



FINANCIAL STATEMENTS

June 30, 2024 and 2023

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Independent Auditors' Report

Board of Directors
Marian Middle School

Opinion

We have audited the consolidated financial statements of Marian Middle School and affiliate, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Marian Middle School and affiliate as of June 30, 2024 and 2023, and the change in their net assets and their 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Marian Middle School and affiliate 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Marian Middle School and affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Marian Middle School and affiliate'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position and net assets of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
November 14, 2024

Marian Middle School and Affiliate
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30,

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 2,203,076	\$ 2,599,718
Investments, including working capital reserve	3,567,322	2,984,746
Grants and contributions receivable - net	418,960	632,586
Prepaid expenses	23,213	11,851
Property and equipment - net	3,010,419	3,161,413
Cash and cash equivalents whose use is limited		
Capital improvements and other costs under New Market		
Tax Credit Financing Agreement	34,692	54,259
Transforming Lives, Building for our Future Campaign	-	3,759
Endowment for graduate support	40,095	51,421
Contributions receivable restricted for the Transforming Lives,		
Building for our Future Campaign - net	134,096	212,728
Endowment investments	1,105,905	616,446
Note receivable	3,419,337	3,419,337
	<hr/>	<hr/>
Total assets	\$ 13,957,115	\$ 13,748,264
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 38,094	\$ 13,505
Accrued liabilities	17,744	14,420
Long-term debt, net	4,298,986	4,398,657
	<hr/>	<hr/>
Total liabilities	4,354,824	4,426,582
Net assets		
Without donor restrictions		
Undesignated	7,422,425	7,370,181
Designated for endowment	1,053,207	584,793
	<hr/>	<hr/>
Total net assets without donor restrictions	8,475,632	7,954,974
With donor restrictions	1,126,659	1,366,708
	<hr/>	<hr/>
Total net assets	9,602,291	9,321,682
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 13,957,115	\$ 13,748,264
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The accompanying notes are an integral part of these statements.

Marian Middle School and Affiliate
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended June 30,

	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Grants and contributions	\$ 1,351,294	\$ 625,887	\$ 1,977,181	\$ 1,534,606	\$ 1,231,579	\$ 2,766,185
Fundraising events (net of direct donor benefits of \$31,199 in 2024 and \$28,850 in 2023)	646,966	-	646,966	628,718	-	628,718
Tuition	17,999	-	17,999	19,537	-	19,537
Lunch program	31,615	-	31,615	32,534	-	32,534
Net investment income	358,200	9,719	367,919	148,781	7,972	156,753
Other	46,944	-	46,944	44,840	8,154	52,994
	<u>2,453,018</u>	<u>635,606</u>	<u>3,088,624</u>	<u>2,409,016</u>	<u>1,247,705</u>	<u>3,656,721</u>
Net assets released from restrictions	875,655	(875,655)	-	654,529	(654,529)	-
	<u>3,328,673</u>	<u>(240,049)</u>	<u>3,088,624</u>	<u>3,063,545</u>	<u>593,176</u>	<u>3,656,721</u>
Expenses						
Program services						
Academic	1,290,106	-	1,290,106	976,528	-	976,528
Social services	124,766	-	124,766	213,507	-	213,507
Graduate support	614,038	-	614,038	652,623	-	652,623
Total program services	<u>2,028,910</u>	<u>-</u>	<u>2,028,910</u>	<u>1,842,658</u>	<u>-</u>	<u>1,842,658</u>
Supporting services						
Management and general	235,104	-	235,104	270,860	-	270,860
Fundraising	544,001	-	544,001	516,817	-	516,817
	<u>2,808,015</u>	<u>-</u>	<u>2,808,015</u>	<u>2,630,335</u>	<u>-</u>	<u>2,630,335</u>
INCREASE (DECREASE) IN NET ASSETS	520,658	(240,049)	280,609	433,210	593,176	1,026,386
Net assets at beginning of year	<u>7,954,974</u>	<u>1,366,708</u>	<u>9,321,682</u>	<u>7,521,764</u>	<u>773,532</u>	<u>8,295,296</u>
Net assets at end of year	<u>\$ 8,475,632</u>	<u>\$ 1,126,659</u>	<u>\$ 9,602,291</u>	<u>\$ 7,954,974</u>	<u>\$ 1,366,708</u>	<u>\$ 9,321,682</u>

The accompanying notes are an integral part of these statements.

Marian Middle School and Affiliate
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2024

	Program services				Management and general	Fundraising	Total expenses
	Academic	Social services	Graduate support	Total			
Salaries and benefits	\$ 795,978	\$ 50,455	\$ 208,885	\$ 1,055,318	\$ 84,938	\$ 327,789	\$ 1,468,045
Supplies	15,376	1,900	304	17,580	228	455	18,263
Telephone	2,963	565	565	4,093	423	847	5,363
Postage and shipping	821	156	156	1,133	117	235	1,485
Occupancy	72,542	13,817	13,817	100,176	10,463	20,726	131,365
Printing and publications	18	24	24	66	18	20,450	20,534
Conferences, conventions and meetings	15,558	296	296	16,150	2,653	1,161	19,964
Depreciation	121,718	23,185	23,185	168,088	17,388	34,777	220,253
Interest	94,605	18,020	18,020	130,645	13,515	27,030	171,190
Athletic program fees and supplies	-	4,684	-	4,684	-	-	4,684
Food program	48,580	-	-	48,580	-	-	48,580
Dues and subscriptions	-	-	-	-	9,846	447	10,293
Counseling	50,939	-	-	50,939	-	-	50,939
Special events and fundraising	108	-	-	108	-	63,159	63,267
Graduate support	-	-	344,513	344,513	-	-	344,513
Insurance	22,434	4,273	4,273	30,980	3,205	6,410	40,595
Miscellaneous	8,548	2,274	-	10,822	11,816	3,546	26,184
Recruiting	15,384	-	-	15,384	120	-	15,504
Technology	16,525	-	-	16,525	540	18,726	35,791
Student transportation	1,111	-	-	1,111	-	-	1,111
Board and volunteer	1,250	-	-	1,250	-	954	2,204
Professional services	-	-	-	-	59,103	48,488	107,591
Academic Saturdays and field trips	62	5,117	-	5,179	-	-	5,179
Bad debt expense	-	-	-	-	20,731	-	20,731
Student activities	5,586	-	-	5,586	-	-	5,586
	1,290,106	124,766	614,038	2,028,910	235,104	575,200	2,839,214
Less expenses included with revenues in the statement of activities							
Cost of direct benefits to donors	-	-	-	-	-	(31,199)	(31,199)
Total expenses included in the expense section in the statement of activities	\$ 1,290,106	\$ 124,766	\$ 614,038	\$ 2,028,910	\$ 235,104	\$ 544,001	\$ 2,808,015

The accompanying notes are an integral part of these statements.

Marian Middle School and Affiliate
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2023

	Program services				Management and general	Fundraising	Total expenses
	Academic	Social services	Graduate support	Total			
Salaries and benefits	\$ 611,218	\$ 64,828	\$ 173,384	\$ 849,430	\$ 98,750	\$ 303,692	\$ 1,251,872
Supplies	17,459	6,254	349	24,062	232	465	24,759
Telephone	4,200	1,400	1,050	6,650	700	1,400	8,750
Postage and shipping	1,946	649	487	3,082	324	649	4,055
Occupancy	70,174	21,857	17,543	109,574	11,695	23,391	144,660
Printing and publications	-	-	-	-	-	5,994	5,994
Conferences, conventions and meetings	5,935	343	257	6,535	1,713	990	9,238
Depreciation	107,351	35,784	26,838	169,973	17,892	35,784	223,649
Interest	52,016	17,339	13,004	82,359	8,669	17,339	108,367
Athletic program fees and supplies	-	1,247	-	1,247	-	-	1,247
Food program	44,681	-	-	44,681	-	-	44,681
Dues and subscriptions	-	-	-	-	6,386	-	6,386
Counseling	-	49,305	-	49,305	-	-	49,305
Special events and fundraising	-	-	-	-	-	53,094	53,094
Graduates support	-	-	323,986	323,986	-	-	323,986
Insurance	22,901	7,634	5,725	36,260	3,817	7,634	47,711
Miscellaneous	9,308	1,534	-	10,842	17,486	4,292	32,620
Recruiting	10,363	-	-	10,363	3,773	-	14,136
Technology	12,057	-	-	12,057	4,810	9,789	26,656
Student transportation	844	-	-	844	-	-	844
Board and volunteer	1,250	-	-	1,250	-	1,491	2,741
Professional services	-	-	90,000	90,000	94,613	79,663	264,276
Academic Saturdays and field trips	4,825	3,996	-	8,821	-	-	8,821
Culinary program fees and supplies	-	1,337	-	1,337	-	-	1,337
	976,528	213,507	652,623	1,842,658	270,860	545,667	2,659,185
Less expenses included with revenues in the statement of activities							
Cost of direct benefits to donors	-	-	-	-	-	(28,850)	(28,850)
Total expenses included in the expense section in the statement of activities	\$ 976,528	\$ 213,507	\$ 652,623	\$ 1,842,658	\$ 270,860	\$ 516,817	\$ 2,630,335

The accompanying notes are an integral part of these statements.

Marian Middle School and Affiliate
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2024

	<u>2024</u>	<u>2023</u>
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Change in net assets	\$ 280,609	\$ 1,026,386
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	241,561	244,956
Realized and unrealized gain on investments	(153,320)	(70,798)
Loss on disposal of fixed asset	-	6,500
Discount on below market rate loans	107,015	38,592
Change in assets and liabilities		
Grants and contributions receivable - net	213,626	(330,487)
Prepaid expenses	(11,362)	208
Accounts payable	24,589	(25,958)
Accrued liabilities	3,324	4,932
	<hr/>	<hr/>
Net cash provided by operating activities	706,042	894,331
Cash flows from investing activities		
Proceeds from sale of investments	155,773	428,811
Purchase of investments	(1,074,488)	(1,928,846)
Purchase of property and equipment	(69,259)	(78,437)
	<hr/>	<hr/>
Net cash used in investing activities	(987,974)	(1,578,472)
Cash flows from financing activities		
Principal payments on long-term debt	(227,994)	(289,837)
Contributions restricted for capital improvements and graduate support endowment	78,632	243,156
	<hr/>	<hr/>
Net cash used in financing activities	(149,362)	(46,681)
	<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(431,294)	(730,822)
Cash and cash equivalents at beginning of year	<hr/>	<hr/>
	2,709,157	3,439,979
Cash and cash equivalents at end of year	<hr/>	<hr/>
	\$ 2,277,863	\$ 2,709,157
Supplemental disclosure of cash flow information		
Interest paid	\$ 42,868	\$ 48,466
	<hr/>	<hr/>
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	\$ 2,203,076	\$ 2,599,718
Cash and cash equivalents whose use is limited		
Capital improvements and other costs under New Market Tax Credit Financing Agreement	34,692	54,259
Transforming Lives, Building for our Future Campaign	-	3,759
Endowment for graduate support	40,095	51,421
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	\$ 2,277,863	\$ 2,709,157
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The accompanying notes are an integral part of these statements.

Marian Middle School and Affiliate NOTES TO FINANCIAL STATEMENTS

NOTE A | NATURE OF ENTITY

Marian Middle School (the School) is a not-for-profit middle school (fifth – eighth grade) for girls of low-income families in St. Louis, Missouri. Contributions and grants represent the School’s primary source of revenue.

In September 2019, the School created a supporting organization, Marian Middle School Supporting Organization (the “Supporting Organization”) to take advantage of New Market Tax Credit (NMTC) financing. NMTC financing allows an entity to receive a loan or investment capital from outside investors, who will receive new market tax credits to be applied against their federal tax liability. As a result, the School has invested \$3,419,337 and was able to secure two 30-year loans in the amounts of \$3,419,337 and \$1,380,663 for a total of \$4,800,000 payable to a community development entity. The loan proceeds were used solely for the purpose of making improvements to the School including a new HVAC system and windows, improvements to the enrichment building, and fund a long-term working capital reserve to support the financial stability of the School.

The consolidated financial statements include Marian Middle School and its affiliate, Marian Middle School Supporting Organization. The Supporting Organization is consolidated since the School has both an economic interest in the Supporting Organization and control of the Supporting Organization through a majority voting interest in its governing board. All material intercompany accounts and transactions have been eliminated.

NOTE B | SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements follows.

Cash and Cash Equivalents

The School considers all liquid investments with original maturities of three months or less to be cash equivalents.

Investments and Investment Return

Investments are reported at fair value. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for the asset or liability. FASB ASC 820 also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy are described below.

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that the School has the ability to access.

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

- Level 2 Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or inputs other than quoted prices that are observable, either directly or indirectly, 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 investment’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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Net investment income (loss) is reported in the Consolidated Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Grants and Contributions Receivable

The School records unconditional grants and contributions receivable that are expected to be collected within one year at net realizable value. Unconditional grants and contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Consolidated Statements of Activities. Allowance for uncollectible grants and contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants and contributions receivable are written off when deemed uncollectable.

Property and Equipment

Property and equipment are reported at cost if purchased or at fair value as of the date received, if donated. Expenditures in excess of \$5,000 that extend the useful lives of the assets are capitalized, while maintenance and repairs are expensed. Depreciation and amortization of property and equipment is provided over their estimated useful lives using the straight-line method. The estimated service lives of assets are as follows:

	<u>Years</u>
Furniture and equipment	3 – 7
Buildings and improvements	7 – 40
Vehicles	5

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The School reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions and grants are recognized when cash, securities or other assets or an unconditional promise to give is received. Conditional contributions and grants, that is, those with a measurable performance or other barrier, and a right of return are not recognized until the conditions on which they depend have been substantially met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The School recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The School recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the effective interest method. Debt issuance costs are included within long-term debt in the Statements of Financial Position. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the Consolidated Statements of Activities. The Consolidated Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited as disclosed in Note N.

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

Income Taxes

The School and Supporting Organization qualify as charitable organizations as defined by Internal Revenue Code 501(c)(3), and accordingly they are exempt from Federal income taxes under Internal Revenue Code Section 501(a) and similar provisions of state law. The School and Supporting Organization file federal information returns. The information returns are generally subject to examination by the Internal Revenue Service for a period of three years from the date they are to be filed.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Recently Adopted Accounting Guidance

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the School that are subject to the guidance in the FASB ASC 326 are note receivables. The School adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements.

Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through November 14, 2024, the date the financial statements were available to be issued.

NOTE C | LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents financial assets as of the financial position date, reduced by amounts not available for general use within one year of the financial position date because of contractual or donor-imposed restrictions. Amounts not available include amounts set aside for graduate support that could be drawn upon if the Board of Directors approves the action and a donor restricted endowment.

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

	June 30,	
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,203,076	\$ 2,599,718
Investments	3,567,322	2,984,746
Grants and contributions receivable - net	418,960	632,586
Cash and cash equivalents whose use is limited	74,787	109,439
Contributions receivable restricted for the Transforming Lives, Building for our Future Campaign - net	134,096	212,728
Endowment investments	1,105,905	616,446
Note receivable	3,419,337	3,419,337
	<hr/>	<hr/>
Total financial assets	10,923,483	10,575,000
Cash and cash equivalents whose use is limited -		
Capital improvements and other costs under New Market Tax Credit Financing Agreement	(34,692)	(54,259)
Donor-imposed restrictions for the Transforming Lives, Building for our Future Campaign -capital improvements and graduate support	-	(3,759)
Endowment for graduate support	(1,146,000)	(667,867)
Notes receivable to be collected in more than one year	(3,419,337)	(3,419,337)
Other donor restrictions	(1,033,866)	(1,279,875)
	<hr/>	<hr/>
	\$ 5,289,588	\$ 5,149,903

As part of the School’s liquidity management plan, the School maintains an operating reserve to fund general operating expenses. The balance of the operating and working capital reserve was \$2,756,118 and \$2,719,198 as of June 30, 2024 and 2023, respectively, which is reported in the Consolidated Statements of Financial Position as cash and cash equivalents and investments.

NOTE D | FAIR VALUE MEASUREMENT

The following is a description of the valuation methodologies used by the School to measure assets at estimated fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

When available, the School uses quoted market prices to determine the fair value of assets. Investments in common stocks, mutual funds, exchange-traded products and U.S. treasury securities are valued based on the quoted market price of the investment on their respective exchange. These investments are Level 1.

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

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

A summary of assets at June 30, 2024 measured at fair value on a recurring basis were as follows:

	Total	Fair value measurement		
		Level 1	Level 2	Level 3
Investments				
Certificates of deposit - at cost	\$ 1,299,484	\$ -	\$ -	\$ -
Common stocks	26,479	26,479	-	-
Mutual funds	1,299,744	1,299,744	-	-
Exchange-traded products	941,615	941,615	-	-
Total investments	\$ 3,567,322	\$ 2,267,838	\$ -	\$ -
Endowment investments				
Certificates of deposit - at cost	\$ 29,831	\$ -	\$ -	\$ -
Mutual funds	574,889	574,889	-	-
Exchange-traded products	331,825	331,825	-	-
U.S. Treasury securities	169,360	169,360	-	-
Total endowment investments	\$ 1,105,905	\$ 1,076,074	\$ -	\$ -

A summary of assets at June 30, 2023 measured at fair value on a recurring basis were as follows:

	Total	Fair value measurement		
		Level 1	Level 2	Level 3
Investments				
Certificates of deposit - at cost	\$ 740,270	\$ -	\$ -	\$ -
Common stocks	5,790	5,790	-	-
Mutual funds	1,180,496	1,180,496	-	-
Exchange-traded products	860,842	860,842	-	-
U.S. Treasury securities	197,348	197,348	-	-
Total investments	\$ 2,984,746	\$ 2,244,476	\$ -	\$ -
Endowment investments				
Mutual funds	\$ 334,454	\$ 334,454	\$ -	\$ -
Exchange-traded products	192,697	192,697	-	-
U.S. Treasury securities	89,295	89,295	-	-
Total endowment investments	\$ 616,446	\$ 616,446	\$ -	\$ -

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

NOTE E | GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of pledges related to annual giving, Graduate Support Program, and Transforming Lives, Building for our Future capital campaign. Balances at June 30, are as follows:

	<u>2024</u>	<u>2023</u>
Due in less than one year	\$ 319,178	\$ 410,772
Due in one to five years	273,300	458,054
Due in more than five years	-	25,000
	<hr/>	<hr/>
	592,478	893,826
Less discount to present value	(31,167)	(31,167)
Less allowance for uncollectible grants and contributions receivable	(8,255)	(17,345)
	<hr/>	<hr/>
	<u>\$ 553,056</u>	<u>\$ 845,314</u>

The following schedule summarizes the presentation of grants and contributions receivable on the Statements of Financial Position at June 30,:

	<u>2024</u>	<u>2023</u>
Grants and contributions receivable - net	\$ 418,960	\$ 632,586
Contributions receivable restricted for the Transforming Lives, Building for our Future Capital Campaign - net	134,096	212,728
	<hr/>	<hr/>
	<u>\$ 553,056</u>	<u>\$ 845,314</u>

NOTE F | NOTE RECEIVABLE

Marian Middle School Supporting Organization funded a loan of \$3,419,337 to Twain Financial Partners, LLC (Twain), who then loaned the proceeds to St. Louis New Markets Tax Credit Fund 54, LLC who then loaned the funds to Marian Middle School. The note matures September 11, 2049. Twain will make interest only payments to Marian Middle School Supporting Organization over six years at 1.0% and the loan will then amortize over the remaining term with Twain scheduled to repay the full amount of the loan to Marian Middle School Supporting Organization over the subsequent 24 years.

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

NOTE G | PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30,:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 494,569	\$ 442,552
Building and improvements	3,653,183	3,639,269
Vehicles	30,343	30,343
	<u>4,178,095</u>	<u>4,112,164</u>
Less accumulated depreciation	1,241,182	1,020,929
	<u>2,936,913</u>	<u>3,091,235</u>
Land	70,178	70,178
Construction in progress	3,328	-
	<u>\$ 3,010,419</u>	<u>\$ 3,161,413</u>

NOTE H | LONG-TERM DEBT

Long-term debt consists of the following at June 30,:

	<u>2024</u>	<u>2023</u>
Construction Loan		
St. Mary's Institute of O'Fallon	\$ 29,181	\$ 105,179
Loretto Literary and Benevolent Institution	22,253	98,251
School Sisters of Notre Dame Central Pacific Province	29,180	105,178
St. Louis New Markets Tax Credit Fund 54, LLC		
Note A	3,419,337	3,419,337
Note B	1,380,663	1,380,663
	<u>4,880,614</u>	<u>5,108,608</u>
Less unamortized imputed interest on below market rate loan	(43,614)	(150,629)
Less unamortized debt issuance costs	(538,014)	(559,322)
	<u>\$ 4,298,986</u>	<u>\$ 4,398,657</u>

In March 2019, the School obtained a \$300,000 note from St. Mary's Institute of O'Fallon. Interest is paid annually on the anniversary date of the note at an interest rate of 1%. The note was amended on September 10, 2019 to extend the term of the note through March 31, 2029. At that time, the entire unpaid principal balance on the note is due. The stated interest rate was below the current market rate at the date of the loan; accordingly, when the loan proceeds were advanced, the School recorded contribution revenue and a loan discount using a rate of 5.75%. The loan discount is being amortized over the life of the note and is reported as interest expense in the Statements of Activities.

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

In September 2019, the School obtained a \$300,000 note from Loretto Literary and Benevolent Institution. Interest is paid annually on the anniversary date of the note at an interest rate of 1%. Beginning December 31, 2020, the note requires annual principal payments as listed in the promissory note agreement. The loan matures on December 31, 2024 at which time the remaining unpaid principal and interest is due. The stated interest rate was below the current market rate at the date of the loan; accordingly, when the loan proceeds were advanced, the School recorded contribution revenue and a loan discount using a rate of 5.25%. The loan discount is being amortized over the life of the note and is reported as interest expense in the Statements of Activities.

In September 2019, the School obtained a \$300,000 note from School Sisters of Notre Dame Central Pacific Province. Interest is paid annually on the anniversary date of the note at an interest rate of 1%. The note matures on December 31, 2029, at which time, the entire unpaid principal balance on the note is due. The stated interest rate was below the current market rate at the date of the loan; accordingly, when the loan proceeds were advanced, the School recorded contribution revenue and a loan discount using a rate of 5.25%. The loan discount is being amortized over the life of the note and is reported as interest expense in the Consolidated Statements of Activities.

In September 2019, the School obtained two loans from St. Louis New Markets Tax Credit Fund 54, LLC consisting of Note A in the amount of \$3,419,337 and Note B in the amount of \$1,380,663 for a total of \$4,800,000. The notes require quarterly interest only payments until September 30, 2025 at 1.083%. Commencing October 1, 2025 through the maturity date, quarterly principal and interest payments in the amount of \$40,557 for Note A and \$16,376 for Note B are due. The loan matures in September 2049. The loan is secured by a Deed of Trust on the School property. The loans may not be prepaid in whole or in part at any time prior to the expiration of the New Market Tax Credit Recapture Period, which began on the issuance date of the loans and ends on the seventh anniversary date of the loans.

Aggregate maturities of long-term debt are as follows:

Year ended June 30,	
2025	\$ 22,253
2026	227,732
2027	227,732
2028	227,732
2029	227,732
Thereafter	<u>3,947,433</u>
	<u>\$ 4,880,614</u>

No interest costs were capitalized as part of the cost of assets acquired during 2024 and 2023. Imputed interest expense for the years ended June 30, 2024 and 2023 was \$107,015 and \$38,592, respectively.

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

NOTE I | NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30,:

	<u>2024</u>	<u>2023</u>
Subject to the passage of time	\$ 461,748	\$ 728,204
Subject to expenditure for specified purpose		
Graduate support	444,079	439,497
Marketing	18,823	6,539
Cultural Competency	1,500	1,500
Counseling	107,716	104,135
Transforming Lives, Building for Our Future Campaign - capital improvements and graduate support	-	3,759
Subject to endowment spending and appropriation		
Transforming Lives, Building for Our Future Campaign - Graduate support	92,793	83,074
	<u>\$ 1,126,659</u>	<u>\$ 1,366,708</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30,:

	<u>2024</u>	<u>2023</u>
Expiration of time restrictions	\$ 329,441	\$ 310,134
Satisfaction of purpose restrictions		
Graduate support	439,497	305,293
Marketing and development	6,539	-
Building	-	2,500
Counseling	96,419	-
Transforming Lives, Building for Our Future Campaign	3,759	36,602
	<u>\$ 875,655</u>	<u>\$ 654,529</u>

NOTE J | ENDOWMENT

The School's endowment consists of donor-restricted funds and Board-designated funds to support the Graduate Support Program.

The Board of Directors of the School has interpreted Missouri's enacted version of the 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 unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the School classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts donated to the perpetual endowment and (c) accumulations of the perpetual 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 retained in perpetuity is appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with the UPMIFA, the School

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

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

Investment Objective

The purpose of the endowment fund is to support the long term financial stability of the School and specifically, the Graduate Support Program, and maintain a balance of high-quality diversified investments to minimize risk and maximize returns.

Spending Policy

In order to preserve the corpus of the endowment over the long term, the School shall decide annually whether to withdraw any portion of the investment income, including capital appreciation, of the endowment fund. Any annual distribution cannot exceed 5% of the balance of the endowment fund.

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment for graduate support	\$ -	\$ 92,793	\$ 92,793
Board-designated endowment for graduate support	1,053,207	-	1,053,207
	<u>\$ 1,053,207</u>	<u>\$ 92,793</u>	<u>\$ 1,146,000</u>

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment for graduate support	\$ -	\$ 83,074	\$ 83,074
Board-designated endowment for graduate support	584,793	-	584,793
	<u>\$ 584,793</u>	<u>\$ 83,074</u>	<u>\$ 667,867</u>

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

During the years ended June 30, 2024 and 2023, the School’s endowment had the following activity:

	Without donor restrictions	With donor restrictions	Total endowment net assets
Endowment net assets, June 30, 2022	\$ 347,868	\$ 75,102	\$ 422,970
Contributions	200,000	-	200,000
Net investment income	36,925	7,972	44,897
Endowment net assets, June 30, 2023	584,793	83,074	667,867
Contributions	400,000	-	400,000
Net investment income	68,414	9,719	78,133
Endowment net assets, June 30, 2024	\$ 1,053,207	\$ 92,793	\$ 1,146,000

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The School has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023, funds with original gift values of \$84,072, fair values of \$83,074, and deficiencies of \$998 were reported in net assets with donor restrictions.

NOTE K | TAX DEFERRED ANNUITY PLAN

The School participates in a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers substantially all employees of the School. The School contributed 4% of gross salaries for qualified employees to the plan for the years ended June 30, 2024 and 2023. Employees are required to make contributions to the plan in order to receive the 4% contribution from the School. If they wish, employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Employer contributions were \$32,614 and \$31,396 for the years ended June 30, 2024 and 2023, respectively.

NOTE L | CONCENTRATION OF CREDIT RISK

The School maintains its cash at two different financial institutions. At times, the balance in the accounts may exceed federally insured limits. The School has not experienced any losses in cash accounts and believes it is not exposed to any significant credit risk on cash.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the financial statements.

NOTE M | COMMITMENTS AND CONTINGENCIES

The NMTC financing includes certain compliance requirements, which if not met during the seven-year compliance period, require recapture of the tax credits.

Marian Middle School and Affiliate
NOTES TO FINANCIAL STATEMENTS

NOTE N | FUNCTIONAL ALLOCATION OF EXPENSES

Certain categories of expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, occupancy costs, supplies, postage and telephone which are allocated on the basis of estimated time and effort expended by School staff.

NOTE O | EMPLOYEE RETENTION CREDIT (“ERC”) FUNDING

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) provides an employee retention credit (“CARES Employee Retention Credit”), which is a refundable tax credit against certain employment taxes, for 50% of qualified wages paid to employees between March 13 and December 31, 2020, capped at \$5,000 per employee for eligible employers. The tax credit is equal to 70% of the qualified wages paid to employees for the first three quarters of calendar year 2021, capped at \$7,000 per employee.

The School believes it qualified for employee retention credit and applied for credits totaling \$224,582. However, laws and regulations concerning government programs, including the ERC established by the CARES Act, are complex and subjective to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the School’s claim to the ERC. Accordingly, the School has not recorded a provision for revenue related to these credits.

Marian Middle School and Affiliate
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2024

	Consolidating Information					
	Marian Middle School			Marian Middle School Supporting Organization	Consolidating Entries	Consolidated Total
	School	POB	Total			
ASSETS						
Cash and cash equivalents	\$ 2,049,106	\$ -	\$ 2,049,106	\$ 153,970	\$ -	\$ 2,203,076
Investments, including working capital reserve	3,567,322	-	3,567,322	-	-	3,567,322
Grants and contributions receivable - net	418,960	-	418,960	-	-	418,960
Prepaid expenses	23,213	-	23,213	-	-	23,213
Property and equipment - net	879,807	2,130,612	3,010,419	-	-	3,010,419
Cash and cash equivalents whose use is limited						
Capital improvements and other costs under New Market Tax Credit Financing Agreement	-	34,692	34,692	-	-	34,692
Endowment for graduate support	40,095	-	40,095	-	-	40,095
Contributions receivable restricted for the Transforming Lives, Building for our Future Campaign - net	134,096	-	134,096	-	-	134,096
Endowment investments	1,105,905	-	1,105,905	-	-	1,105,905
Note receivable	-	-	-	3,419,337	-	3,419,337
Total assets	\$ 8,218,504	\$ 2,165,304	\$ 10,383,808	\$ 3,573,307	\$ -	\$ 13,957,115
LIABILITIES AND NET ASSETS						
Accounts payable	\$ 33,483	\$ 4,611	\$ 38,094	\$ -	\$ -	\$ 38,094
Accrued liabilities	17,744	-	17,744	-	-	17,744
Long-term debt, net	37,000	4,261,986	4,298,986	-	-	4,298,986
Total liabilities	88,227	4,266,597	4,354,824	-	-	4,354,824
Net assets						
Without donor restrictions						
Undesignated	5,950,411	(2,101,293)	3,849,118	3,573,307	-	7,422,425
Designated for endowment	1,053,207	-	1,053,207	-	-	1,053,207
Total net assets without donor restrictions	7,003,618	(2,101,293)	4,902,325	3,573,307	-	8,475,632
With donor restrictions	1,126,659	-	1,126,659	-	-	1,126,659
Total net assets	8,130,277	(2,101,293)	6,028,984	3,573,307	-	9,602,291
Total liabilities and net assets	\$ 8,218,504	\$ 2,165,304	\$ 10,383,808	\$ 3,573,307	\$ -	\$ 13,957,115

Marian Middle School and Affiliate
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended June 30, 2024

	Consolidating information									
	Marian Middle School					Marian Middle School Supporting Organization	Consolidating entries without donor restrictions	Consolidated		
	School without donor restrictions	School with donor restrictions	School total	POB without donor restrictions	Total	Without donor restrictions		Without donor restrictions	With donor restrictions	Total
Support and revenue										
Grants and contributions	\$ 1,351,294	\$ 625,887	\$ 1,977,181	\$ -	\$ 1,977,181	\$ -	\$ -	\$ 1,351,294	\$ 625,887	\$ 1,977,181
Fundraising events (net of direct donor benefits of \$31,199)	646,966	-	646,966	-	646,966	-	-	646,966	-	646,966
Tuition	17,999	-	17,999	-	17,999	-	-	17,999	-	17,999
Lunch program	31,615	-	31,615	-	31,615	-	-	31,615	-	31,615
Net investment income	358,200	9,719	367,919	-	367,919	-	-	358,200	9,719	367,919
Other	12,751	-	12,751	-	12,751	34,193	-	46,944	-	46,944
	2,418,825	635,606	3,054,431	-	3,054,431	34,193	-	2,453,018	635,606	3,088,624
Net assets released from restrictions	875,655	(875,655)	-	-	-	-	-	875,655	(875,655)	-
Total support and revenue	3,294,480	(240,049)	3,054,431	-	3,054,431	34,193	-	3,328,673	(240,049)	3,088,624
Expenses										
Program services										
Academic	1,169,557	-	1,169,557	120,549	1,290,106	-	-	1,290,106	-	1,290,106
Social services	101,804	-	101,804	22,962	124,766	-	-	124,766	-	124,766
Graduate support	591,076	-	591,076	22,962	614,038	-	-	614,038	-	614,038
Total program services	1,862,437	-	1,862,437	166,473	2,028,910	-	-	2,028,910	-	2,028,910
Management and general	205,237	-	205,237	29,788	235,025	79	-	235,104	-	235,104
Fundraising	509,558	-	509,558	34,443	544,001	-	-	544,001	-	544,001
Transfers (to) from affiliated organizations	19,260	-	19,260	(19,260)	-	-	-	-	-	-
Total expenses	2,596,492	-	2,596,492	211,444	2,807,936	79	-	2,808,015	-	2,808,015
INCREASE (DECREASE) IN NET ASSETS	697,988	(240,049)	457,939	(211,444)	246,495	34,114	-	520,658	(240,049)	280,609
Net assets at beginning of year	6,305,630	1,366,708	7,672,338	(1,889,849)	5,782,489	3,539,193	-	7,954,974	1,366,708	9,321,682
Net assets at end of year	\$ 7,003,618	\$ 1,126,659	\$ 8,130,277	\$ (2,101,293)	\$ 6,028,984	\$ 3,573,307	\$ -	\$ 8,475,632	\$ 1,126,659	\$ 9,602,291