.

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets are received. The allowance for credit losses at June 30, 2024 and 2023 was approximately \$49,000 and \$73,000, respectively.

Inventory

Inventories are stated at the lower of cost or net realizable value, determined by the first-in, first-out basis. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs. Inventories consist primarily of School apparel and supplies.

Beneficial Interest in Assets Held by the Foundation

The School is the beneficiary of a certain endowment fund held and administered by the Catholic Foundation of North Georgia (the Foundation), the purpose of which is to support the future needs of the School. The Foundation has ownership and control of the endowment fund. Pursuant to financial accounting standards, the value of the School's interest is valued at the net present value of the School's expected future cash flows from the fund and has been recorded as net assets with donor restrictions and related beneficial interest in assets held by the Foundation in the financial statements.

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Property and Equipment

Title for real property, land, land improvements and building is held by the parent company, Catholic Education of North Georgia, Inc., for exclusive use by the school.

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Leases

The School leases office equipment. The School determines if an arrangement is a lease at inception.

Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. As the lease does not provide an implicit rate, the School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The finance lease ROU assets also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Net Assets

The School reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the School, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for various reserves (Notes 3, 4 and 8).

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Blessed Trinity Catholic High School, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Revenue Recognition

Student tuition, enrollment and application fees, and student activity fees are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with student families are satisfied. Revenue from tuition is reflected net of reductions from student aid. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Other expenses that are common to several functions, such as payroll, utilities, insurance, depreciation, interest, and repairs and maintenance are allocated among the programs and supporting activities based on time spent and estimates of asset usage.

Advertising

The School uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2024 and 2023, advertising costs totaled \$53,769 and \$54,028, respectively.

Income Taxes

The School is included in the group exemption issued to the United States Conference of Catholic Bishops and thereby has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements. Income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. The School considers all of its activities to be directly related to its exempt purpose in 2024 and 2023.

Blessed Trinity Catholic High School, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Income Taxes (continued)

The School utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax provisions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2024 and 2023, the School has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 18, 2024, and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Adopted Accounting Guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification ASC 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the standard effective July 1, 2022. The implementation of this standard did not have a material effect on the financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

The School adopted ASU 2016-13 on July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The School maintains its financial assets primarily in cash and cash equivalents and funds on deposit with CENGI to provide liquidity to ensure funds are available as the School's expenditures come due. The board has designated assets for various purposes, however, a portion of these amounts could be made available if necessary. The following reflects the School's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions:

<i>June 30,</i>	2024	2023
Total assets at year-end	\$ 35,306,841	\$ 34,523,452
Less non-financial assets		
Inventory	(410,721)	(378,386)
Finance lease right-of-use asset, net	(148,273)	-
Property and equipment, net	(19,947,234)	(19,174,445)
Other assets	(328,349)	(168,735)
Financial assets at year-end	14,472,264	14,801,886
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions and in perpetuity	(3,159,563)	(2,854,004)
Board designated	(4,437,468)	(4,143,239)
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,875,233	\$ 7,804,643

The School is principally supported by tuition and fees charged for the education it provides. The goal of the School is to maintain available financial assets to meet its next 90 days of operating expenses.

Note 4: FUNDS ON DEPOSIT WITH CENGI

Funds on deposit with CENGI at June 30, 2024 and 2023, are as follows:

<i>June 30,</i>	2024	2023
Deposit and loan fund		
Tuition and fees paid in advance and operational savings	\$ 3,438,323	\$ 4,662,137
Capital replacement reserves	3,843,762	3,556,926
Development	563,842	556,821
Professional development	593,706	586,313
Student aid and other	1,151,164	1,203,542
Total	\$ 9,590,797	\$ 10,565,739

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 5: INVENTORY

Inventory consists of the following:

<i>June 30,</i>	2024	2023
Uniforms	\$ 249,429	\$ 208,347
Other apparel and merchandise	161,292	170,039
Total inventory	\$ 410,721	\$ 378,386

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2024 and 2023:

	Estimated Useful Lives (in years)	2024	2023
Land improvements	15-50	\$ 6,851,134	\$ 5,414,085
Buildings and improvements	15-50	22,798,720	22,257,111
Furniture, fixtures and equipment	3-7	9,816,086	9,262,176
Vehicles	3-7	669,707	583,248
Total depreciable property and equipment		40,135,647	37,516,620
Less accumulated depreciation		(23,085,605)	(21,682,102)
Total depreciable property and equipment, net		17,050,042	15,834,518
Land		2,853,704	2,853,704
Construction in progress		43,488	486,223
Total property and equipment, net		\$ 19,947,234	\$ 19,174,445

Depreciation expense for the years ended June 30, 2024 and 2023 amounted to \$1,746,909 and \$1,528,717, respectively.

Note 7: LEASES

The School entered into a lease for office equipment during the year ended June 30, 2024. The lease has a remaining lease term of 3 years. As of June 30, 2024, assets recorded under finance lease were \$197,698 and accumulated depreciation associated with the finance lease was \$49,425.

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 7: LEASES (Continued)

The components of lease expense consist of the following:

<i>For the year ended June 30,</i>	<i>2024</i>
Finance lease cost	
Amortization of right-of-use asset	\$ 49,425
Interest on lease liability	6,390
Total finance lease cost	\$ 55,815

Weighted average remaining lease term and discount rates consists of the following:

<i>For the year ended June 30,</i>	<i>2024</i>
Right-of-use assets obtained in exchange for lease obligations	
Finance lease	\$ 197,698
Weighted average remaining lease term	
Finance lease	3 years
Weighted average discount rate	
Finance lease	4.13%

Future minimum lease payments under the non-cancellable lease as of June 30, 2024, were as follows:

<i>For the years ended June 30,</i>	<i>Finance Lease</i>
2025	\$ 53,520
2026	53,520
2027	53,520
Total future minimum lease payments	160,560
Less imputed interest	(9,792)
Present value of lease liability	\$ 150,768

Note 8: NET ASSETS

The Board of Directors of the School reviews its plans for future property improvements and acquisitions from time to time and designates appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions.

The Board of Directors of the School has also set aside funds related to the professional development of its faculty and staff which have been appropriated from net assets without donor restrictions.

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 8: NET ASSETS (Continued)

A summary of net assets without donor restrictions consists of the following:

<i>June 30,</i>	2024	2023
Undesignated	\$ 14,640,810	\$ 15,289,284
Board designated		
Professional development	593,706	586,313
Capital replacement reserves	3,843,762	3,556,926
Total net assets without donor restrictions	\$ 19,078,278	\$ 19,432,523

A summary of net assets with donor restrictions consists of the following:

<i>June 30,</i>	2024	2023
Subject to expenditure for specified purpose		
Scholarships	\$ 120,735	\$ 95,634
Beneficial interest in assets held by foundation	13,663	-
Time restrictions		
Scholarships	5,161	26,563
Perpetual in nature		
Scholarships	1,025,268	1,081,345
Beneficial interest in assets held by foundation	1,994,736	1,650,462
Total net assets with donor restrictions	\$ 3,159,563	\$ 2,854,004

Note 9: REVENUE

Revenue from Tuition and Fees

Student tuition and fees are accounted for in accordance with ASC 606. Education provided during the school year is considered the primary performance obligation and, thus, tuition along with registration and application fees are recorded ratably over the course of the School's year as increases in net assets without restrictions, net of applicable discounts. Tuition and fees received in advance are deferred until the applicable school term and are recorded as performance obligation liabilities on the statements of financial position.

Other student activity revenue related to events and activities are recorded either at a point in time or over a period of time depending on the nature of the event or activity. Cafeteria revenue, included in student tuition, fees and other income, is recognized when meals are provided to students.

Financial aid and scholarships are awarded based on need and other factors as specified by the scholarship's donor or determined by management and are recognized ratably over the course of the school year as education is provided.

As of June 30, 2024, there were \$3,367,439 of performance obligations to be satisfied, all of which is expected to be recognized as revenue in 2025.

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 9: REVENUE (Continued)

Revenue from Tuition and Fees (continued)

Faculty with students enrolled at the School receive a 50% discount on each student's tuition for the years ended June 30, 2024 and 2023. The benefit associated with the faculty discount is recognized in salaries and benefit expense. For the years ended June 30, 2024 and 2023 there were approximately \$143,000 and \$218,000 of employee benefit expenses, respectively.

Contributions, Subsidies and Support

The School receives a tuition subsidy from the Archdiocese. Additionally, the School receives contributions throughout the year from various donors. The School recognizes these items when received or when an unconditional promise to give is made known, and considers them to be available for use without restriction unless the donor stipulates otherwise, in accordance with ASU 2018-08.

Fundraising revenue is related to special events and activities of the Home and School Association and other groups whose primary function is to raise additional funds for the School.

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	2024	2023
Tuition, net of discounts	\$ 14,704,684	\$ 14,209,683
Enrollment and application fees	407,967	430,900
Bookstore	619,030	674,790
Student activities	264,920	254,620
Financial aid and scholarships	(1,023,823)	(1,001,591)
Total revenue from student tuition, fees and auxiliary services, net	14,972,778	14,568,402
Related party tuition subsidies	110,000	115,000
Contributions	594,888	583,260
Events and fundraising	599,974	682,506
Total contributions, subsidies and support	1,304,862	1,380,766
Investment income	125,058	132,271
Other income	100,905	76,144
Total other income	225,963	208,415
Total revenue and other support	\$ 16,503,603	\$ 16,157,583

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 9: REVENUE (Continued)

Contract Balances

<i>June 30,</i>	2024	2023
Contract assets		
Accounts receivable, beginning of year	\$ 646,595	\$ 104,278
Accounts receivable, end of year	\$ 583,618	\$ 646,595
Contract liabilities		
Performance obligation liabilities, beginning of year	\$ 3,459,939	\$ 3,494,676
Performance obligation liabilities, end of year	\$ 3,367,439	\$ 3,459,939

Note 10: ENDOWMENTS

The School's endowment and investment funds consist of various funds established for a variety of purposes. The endowment funds include both donor-restricted endowment funds and funds designated by the board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

During fiscal year 2012, an endowment was established with the Foundation (Note 2) for the purpose of providing a permanent endowment to support the future needs and general mission of the School. The Foundation has ultimate authority and control over the endowment fund (the Fund) and it is subject to the investing and spending policies of the Foundation. However, the School is the beneficiary of these funds and is entitled to receive distributions of income after the endowment reaches a specified target amount (three million dollars), subject to the Foundation's spending policy. Pursuant to financial accounting standards, the Fund has been recognized as a beneficial interest in the assets held by the Foundation in the accompanying statements of financial position at the net present value of expected future cash flows from the Fund.

During fiscal year 2023, the School's Board established an endowment using funds on deposit with CENGI to be used for scholarships and professional development of the School's faculty and staff, respectively.

The School has twenty additional donor restricted individual endowment funds established for a variety of purposes, including funding scholarships and for general use of the school.

Absent explicit donor stipulations to the contrary, management of the School has interpreted Georgia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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. As a result of this interpretation, the School classifies as net assets with donor restrictions perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions which are perpetual in nature is classified as net assets subject to expenditure for a specified purpose until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by UPMIFA.

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 10: ENDOWMENTS (Continued)

In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the School and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the School
7. The investment policies of the School.

Investment Return Objectives, Risk Parameters and Strategies. The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for a donor-specified period(s). Under this policy the endowment assets are invested in a manner that is intended to produce a reasonable rate of return under current market conditions with minimal risk. The School also has to maintain compliance with the Archdiocese of Atlanta investment policies.

Spending Policy. The School has a policy of appropriating for distribution each year eligible earnings from the prior year plus additional amounts expected for annual contributions for scholarships. In establishing this policy, the School considered the long-term expected return on its endowment. Accordingly, over the long term, the School expects the current spending policy to allow its endowment to grow at a rate that will maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

The endowment fund held by the Foundation is subject to the investment and distribution policies of the Foundation, but no distributions can be made from this fund until the balance reaches three million dollars.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023:

<u>June 30,</u>	<u>2024</u>	<u>2023</u>
Board-designated endowment funds without donor restrictions	\$ 593,706	\$ 586,313
Endowment funds with donor restrictions		
Subject to expenditure for a specified purpose		
Scholarships	120,735	95,634
Beneficial interest in assets held by foundation	13,663	-
Time restrictions	5,161	26,563
Perpetual in nature		
Scholarships	1,025,268	1,081,345
Beneficial interest in assets held by foundation	1,994,736	1,650,462
Total endowment funds	\$ 3,753,269	\$ 3,440,317

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 10: ENDOWMENTS (Continued)

Changes in endowment net assets with donor restrictions are as follow as of June 30, 2024 and 2023:

			2024	2023
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets	Summarized Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 586,313	\$ 2,854,004	\$ 3,440,317	\$ 2,759,242
Contributions	-	77,386	77,386	30,537
Investment income	7,393	14,124	21,517	22,770
Transfers into endowments	-	22,703	22,703	580,000
Change in value of beneficial interest	-	207,937	207,937	84,771
Amounts appropriated for expenditure	-	(16,591)	(16,591)	(37,003)
Endowment net assets, end of year	\$ 593,706	\$ 3,159,563	\$ 3,753,269	\$ 3,440,317

Note 11: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Beneficial interest in assets held by the Foundation - the fair value of beneficial interest in assets held by the Foundation (Notes 2 and 10) is based upon the net present value of the School's expected future cash flows. The School does not have the ability to redeem this beneficial interest and withdrawals are limited to the terms of the School's agreement with the Foundation.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets measured at fair value on a recurring basis, consists of the following:

<i>June 30, 2024</i>	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by foundation	\$ -	\$ -	\$ 2,008,399	\$ 2,008,399

<i>June 30, 2023</i>	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by foundation	\$ -	\$ -	\$ 1,650,462	\$ 1,650,462

The following is a reconciliation of the change in fair value for the years ended June 30, 2024 and 2023 for Level 3:

<i>June 30,</i>	2024	2023
Beneficial interest in assets held by foundation		
Balance, beginning of year	\$ 1,650,462	\$ 1,565,691
Transfers	150,000	-
Change in value	207,937	84,771
Balance, end of year	\$ 2,008,399	\$ 1,650,462

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2024 and 2023, there were no transfers in or out of Levels 1, 2 or 3 for the years.

Blessed Trinity Catholic High School, Inc.

Notes to Financial Statements

Note 12: CONCENTRATIONS

The Financial Accounting Standards Board requires disclosure about financial instruments and related off-balance sheet risk and concentrations of credit risk. The students attending the School are primarily with families who are members of various parishes within the Archdiocese of Atlanta. Any off-balance sheet risk or credit risk is dependent on the financial situation of the families and subsequent support of the Archdiocese.

The School maintains cash deposits with financial institutions at June 30, 2024 and 2023 in excess of federally insured limits of approximately \$2,100,000 and \$1,800,000, respectively. Funds on deposit with CENGI are not FDIC insured.

Note 13: COMMITMENTS

The School and two of its affiliates, Queen of Angels Catholic School and St. Peter Chanel Catholic Church, are jointly responsible for a retention pond that is located on the campus of the three organizations. In June 2023, CENGI entered into a contract with a general contractor, a related party (Note 14) for repairs of the retention pond on behalf of these organizations. The contract cost was split between the School (84.4%), St. Peter Chanel Catholic Church (7.4%), and Queen of Angels Catholic School (8.2%). The total contract sum was approximately \$840,000. As of June 30, 2024, the School had no unpaid liabilities under the contract.

Note 14: RELATED PARTY TRANSACTIONS

Note Payable CENGI

CENGI issued tax-exempt bonds to help finance various schools within the Archdiocese. Some of the proceeds of this debt were used to finance land, buildings, and equipment at Blessed Trinity Catholic High School, Inc. Repayment of the debt by the School was through annual subsidies from the Archdiocese in an amount which approximates the annual principal and interest expense incurred by CENGI.

In June 2020, the Archdiocese made a restricted gift of \$18,000,000 to CENGI for reducing the \$29,550,000 of total remaining school bond debt. CENGI added \$11,550,000 of additional funds to those gifted by the Archdiocese and paid the outstanding balance on the bonds in full in October and December 2020.

The \$11,550,000 of the school bond debt that was paid by CENGI is funded by each school through a note payable, of which \$8,500,000 was applicable to the School. Each school increased tuition while offering substantial discounts for active Catholic parishioners. The incremental tuition revenue is the primary source for funding to repay the note payable.

The note payable is dated October 1, 2020, there are no set payment terms, and interest accrues at 0% for the first four years of the loan, and thereafter will accrue at the stated CENGI Deposit and Loan Fund borrowing rate (4.5% as of June 30, 2024). Additionally, the non-Catholic and nonactive Catholic tuition increment serves as security on the loan. The balance owed to CENGI at June 30, 2024 and 2023, was \$7,105,300 and \$7,560,160, respectively.

Blessed Trinity Catholic High School, Inc.
Notes to Financial Statements

Note 14: RELATED PARTY TRANSACTIONS (Continued)

Archdiocese Tuition Subsidies

The School receives a tuition subsidy from the Archdiocese to be used for financial aid. During the years ended June 30, 2024 and 2023, the School received a tuition subsidy totaling \$110,000 and \$115,000, respectively, from the Roman Catholic Archdiocese of Atlanta, Inc. (Chancery) to be used for financial aid.

Employee Benefit Plans

The School participates in a defined contribution retirement plan (the Plan) which is administered by RCAA Administrative Services, Inc. (Services) and covers substantially all lay employees who are over the age of twenty-one and have completed one year of service. Contributions to the Plan are determined based on a percentage of covered employees' salaries, not in excess of amounts allowable under the Internal Revenue Code regulations. The School's contributions to the Plan on behalf of the employees were approximately \$390,000 and \$425,000, for the years ended June 30, 2024 and 2023, respectively.

Health and Life Insurance

Health and life insurance for the School's employees and clergy are provided under the plans administered by AoA Group Health Care Plan, LLC. Expenses related to total insurance premiums during the years ended June 30, 2024 and 2023 were approximately \$1,920,000 and \$1,820,000, respectively.

Related Party Payable

Accounts payable – related parties at June 30, 2024 and 2023 was \$453,107 and \$112,433, respectively, and consists of amounts owed to Services for retirement and other employee benefits.

Funds on Deposit with CENGI

Certain funds are held in the CENGI Deposit and Loan Fund (Notes 2 and 4).

Management Services Agreement – Catholic Education of North Georgia, Inc.

The School has a Management Services Agreement with CENGI whereby CENGI bills the School for accounting services provided during the year. The CENGI agreement commenced on July 1, 2020, and covers annual periods ending each June 30, with automatic annual renewals on July 1 of the succeeding year unless the School or CENGI cancels the agreement. Billings for the Management Services Agreement totaled approximately \$19,000 for both the years ended June 30, 2024 and 2023.

Commitment with General Contractor

During the year ended June 30, 2023, CENGI entered into a contract with a general contractor on behalf of the School and two other related organizations for repairs of a retention pond on campus (Note 13). The contract was for a total sum of approximately \$840,000 and was completed during the year ended June 30, 2024. There were no amounts due to this general contractor at June 30, 2024 or June 30, 2023.