



Blessed Trinity Catholic High School, Inc.

FINANCIAL STATEMENTS

June 30, 2023 and 2022



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REPORT





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INDEPENDENT AUDITORS' 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, 2023 and 2022, 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, 2023 and 2022, 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 Auditors' 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.

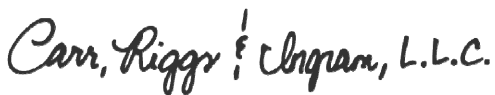
Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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 15, 2023



FINANCIAL STATEMENTS



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

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, net	683,077	-	683,077
Inventory	378,386	-	378,386
Prepaid expenses	22,390	-	22,390
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	109,863	-	109,863
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 parties	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 Financial Position (Continued)

June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Assets			
Cash and cash equivalents	\$ 2,227,722	\$ -	\$ 2,227,722
Funds on deposit with CENGI	9,773,762	1,193,551	10,967,313
Accounts receivable, net	149,588	-	149,588
Inventory	310,022	-	310,022
Beneficial interest in assets held by foundation	-	1,565,691	1,565,691
Property and equipment, net	19,426,386	-	19,426,386
Other assets	201,838	-	201,838
Total assets	\$ 32,089,318	\$ 2,759,242	\$ 34,848,560
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 1,246,588	\$ -	\$ 1,246,588
Accounts payable - related parties	96,623	-	96,623
Performance obligation liabilities	3,494,676	-	3,494,676
Note payable, CENGI	8,014,000	-	8,014,000
Total liabilities	12,851,887	-	12,851,887
Net assets			
Without donor restrictions			
Undesignated	15,984,302	-	15,984,302
Board designated	3,253,129	-	3,253,129
With donor restrictions			
Purpose restrictions	-	107,521	107,521
Time restrictions	-	9,769	9,769
Perpetual in nature	-	2,641,952	2,641,952
Total net assets	19,237,431	2,759,242	21,996,673
Total liabilities and net assets	\$ 32,089,318	\$ 2,759,242	\$ 34,848,560

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Revenue from student tuition, fees and auxiliary services	\$ 13,893,612	\$ -	\$ 13,893,612
Contributions, subsidies and support	1,350,229	30,537	1,380,766
Other income	866,748	16,457	883,205
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 Activities (Continued)

For the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Revenue from student tuition, fees and auxiliary services	\$ 13,660,439	\$ -	\$ 13,660,439
Contributions, subsidies and support	1,488,655	75,998	1,564,653
Other income	805,014	8,999	814,013
Net assets released from restrictions	9,193	(9,193)	-
 Total revenue and support	 15,963,301	 75,804	 16,039,105
Expenses			
<i>Program services</i>			
Instructional	8,599,760	-	8,599,760
Student services	4,366,601	-	4,366,601
Operations	472,387	-	472,387
 Total program services	 13,438,748	 -	 13,438,748
<i>Supporting services</i>			
General and administrative	1,242,328	-	1,242,328
Development and fundraising	506,855	-	506,855
 Total supporting services	 1,749,183	 -	 1,749,183
 Total expenses	 15,187,931	 -	 15,187,931
 Change in net assets before change in beneficial interest	 775,370	 75,804	 851,174
Change in value of beneficial interest	-	(229,901)	(229,901)
 Change in net assets	 775,370	 (154,097)	 621,273
Net assets at beginning of year	18,462,061	2,913,339	21,375,400
Net assets at end of year	\$ 19,237,431	\$ 2,759,242	\$ 21,996,673

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, 2023

	Program Services				Supporting Services		
	Instructional	Student Services	Operations	Programs subtotal	General and Administrative	Development and	Total
						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 Functional Expenses (Continued)

For the year ended June 30, 2022

	Program Services				Supporting Services		
	Instructional	Student Services	Operations	Programs subtotal	General and Administrative	Development and Fundraising	Total
Salaries and benefits	\$ 6,481,553	\$ 1,824,497	\$ 286,136	\$ 8,592,186	\$ 842,684	\$ 292,517	\$ 9,727,387
Payroll taxes	392,625	71,885	15,382	479,892	49,524	17,507	546,923
Advertising	-	-	-	-	49,428	-	49,428
Bookstore	-	298,479	-	298,479	-	-	298,479
Cafeteria	-	33,361	-	33,361	-	-	33,361
Depreciation	790,117	604,732	28,926	1,423,775	16,309	14,302	1,454,386
Dues and subscriptions	2,559	8,189	-	10,748	17,980	1,132	29,860
Events and activities	22,636	565,496	130	588,262	16,139	133,559	737,960
Instructional materials	5,547	43,573	-	49,120	-	-	49,120
Insurance	149,956	95,549	4,570	250,075	2,577	2,260	254,912
Miscellaneous	1,299	46,332	2,073	49,704	67,040	17,226	133,970
Operating supplies	42,398	114,373	78,725	235,496	48,731	6,904	291,131
Professional development	2,530	10,081	690	13,301	18,331	1,827	33,459
Professional fees	9,923	79,465	30,331	119,719	83,874	2,450	206,043
Repairs and maintenance	493,234	413,395	17,905	924,534	25,472	13,453	963,459
Utilities	205,383	157,194	7,519	370,096	4,239	3,718	378,053
Total expenses	\$ 8,599,760	\$ 4,366,601	\$ 472,387	\$ 13,438,748	\$ 1,242,328	\$ 506,855	\$ 15,187,931

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>	2023	2022
Operating Activities		
Change in net assets	\$ 289,854	\$ 621,273
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,528,717	1,454,386
Donor restricted contributions and investment income	(46,994)	(84,997)
Change in value of beneficial interest	(84,771)	229,901
Change in operating assets and liabilities		
Accounts receivable	(533,489)	(33,908)
Inventory	(68,364)	(13,910)
Prepaid expenses	(22,390)	-
Other assets	91,975	(87,288)
Accounts payable and accrued expenses	(142,195)	(37,448)
Accounts payable - related parties	15,810	(22,428)
Performance obligation liabilities	(34,737)	19,110
Net cash provided by (used in) operating activities	993,416	2,044,691
Investing Activities		
Purchases of property and equipment	(1,276,776)	(960,187)
Net cash provided by (used in) investing activities	(1,276,776)	(960,187)
Financing Activities		
Donor restricted contributions and investment income	46,994	84,997
Payment of CENGI Deposit and Loan Fund payable	(453,840)	(386,000)
Net cash provided by (used in) financing activities	(406,846)	(301,003)
Net change in cash and cash equivalents and funds on deposit with CENGI	(690,206)	783,501
Cash and cash equivalents and funds on deposit with CENGI at beginning of year	13,195,035	12,411,534
Cash, cash equivalents and funds on deposit with CENGI at end of year	\$ 12,504,829	\$ 13,195,035

(Continued)

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

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

<i>For the years ended June 30,</i>	2023	2022
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Presented on Statements of Financial Position as:

Cash and cash equivalents	\$ 1,939,090	\$ 2,227,722
Funds on deposit with CENGI	10,565,739	10,967,313
Cash, cash equivalents and funds on deposit with CENGI at end of year	\$ 12,504,829	\$ 13,195,035

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 owns and operates five schools within the territory of the Roman Catholic Archdiocese of Atlanta (the Archdiocese). The School's enrollment was approximately 1,000 students for the years ended June 30, 2023 and 2022.

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, 2021, through May 4, 2023, when it operated as part of an incorporated division of CENGI, as well as the operations from incorporation on May 5, 2023, to June 30, 2023.

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 doubtful accounts and allocation of functional expenses.

Program Services

The School's program services consist of the following:

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

Student Services - The School integrates spiritual formation, artistic sensibility, and provides athletic opportunities for students, among other extracurricular activities.

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

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, 2023 and 2022.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The School provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of students' families to meet their obligations.

Receivables are considered impaired if full payment is not received in accordance with the contractual terms. It is the School's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance for doubtful accounts at June 30, 2023 and 2022, was approximately \$73,000 and \$70,000, respectively.

Inventory

Inventories are stated at the lower of cost or net realizable value, determined by the first-in, first-out method. 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.

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.

Blessed Trinity Catholic High School, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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 7).

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.

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 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.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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, 2023 and 2022, advertising costs totaled \$54,028 and \$49,428, 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 2023 and 2022.

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 15, 2023. See Note 14 for relevant 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.

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>	2023	2022
Total assets at year-end	\$ 34,523,452	\$ 34,848,560
Less non-financial assets		
Inventory	(378,386)	(310,022)
Prepaid expenses	(22,390)	-
Property and equipment, net	(19,174,445)	(19,426,386)
Other assets	(109,863)	(201,838)
Financial assets at year-end	14,838,368	14,910,314
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	(2,854,004)	(2,759,242)
Board designated	(4,143,239)	(3,253,129)
Financial assets available to meet cash needs for <u>general expenditures within one year</u>	<u>\$ 7,841,125</u>	<u>\$ 8,897,943</u>

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, 2023 and 2022, are as follows:

<i>June 30,</i>	2023	2022
Deposit and loan fund		
Tuition and fees paid in advance and operational savings	\$ 4,662,137	\$ 5,971,690
Capital replacement reserves	3,556,926	3,253,129
Development	556,821	549,908
Professional development	586,313	-
Student aid and other	1,203,542	1,192,586
Total	<u>\$ 10,565,739</u>	<u>\$ 10,967,313</u>

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

Note 5: INVENTORY

Inventory consists of the following:

<i>June 30,</i>		2023		2022
Uniforms	\$	208,347	\$	162,883
Other apparel and merchandise		170,039		147,139
Total inventory	\$	378,386	\$	310,022

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2023 and 2022:

	Estimated Useful Lives (in years)		2023	2022
Land improvements	15-50	\$	5,414,085	\$ 5,414,085
Buildings and improvements	15-50		22,257,111	22,140,913
Furniture, fixtures and equipment	3-7		9,262,176	9,398,752
Vehicles	3-7		583,248	554,909
Total depreciable property and equipment			37,516,620	37,508,659
Less accumulated depreciation			(21,682,102)	(20,879,347)
Total depreciable property and equipment, net			15,834,518	16,629,312
Land			2,853,704	2,773,983
Construction in progress			486,223	23,091
Total property and equipment, net		\$	19,174,445	\$ 19,426,386

Depreciation expense for the years ended June 30, 2023 and 2022, amounted to \$1,528,717 and \$1,454,386, respectively.

Note 7: 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 7: NET ASSETS (Continued)

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	2023	2022
Undesignated	\$ 15,289,284	\$ 15,984,302
Board designated		
Professional development	586,313	-
Capital replacement reserves	3,556,926	3,253,129
Total net assets without donor restrictions	\$ 19,432,523	\$ 19,237,431

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2023	2022
Subject to expenditure for specified purpose		
Scholarships	\$ 95,634	\$ 107,521
Time restrictions		
Scholarships	26,563	9,769
Perpetual in nature		
Scholarships	1,081,345	1,076,261
Beneficial interest in assets held by foundation	1,650,462	1,565,691
Total net assets with donor restrictions	\$ 2,854,004	\$ 2,759,242

Note 8: 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, 2023, there were \$3,459,939 of performance obligations to be satisfied, all of which is expected to be recognized as revenue in 2024.

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

Note 8: REVENUE (Continued)

Revenue from Tuition and Fees (continued)

Faculty with students enrolled at the School receive a discount on each student's tuition. The benefit associated with the faculty discount is recognized in salaries and benefits expense. For the years ended June 30, 2023 and 2022, there were \$217,000 and \$191,000 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>	2023	2022
Tuition, net of discounts	\$ 14,209,683	\$ 13,704,272
Enrollment and application fees	430,900	439,650
Student activities	254,620	333,747
Financial aid and scholarships	(1,001,591)	(817,230)
Total revenue from student tuition, fees and auxiliary services, net	13,893,612	13,660,439
Related party tuition subsidies	115,000	120,000
Contributions	583,260	732,478
Events and fundraising	682,506	712,175
Total contributions, subsidies and support	1,380,766	1,564,653
Bookstore	674,790	647,015
Investment income	132,271	76,752
Other income	76,144	90,246
Total other income	883,205	814,013
Total revenue and other support	\$ 16,157,583	\$ 16,039,105

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

Note 8: REVENUE (Continued)

Contract Balances

<i>June 30,</i>	2023	2022
Contract assets		
Accounts receivable, beginning of year	\$ 149,588	\$ 115,680
Accounts receivable, end of year	\$ 683,077	\$ 149,588
Contract liabilities		
Performance obligation liabilities, beginning of year	\$ 3,494,676	\$ 3,475,566
Performance obligation liabilities, end of year	\$ 3,459,939	\$ 3,494,676

Note 9: 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. There were no board designated endowments as of June 30, 2022. During the year ended June 30, 2023, the board created an endowment for professional development and transferred \$580,000 to start the fund.

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 professional development of the School's faculty and staff.

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 9: 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, 2023 and 2022:

<u>June 30,</u>	<u>2023</u>	<u>2022</u>
Board-designated endowment funds without donor restrictions	\$ 586,313	\$ -
Endowment funds with donor restrictions		
Subject to expenditure for a specified purpose		
Scholarships	95,634	107,521
Time restrictions	26,563	9,769
Perpetual in nature		
Scholarships	1,081,345	1,076,261
Beneficial interest in assets held by foundation	1,650,462	1,565,691
Total endowment funds	\$ 3,440,317	\$ 2,759,242

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

Note 9: ENDOWMENTS (Continued)

Changes in endowment net assets with donor restrictions are as follow:

			2023	2022
	Without	With Donor	Total	Summarized
<i>June 30,</i>	Donor	Restrictions	Endowment	Total
	Restrictions		Net Assets	Endowment
				Net Assets
Endowment net assets,				
beginning of year	\$ -	\$ 2,759,242	\$ 2,759,242	\$ 2,885,104
Contributions	-	30,537	30,537	75,998
Investment income	6,313	16,457	22,770	8,999
Transfers into endowments	580,000	-	580,000	19,042
Change in value of beneficial interest	-	84,771	84,771	(229,901)
Amounts appropriated for expenditure	-	(37,003)	(37,003)	-
Endowment net assets, end of year	\$ 586,313	\$ 2,854,004	\$ 3,440,317	\$ 2,759,242

Note 10: 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 10: 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, 2023 and 2022.

Beneficial interest in assets held by the Foundation - the fair value of beneficial interest in assets held by the Foundation (Notes 2 and 9) 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, are summarized for the years ended June 30, 2023 and 2022:

<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

<i>June 30, 2022</i>	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by foundation	\$ -	\$ -	\$ 1,565,691	\$ 1,565,691

The following is a reconciliation of the change in fair value for the years ended June 30, 2023 and 2022 for Level 3:

<i>June 30,</i>	2023	2022
Beneficial interest in assets held by foundation		
Balance, beginning of year	\$ 1,565,691	\$ 1,795,592
Change in value	84,771	(229,901)
Balance, end of year	\$ 1,650,462	\$ 1,565,691

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, 2023 and 2022, 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 11: 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, 2023 and 2022, in excess of federally insured limits of approximately \$1,800,000 and \$1,700,000. Funds on deposit with CENGI are not FDIC insured.

Note 12: 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 for repairs of the retention pond on behalf of these organizations. The contract cost will be 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 when repairs began in July 2023 of which \$709,000 represents the commitment of the School. As of June 30, 2023, the School had no unpaid liabilities under the contract.

Note 13: 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 will increase 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 three years of the loan, and thereafter will accrue at the stated CENGI Deposit and Loan Fund borrowing rate (1.25% as of June 30, 2023). Additionally, the non-Catholic and nonactive Catholic tuition increment serves as security on the loan. The balance owed to CENGI at June 30, 2023 and 2022, was \$7,560,160 and \$8,014,000, respectively.

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

Note 13: 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, 2023 and 2022, the School received a tuition subsidy totaling \$115,000 and \$120,000, 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 \$425,000 and \$371,000, for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, were approximately \$1,820,000 and \$1,760,000, respectively.

Related Party Payable

Accounts payable – related parties at June 30, 2023 and 2022, was \$112,433 and \$96,623, 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 and \$18,000 for the years ended June 30, 2023 and 2022, respectively.

Commitment with General Contractor

During June 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 12).

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

Note 14: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after June 30, 2023 through December 15, 2023, the date the School's financial statements were available to be issued. The following items occurred:

On July 1, 2023, the School entered into a finance lease. The lease expires on June 30, 2027, with monthly payments of \$4,460.