

Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)

FINANCIAL STATEMENTS

June 30, 2022 and 2021



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REPORT



INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Education of North Georgia, Inc. and
Blessed Trinity Catholic High School Management
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of Blessed Trinity Catholic High School (a division of Catholic Education of North Georgia, Inc., a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 (the School) as of June 30, 2022 and 2021, 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, including omissions, 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'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'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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
January 31, 2023



FINANCIAL STATEMENTS



Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)
Statements of Financial Position

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
Contract 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
(A Division of Catholic Education of North Georgia, Inc.)
Statements of Financial Position (Continued)

June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Assets			
Cash and cash equivalents	\$ 2,511,475	\$ -	\$ 2,511,475
Funds on deposit with CENGI	8,782,312	1,117,747	9,900,059
Accounts receivable, net	115,680	-	115,680
Inventory	296,112	-	296,112
Beneficial interest in assets held by foundation	-	1,795,592	1,795,592
Property and equipment, net	19,920,585	-	19,920,585
Other assets	114,550	-	114,550
Total assets	\$ 31,740,714	\$ 2,913,339	\$ 34,654,053
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 1,284,036	\$ -	\$ 1,284,036
Accounts payable - related parties	119,051	-	119,051
Contract liabilities	3,475,566	-	3,475,566
Note payable, CENGI	8,400,000	-	8,400,000
Total liabilities	13,278,653	-	13,278,653
Net assets			
Without donor restrictions			
Undesignated	15,928,103	-	15,928,103
Board designated	2,533,958	-	2,533,958
With donor restrictions			
Purpose restrictions	-	105,314	105,314
Perpetual in nature	-	2,808,025	2,808,025
Total net assets	18,462,061	2,913,339	21,375,400
Total liabilities and net assets	\$ 31,740,714	\$ 2,913,339	\$ 34,654,053

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

Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)
Statements of Activities

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	8,110,917	-	8,110,917
Student services	3,992,478	-	3,992,478
Operations	1,354,248	-	1,354,248
 Total program services	 13,457,643	 -	 13,457,643
<i>Supporting services</i>			
General and administrative	1,232,251	-	1,232,251
Development and fundraising	498,037	-	498,037
 Total supporting services	 1,730,288	 -	 1,730,288
 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
(A Division of Catholic Education of North Georgia, Inc.)
Statements of Activities (Continued)

For the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Revenue from student tuition, fees and auxiliary services	\$ 13,112,510	\$ -	\$ 13,112,510
Contributions, subsidies and support	5,255,994	62,421	5,318,415
Other income	646,672	8,090	654,762
Net assets released from restrictions	32,534	(32,534)	-
 Total revenue and support	 19,047,710	 37,977	 19,085,687
Expenses			
<i>Program services</i>			
Instructional	8,116,800	-	8,116,800
Student services	3,862,613	-	3,862,613
Operations	1,222,648	-	1,222,648
 Total program services	 13,202,061	 -	 13,202,061
<i>Supporting services</i>			
General and administrative	1,115,306	-	1,115,306
Development and fundraising	484,290	-	484,290
 Total supporting services	 1,599,596	 -	 1,599,596
 Total expenses	 14,801,657	 -	 14,801,657
 Change in net assets before change in beneficial interest and forgiveness of debt	 4,246,053	 37,977	 4,284,030
Forgiveness of Paycheck Protection Program loan	1,693,900	-	1,693,900
 Change in value of beneficial interest	 -	 384,046	 384,046
 Change in net assets	 5,939,953	 422,023	 6,361,976
 Net assets at beginning of year	 12,522,108	 2,491,316	 15,013,424
 Net assets at end of year	 \$ 18,462,061	 \$ 2,913,339	 \$ 21,375,400

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

Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)
Statements of Functional Expenses

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	385	560,276	-	560,661	-	129,184	689,845
Instructional materials	5,547	24,973	-	30,520	-	-	30,520
Insurance	149,956	95,549	4,570	250,075	2,577	2,260	254,912
Miscellaneous	23,550	151,268	5,747	180,565	109,018	21,601	311,184
Operating supplies	42,398	76,614	75,181	194,193	43,854	6,904	244,951
Professional development	2,530	10,081	690	13,301	18,331	1,827	33,459
Professional fees	9,923	36,108	30,331	76,362	62,912	2,450	141,724
Repairs and maintenance	4,391	39,272	899,766	943,429	15,395	4,635	963,459
Utilities	205,383	157,194	7,519	370,096	4,239	3,718	378,053
Total expenses	\$ 8,110,917	\$ 3,992,478	\$ 1,354,248	\$ 13,457,643	\$ 1,232,251	\$ 498,037	\$ 15,187,931

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

Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)
Statements of Functional Expenses (Continued)

For the year ended June 30, 2021

	Program Services				Supporting Services		
	Instructional	Student Services	Operations	Programs subtotal	General and Administrative	Development and Fundraising	Total
Salaries and benefits	\$ 6,490,283	\$ 1,879,446	\$ 293,416	\$ 8,663,145	\$ 796,984	\$ 307,061	\$ 9,767,190
Payroll taxes	399,480	68,998	15,655	484,133	46,650	18,332	549,115
Advertising	-	-	-	-	24,550	-	24,550
Bookstore	-	255,540	-	255,540	-	-	255,540
Cafeteria	-	105,385	-	105,385	-	-	105,385
Depreciation	731,226	559,661	26,770	1,317,657	15,093	13,236	1,345,986
Dues and subscriptions	1,566	7,293	-	8,859	18,305	659	27,823
Events and activities	26	365,345	-	365,371	-	91,954	457,325
Instructional materials	61,634	84,724	-	146,358	-	-	146,358
Insurance	123,939	94,859	4,537	223,335	2,558	2,243	228,136
Interest	67,908	51,975	2,486	122,369	1,402	1,229	125,000
Miscellaneous	17,385	182,841	5,433	205,659	69,886	26,111	301,656
Operating supplies	33,044	29,858	44,088	106,990	19,686	9,757	136,433
Professional development	5,858	863	770	7,491	9,616	9,008	26,115
Professional fees	5,340	20,218	477	26,035	103,963	1,500	131,498
Repairs and maintenance	7,846	24,526	822,746	855,118	3,078	100	858,296
Utilities	171,265	131,081	6,270	308,616	3,535	3,100	315,251
Total expenses	\$ 8,116,800	\$ 3,862,613	\$ 1,222,648	\$ 13,202,061	\$ 1,115,306	\$ 484,290	\$ 14,801,657

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

Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)
Statements of Cash Flows

<i>For the years ended June 30,</i>	2022	2021
Operating Activities		
Change in net assets	\$ 621,273	\$ 6,361,976
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,454,386	1,345,986
Donor restricted contributions and investment income	(84,997)	(70,511)
Change in value of beneficial interest	229,901	(384,046)
Forgiveness of Paycheck Protection Program loan	-	(1,693,900)
Change in operating assets and liabilities		
Accounts receivable	(33,908)	(88,948)
Inventory	(13,910)	50,416
Other assets	(87,288)	155,308
Accounts payable and accrued expenses	(37,448)	(69,979)
Accounts payable - related parties	(22,428)	7,195
Contract liabilities	19,110	74,514
Net cash provided by (used in) operating activities	2,044,691	5,688,011
Investing Activities		
Net increase in funds on deposit with CENGI	(1,067,254)	(185,283)
Purchases of property and equipment	(960,187)	(1,124,152)
Net cash provided by (used in) investing activities	(2,027,441)	(1,309,435)
Financing Activities		
Donor restricted contributions and investment income	84,997	70,511
Payment of note payable, CENGI through subsidy	-	(12,500,000)
Proceeds from note payable, CENGI issued through subsidy	-	8,500,000
Payment of CENGI Deposit and Loan Fund payable	(386,000)	(100,000)
Net cash provided by (used in) financing activities	(301,003)	(4,029,489)
Net change in cash and cash equivalents	(283,753)	349,087
Cash and cash equivalents at beginning of year	2,511,475	2,162,388
Cash and cash equivalents at end of year	\$ 2,227,722	\$ 2,511,475
Schedule of Noncash Transactions:		
Change in accounts payable related to purchases of property and equipment	\$ -	\$ 253,246

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

Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)
Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Blessed Trinity Catholic High School (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. The School operates as a division of Catholic Education of North Georgia, Inc. (CENGI). CENGI is a Georgia nonprofit organization, which has been granted exempt status under Section 501(c)(3) of the Internal Revenue Code. CENGI owns and operates six schools within the territory of the Roman Catholic Archdiocese of Atlanta (the Archdiocese). The Archbishop of the Roman Catholic Archdiocese of Atlanta is the sole member of the corporation and exercises control over CENGI by appointing or approving the members of the Board of Directors. The School's enrollment was approximately 1,000 students for the years ended June 30, 2022 and 2021.

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.

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

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 the rate of 0.75%.

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.

Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Accounts Receivable (continued)

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, 2022 and 2021, was approximately \$70,000.

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

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.

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.

Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Net Assets (continued)

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.

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 released the restriction. 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 and interest, 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, 2022 and 2021, advertising costs totaled \$49,428 and \$24,550, respectively.

Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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 2022 and 2021.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 31, 2023, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Adopted Accounting Guidance

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU specifies requirements for contributed services. The ASU is effective for fiscal years beginning after June 15, 2021, and has been applied retrospectively to the disclosures relating to the year ending June 30, 2021 within these financial statements. There were no adjustments resulting from the adoption of this accounting policy.

Accounting Guidance not yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The School is currently evaluating the impact of the guidance on its financial statements.

Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)
Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The School maintains its financial assets primarily in cash and cash equivalents 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>	2022	2021
Total assets at year-end	\$ 34,848,560	\$ 34,654,053
Less non-financial assets		
Inventory	(310,022)	(296,112)
Property and equipment, net	(19,426,386)	(19,920,585)
Other assets	(201,838)	(114,550)
Financial assets at year-end	14,910,314	14,322,806
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	(2,759,242)	(2,913,339)
Board designated	(3,253,129)	(2,533,958)
Financial assets available to meet expenditures within one year	\$ 8,897,943	\$ 8,875,509

Blessed Trinity Catholic High School
(A Division of Catholic Education of North Georgia, Inc.)
Notes to Financial Statements

Note 4: FUNDS ON DEPOSIT WITH CENGI

Funds on deposit with CENGI at June 30, 2022 and 2021, are as follows:

<i>June 30,</i>	2022	2021
Deposit and loan fund		
Tuition and fees paid in advance and operational savings	\$ 5,971,690	\$ 6,105,191
Capital replacement reserves	3,253,129	2,533,958
Development	549,908	172,363
Student aid and other	1,192,586	1,088,547
Total	\$ 10,967,313	\$ 9,900,059

Note 5: INVENTORY

Inventory consists of the following:

<i>June 30,</i>	2022	2021
Uniforms	\$ 162,883	\$ 148,313
Other apparel and merchandise	147,139	147,799
Total inventory	\$ 310,022	\$ 296,112

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment at June 30, 2022 and 2021, are as follows:

<i>June 30,</i>	Estimated Useful Lives (in years)	2022	2021
Land improvements	15-50	\$ 5,414,085	\$ 5,245,981
Buildings and improvements	15-50	22,140,913	22,064,590
Furniture, fixtures and equipment	3-7	9,398,752	8,745,398
Vehicles	3-7	554,909	532,631
		37,508,659	36,588,600
Less accumulated depreciation		(20,879,347)	(19,695,244)
		16,629,312	16,893,356
Land		2,773,983	2,773,983
Construction in progress		23,091	253,246
Property and equipment, net		\$ 19,426,386	\$ 19,920,585

Blessed Trinity Catholic High School
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Note 6: PROPERTY AND EQUIPMENT (Continued)

Depreciation expense for the years ended June 30, 2022 and 2021, was \$1,454,386 and \$1,345,986, respectively.

Note 7: PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, in response to the global pandemic, the School applied for and received a loan totaling approximately \$1,694,000 through the Paycheck Protection Program under the CARES Act. The School applied for forgiveness of the debt and recorded the amount as gain on Forgiveness of Paycheck Protection Program loan during 2021. On February 19, 2021, the School received notice that the loan and related interest had been forgiven.

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.

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	2022	2021
Undesignated	\$ 15,984,302	\$ 15,928,103
Board designated		
Capital replacement reserves	3,253,129	2,533,958
Total net assets without donor restrictions	\$ 19,237,431	\$ 18,462,061

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2022	2021
Subject to expenditure for specified purpose		
Scholarships	\$ 107,521	\$ 77,079
Classroom project	-	28,235
Time restrictions		
Scholarships	9,769	-
Perpetual in nature		
Scholarships	1,076,261	1,012,433
Beneficial interest in assets held by foundation	1,565,691	1,795,592
Total net assets with donor restrictions	\$ 2,759,242	\$ 2,913,339

Blessed Trinity Catholic High School
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Notes to Financial Statements

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 contract 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, 2022, there were \$3,494,676 of performance obligations to be satisfied, all of which is expected to be recognized as revenue in 2023.

Faculty with students enrolled at the organization receive a discount on each student's tuition. The benefit associated with the faculty discount is recognized in salaries and benefits expense. For the year ended June 30, 2022 and 2021, there was \$191,000 and \$254,000 of employee benefit expense, respectively.

Contributions, Subsidies and Support

The School receives a tuition subsidy from the Archdiocese and in 2021 received a subsidy for the School's CENGI note payable (Note 13). 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.

Blessed Trinity Catholic High School
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Notes to Financial Statements

Note 9: REVENUE (Continued)

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	2022	2021
Tuition, net of discounts	\$ 13,704,272	\$ 13,546,310
Enrollment and application fees	439,650	452,451
Student activities	333,747	109,639
Financial aid and scholarships	(817,230)	(995,890)
 Total revenue from student tuition, fees and auxiliary services, net	 13,660,439	 13,112,510
 Related party tuition subsidies	 120,000	 125,000
Related party subsidy	-	4,125,000
Contributions	732,478	578,366
Events and fundraising	712,175	490,049
 Total contributions, subsidies and support	 1,564,653	 5,318,415
 Bookstore	 647,015	 532,994
Investment income	76,752	70,064
Other income	90,246	51,704
 Total other income	 814,013	 654,762
 Total revenue and other support	 \$ 16,039,105	 \$ 19,085,687

Contract Balances

<i>June 30,</i>	2022	2021
Contract liabilities, beginning of year	\$ 3,475,566	\$ 3,401,052
Contract liabilities, end of year	\$ 3,494,676	\$ 3,475,566
 Receivable from contracts, beginning of year	 \$ 115,680	 \$ 26,732
Receivable from contracts, end of year	\$ 149,588	\$ 115,680

Blessed Trinity Catholic High School
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Notes to Financial Statements

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. There are no board designated endowments as of June 30, 2022 and 2021.

During fiscal year 2012, an endowment was established by a third party 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.

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.

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.

Blessed Trinity Catholic High School
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Notes to Financial Statements

Note 10: ENDOWMENTS (Continued)

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, 2022 and 2021:

<i>June 30,</i>	2022	2021
Endowment funds with donor restrictions		
Subject to expenditure for a specified purpose		
Scholarships	\$ 107,521	\$ 77,079
Time restrictions	9,769	-
Perpetual in nature		
Scholarships	1,076,261	1,012,433
Beneficial interest in assets held by foundation	1,565,691	1,795,592
Total endowment funds	\$ 2,759,242	\$ 2,885,104

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

<i>June 30,</i>	2022	2021
Endowment net assets, beginning of year	\$ 2,885,104	\$ 2,491,316
Contributions	75,998	34,186
Investment income	8,999	8,090
Transfers into endowments	19,042	-
Change in value of beneficial interest	(229,901)	384,046
Amounts appropriated for expenditure	-	(32,534)
Endowment net assets, end of year	\$ 2,759,242	\$ 2,885,104

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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.

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, 2022 and 2021.

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.

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Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis, are summarized for the years ended June 30, 2022, and 2021:

<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

<i>June 30, 2021</i>	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by foundation	\$ -	\$ -	\$ 1,795,592	\$ 1,795,592

The following is a reconciliation of the change in fair value for the years ended June 30, 2022 and 2021 for Level 3:

<i>June 30,</i>	2022	2021
Beneficial interest in assets held by foundation		
Balance, beginning of year	\$ 1,795,592	\$ 1,411,546
Change in value	(229,901)	384,046
Balance, end of year	\$ 1,565,691	\$ 1,795,592

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, 2022 and 2021, there were no transfers in or out of Levels 1, 2 or 3.

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 places its cash with financial institutions and CENGI. All bank accounts with financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. Cash and cash equivalents held by financial institutions exceeded federally insured limits during the years ended June 30, 2022 and 2021. Funds on deposit with CENGI are not FDIC insured.

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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. 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. As a result, for the year ended June 30, 2021, the subsidy received from CENGI totaled \$12,625,000, of which \$12,500,000 was for principal reduction and paid the School's portion of the outstanding bonds in full, and \$125,000 was for interest and other fees associated with the bonds.

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 two years of the loan, and thereafter will accrue at the stated CENGI Deposit and Loan Fund borrowing rate (3% as of June 30, 2022). Additionally, the non-Catholic and nonactive Catholic tuition increment serves as security on the loan. The balance owed to CENGI at June 30, 2022 and 2021, was \$8,014,000 and \$8,400,000, respectively.

Archdiocese Tuition Subsidies

The School receives a tuition subsidy from the Archdiocese to be used for financial aid. During the years ended June 30, 2022 and 2021, the School received a tuition subsidy totaling \$120,000 and \$125,000, 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 \$371,000 and \$394,000, for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, were approximately \$1,760,000 and \$1,678,000, respectively.

Blessed Trinity Catholic High School
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Notes to Financial Statements

Note 13: RELATED PARTY TRANSACTIONS (Continued)

Related Party Payable

Accounts payable – related parties at June 30, 2022 and 2021, was \$96,623 and \$119,051, respectively, and consists of amounts owed to Services for retirement and other employee benefits.

Funds on Deposit with CENGI

Investment funds are invested with 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 \$18,000 and \$45,000 for the years ended June 30, 2022 and 2021, respectively.

Note 14: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.