MARIAN
MIDDLE SCHOOL

FINANCIAL STATEMENTS

June 30, 2021 and 2020

CONTENTS

Kerber, Eck & Braeckel LLP
One South Memorial Drive
Suite 900
St. Louis, MO 63102
P 314.231.6232
F 314.880.9307

Independent Auditors' Report

Board of Directors
Marian Middle School

We have audited the accompanying consolidated financial statements of Marian Middle School (a Missouri corporation, not-for-profit) and affiliate, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Marian Middle School and affiliate as of June 30, 2021 and 2020, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis 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
December 6, 2021

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

	2021	2020
ASSETS		
Cash and cash equivalents	$ 2,505,549	$ 935,262
Investments, including working capital reserve	1,697,548	2,050,564
Grants and contributions receivable - net	93,190	188,856
Prepaid expenses	18,718	3,948
Property and equipment - net	3,437,423	2,585,673
Cash and cash equivalents whose use is limited		
Capital improvements and other costs under New Market Tax Credit Financing Agreement	177,188	1,178,810
Transforming Lives, Building for our Future Campaign	42,818	493,353
Endowment for graduate support	468,824	68,378
Contributions receivable restricted for the Transforming Lives, Building for our Future Campaign - net	918,038	1,286,436
Note receivable	3,419,337	3,419,337
Total assets	$ 12,778,633	$ 12,210,617
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 14,454	$ 55,023
Accrued liabilities	21,825	31,741
Payroll Protection Program loan	205,000	205,384
Long-term debt, net	4,865,387	4,995,912
Total liabilities	5,106,666	5,288,060
Net assets		
Without donor restrictions	6,037,792	4,339,306
With donor restrictions	1,634,175	2,583,251
Total net assets	7,671,967	6,922,557
TOTAL LIABILITIES AND NET ASSETS	$ 12,778,633	$ 12,210,617

The accompanying notes are an integral part of these statements.

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

	2021			2020		
	Without donor restrictions	**With donor restrictions**	**Total**	**Without donor restrictions**	**With donor restrictions**	**Total**
Support and revenue						
Grants and contributions						
Transforming Lives, Building for our Future Capital Campaign	$ -	$ 131,856	$ 131,856	$ 363,653	$ 246,581	$ 610,234
Other	1,700,608	122,027	1,822,635	1,243,371	230,371	1,473,742
Fundraising events (net of direct donor benefits of $11,400 in 2021 and $10,071 in 2020)	614,233	-	614,233	549,445	-	549,445
Tuition	27,969	-	27,969	26,633	-	26,633
Lunch program	8,211	-	8,211	38,557	-	38,557
Net investment income	129,319	-	129,319	90,403	-	90,403
Gain on uncollectible grants and contributions receivable	-	17,658	17,658	-	42,083	42,083
Other	49,200	-	49,200	21,361	-	21,361
	2,529,540	271,541	2,801,081	2,333,423	519,035	2,852,458
Net assets released from restrictions	1,220,617	(1,220,617)	-	1,233,708	(1,233,708)	-
Total support and revenue	3,750,157	(949,076)	2,801,081	3,567,131	(714,673)	2,852,458
Expenses						
Program services						
Academic	824,970	-	824,970	857,674	-	857,674
Social services	123,379	-	123,379	134,678	-	134,678
Graduate support	445,805	-	445,805	378,345	-	378,345
Total program services	1,394,154	-	1,394,154	1,370,697	-	1,370,697
Supporting services						
Management and general	217,204	-	217,204	217,136	-	217,136
Fundraising	440,313	-	440,313	404,141	-	404,141
Total expenses	2,051,671	-	2,051,671	1,991,974	-	1,991,974
INCREASE (DECREASE) IN NET ASSETS	1,698,486	(949,076)	749,410	1,575,157	(714,673)	860,484
Net assets at beginning of year	4,339,306	2,583,251	6,922,557	2,764,149	3,297,924	6,062,073
Net assets at end of year	$ 6,037,792	$ 1,634,175	$ 7,671,967	$ 4,339,306	$ 2,583,251	$ 6,922,557

The accompanying notes are an integral part of these statements.

Marian Middle School and Affiliate
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021

	Program services						
	Academic	Social services	Graduate support	Total	Management and general	Fundraising	Total expenses
Salaries and benefits	$ 605,065	$ 75,830	$ 104,835	$ 785,730	$ 90,480	$ 249,735	$ 1,125,945
Supplies	8,763	3,586	256	12,605	192	256	13,053
Telephone	4,393	975	975	6,343	732	975	8,050
Postage and shipping	1,646	366	366	2,378	274	366	3,018
Occupancy	51,620	11,471	11,471	74,562	8,604	11,471	94,637
Printing and publications	107	24	24	155	18	7,513	7,686
Conferences, conventions and meetings	1,692	163	163	2,018	254	282	2,554
Depreciation	68,507	15,223	15,223	98,953	11,417	15,223	125,593
Interest	34,968	7,799	7,800	50,567	5,849	7,800	64,216
Athletic programs	-	-	-	-	-	-	-
Food program	10,626	-	-	10,626	-	-	10,626
Dues and subscriptions	-	-	-	-	737	248	985
Special events and fundraising	-	-	-	-	-	21,282	21,282
Graduates support	-	-	300,103	300,103	-	-	300,103
Insurance	20,650	4,589	4,589	29,828	3,442	4,589	37,859
Miscellaneous	5,503	-	-	5,503	20,522	3,652	29,677
Recruiting	700	-	-	700	250	-	950
Technology	3,951	-	-	3,951	4,745	12,461	21,157
Student transportation	1,340	-	-	1,340	-	-	1,340
Board and volunteer	-	-	-	-	-	818	818
Professional services	-	-	-	-	69,688	115,042	184,730
Academic Saturdays and field trips	-	-	-	-	-	-	-
Culinary program	-	3,353	-	3,353	-	-	3,353
Counseling	5,439	-	-	5,439	-	-	5,439
	824,970	123,379	445,805	1,394,154	217,204	451,713	2,063,071
Less expenses included with revenues in the statement of activities							
Cost of direct benefits to donors	-	-	-	-	-	(11,400)	(11,400)
Total expenses included in the expense section in the statement of activities	$ 824,970	$ 123,379	$ 445,805	$ 1,394,154	$ 217,204	$ 440,313	$ 2,051,671

The accompanying notes are an integral part of these statements.

Marian Middle School and Affiliate
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020

	Program services						
	Academic	Social services	Graduate support	Total	Management and general	Fundraising	Total expenses
Salaries and benefits	$ 579,836	$ 89,994	$ 98,361	$ 768,191	$ 78,128	$ 241,648	$ 1,087,967
Supplies	16,939	2,495	239	19,673	180	180	20,033
Telephone	2,758	581	581	3,920	436	436	4,792
Postage and shipping	1,556	328	328	2,212	245	245	2,702
Occupancy	46,207	9,728	9,728	65,663	15,720	7,296	88,679
Printing and publications	614	129	129	872	97	5,225	6,194
Conferences, conventions and meetings	2,655	-	-	2,655	2,667	1,389	6,711
Depreciation	46,073	9,700	9,700	65,473	7,275	7,275	80,023
Interest	60,622	12,763	12,763	86,148	9,572	9,572	105,292
Athletic programs	-	1,817	-	1,817	-	-	1,817
Food program	53,178	-	-	53,178	-	-	53,178
Dues and subscriptions	-	-	-	-	269	-	269
Special events and fundraising	-	-	-	-	-	26,966	26,966
Graduates support	-	-	242,808	242,808	-	-	242,808
Insurance	17,612	3,708	3,708	25,028	2,781	2,781	30,590
Miscellaneous	6,680	-	-	6,680	10,121	2,729	19,530
Recruiting	39	-	-	39	934	-	973
Technology	7,827	-	-	7,827	1,542	12,709	22,078
Student transportation	209	27	-	236	-	-	236
Board and volunteer	2,533	-	-	2,533	-	448	2,981
Professional services	-	-	-	-	87,169	95,313	182,482
Academic Saturdays and field trips	1,326	1,116	-	2,442	-	-	2,442
Culinary program	-	2,292	-	2,292	-	-	2,292
Counseling	11,010	-	-	11,010	-	-	11,010
	857,674	134,678	378,345	1,370,697	217,136	414,212	2,002,045
Less expenses included with revenues in the statement of activities							
Cost of direct benefits to donors	-	-	-	-	-	(10,071)	(10,071)
Total expenses included in the expense section in the statement of activities	$ 857,674	$ 134,678	$ 378,345	$ 1,370,697	$ 217,136	$ 404,141	$ 1,991,974

The accompanying notes are an integral part of these statements.

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

	2021	2020
Increase in cash and cash equivalents		
Cash flows from operating activities		
Change in net assets	$ 749,410	$ 860,484
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	146,900	96,004
Realized and unrealized gain on investments	(53,950)	(44,915)
Loss on disposal of fixed asset	527	200
Discount on below market rate loans	34,702	(217,925)
Contributions restricted for capital improvements	(109,747)	(366,848)
Forgiveness of Paycheck Protection Program Loan	(205,384)	-
(Increase) decrease in assets		
Grants and contributions receivable - net	95,666	59,852
Prepaid expense	(14,770)	13,273
Increase (decrease) in liabilities		
Accounts payable	(40,569)	(97,400)
Accrued liabilities	(9,916)	5,800
Net cash provided by operating activities	592,869	308,525
Cash flows from investing activities		
Proceeds from sale of investments	1,496,655	111,698
Purchase of investments	(1,089,689)	(1,140,717)
Purchase of property and equipment	(977,869)	(1,461,161)
Net cash used in investing activities	(570,903)	(2,490,180)
Cash flows from financing activities		
Issuance of note receivable	-	(3,419,337)
Proceeds from the issuance of long-term debt	-	6,170,000
Proceeds from Paycheck Protection Program loan	205,000	205,384
Payments on long-term debt	(186,535)	(590,324)
Debt issuance costs	-	(639,227)
Contributions restricted for capital improvements and graduate support endowment	478,145	666,989
Net cash provided by financing activities	496,610	2,393,485
NET INCREASE IN CASH AND CASH EQUIVALENTS	518,576	211,830
Cash and cash equivalents at beginning of year	2,675,803	2,463,973
Cash and cash equivalents at end of year	$ 3,194,379	$ 2,675,803
Supplemental disclosures		
Noncash investing and financing activities:		
Accounts payable for property and equipment	$ -	$ 48,914
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	$ 2,505,549	$ 935,262
Cash and cash equivalents whose use is limited		
Capital improvements and other costs under New Market Tax Credit Financing Agreement	177,188	1,178,810
Transforming Lives, Building for our Future Campaign	42,818	493,353
Endowment for graduate support	468,824	68,378
	$ 3,194,379	$ 2,675,803

The accompanying notes are an integral part of these 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 are to be 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.

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 is reported in the 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 provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all receivables. The estimated losses are based on historical collection experience and a review of the current status of existing receivables.

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 and 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:

	Years
Furniture and equipment	3 – 7
Buildings and improvements	7 – 40
Vehicles	5

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:

<u>Net assets without donor restrictions</u> – 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 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.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the Statements of Activities. The 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 P.

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.

Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through December 6, 2021, the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

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 a donor-restricted endowment.

	June 30, 2021	June 30, 2020
Cash and cash equivalents	$ 2,505,549	$ 935,262
Investments	1,697,548	2,050,564
Grants and contributions receivable - net	93,190	188,856
Cash and cash equivalents whose use is limited	688,830	1,740,541
Contributions receivable restricted for the Transforming Lives, Building for our Future Campaign - net	918,038	1,286,436
Note receivable	3,419,337	3,419,337
Total financial assets	9,322,492	9,620,996
Cash and cash equivalents whose use is limited to capital improvements and other costs under New Market Tax Credit Financing Agreement	(177,188)	(1,178,810)
Donor-imposed restrictions for the Transforming Lives, Building for our Future Campaign -capital improvements and graduate support	(960,856)	(1,779,789)
Endowment for graduate support	(468,824)	(68,378)
Notes receivable to be collected in more than one year	(3,419,337)	(3,419,337)
Other donor restrictions	(604,495)	(735,084)
	$ 3,691,792	$ 2,439,598

As part of the School's liquidity management plan, the School maintains an operating reserve to fund general operating expenses. The balance of the working capital reserve was $800,000 and $1,200,000 as of June 30, 2021 and 2020, respectively, which is reported in the Statements of Financial Position as cash and cash equivalents and investments without restrictions.

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, 2021 and 2020.

When available, the School uses quoted market prices to determine the fair value of assets. Investments in U.S. Treasury Notes, mutual funds and exchange-traded products 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.

A summary of assets at June 30, 2021 measured at fair value on a recurring basis were as follows:

	Fair value measurement	Level 1	Level 2	Level 3
Investments				
Mutual funds	$ 1,229,421	$ 1,229,421	$ -	$ -
Exchange-traded products	468,127	468,127	-	-
Total investments	$ 1,697,548	$ 1,697,548	$ -	$ -

A summary of assets at June 30, 2020 measured at fair value on a recurring basis were as follows:

	Fair value measurement	Level 1	Level 2	Level 3
Investments				
U.S. Treasury Notes	$ 991,579	$ 991,579		
Mutual funds	718,222	718,222	-	-
Exchange-traded products	340,763	340,763	-	-
Total investments	$ 2,050,564	$ 2,050,564	$ -	$ -

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:

	2021	2020
Due in less than one year	$ 531,160	$ 590,930
Due in one to five years	453,444	893,029
Due in more than five years	50,000	50,000
	1,034,604	1,533,959
Less discount to present value	(13,983)	(31,616)
Less allowance for uncollectible grants and contributions receivable	(9,393)	(27,051)
	$ 1,011,228	$ 1,475,292

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

	2021	2020
Grants and contributions receivable - net	$ 93,190	$ 188,856
Contributions receivable restricted for the Transforming Lives, Building for our Future Capital Campaign - net	918,038	1,286,436
	$ 1,011,228	$ 1,475,292

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.

NOTE G | PROPERTY AND EQUIPMENT

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

	2021	2020
Furniture and equipment	$ 480,270	$ 513,154
Building and improvements	2,588,097	1,661,186
Vehicles	-	5,000
	3,068,367	2,179,340
Less accumulated depreciation	636,749	580,895
	2,431,618	1,598,445
Construction in progress	935,627	917,050
Land	70,178	70,178
	$ 3,437,423	$ 2,585,673

NOTE H | PAYROLL PROTECTION PROGRAM LOAN

On April 20, 2020, the School was granted a loan from Great Southern Bank in the aggregate amount of $205,384, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan was used for qualifying expenses by the School and subsequently forgiven. The loan proceeds were reported as grants and contributions in the Statement of Activities for the year ended June 30, 2021.

On February 19, 2021, the School was granted a second PPP loan from Great Southern Bank in the aggregate amount of $205,000. The loan matures on February 19, 2026 and bears interest at a rate of 1.00% per annum. This loan may also be forgiven if used for qualifying expenses. The note is payable monthly beginning on the date the Small Business Association remits the loan forgiveness amount to Great Southern Bank, or if the School were not to apply for forgiveness, ten months after the end of the loan forgiveness covered period. The note may be prepaid by the School at any time prior to maturity with no prepayment penalties.

NOTE I | LONG-TERM DEBT

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

		2021		2020
Construction Loan				
St. Mary's Institute of O'Fallon	$	300,000	$	300,000
Loretto Literary and Benevolent Institution		293,141		300,000
School Sisters of Notre Dame Central Pacific Province		300,000		300,000
Great Southern Bank Senior Loan		-		179,676
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
		5,693,141		5,879,676
Less unamortized imputed interest on below market rate loan		(225,816)		(260,518)
Less unamortized debt issuance costs		(601,938)		(623,246)
	$	4,865,387	$	4,995,912

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 this 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.

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 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,	
2022	$ 98,278
2023	96,612
2024	75,998
2025	22,253
2026	-
Thereafter	5,400,000
	$ 5,693,141

Interest costs of $10,054 and $15,213 were capitalized as part of the cost of assets acquired during 2021 and 2020, respectively. Imputed interest expense for the year ended June 30, 2021 and 2020 was $34,702 and $28,692, respectively.

NOTE J | TRANSFORMING LIVES, BUILDING FOR OUR FUTURE CAMPAIGN

During the year ended June 30, 2018, Marian initiated the Transforming Lives, Building for our Future campaign. The fundraising goal of the campaign is $5 million. Campaign donors may restrict their contribution to capital improvements, an endowment for the graduate support program or for any other donor specified purpose. If the donor did not specify their preference for use, the contribution will be used for either capital improvements or the graduate support endowment at the discretion of the School's Board of Directors. Campaign contributions received were $131,856 and $610,234 and campaign expenses totaled $965,751 and $1,473,798 for the years ended June 30, 2021 and 2020, respectively.

NOTE K | NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to the passage of time	$ 354,310	$ 588,618
Subject to expenditure for specified purpose		
Graduate support	222,997	130,516
Marketing	25,688	-
Cultural Competency	1,500	6,750
Technology	-	9,200
Transforming Lives, Building for Our Future Campaign - capital improvements and graduate support	960,856	1,779,789
Subject to endowment spending and appropriation		
Transforming Lives, Building for Our Future Campaign - Graduate support	68,824	68,378
	$ 1,634,175	$ 2,583,251

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,:

	2021	2020
Expiration of time restrictions	$ 108,400	$ 29,300
Satisfaction of purpose restrictions		
Graduate support	130,516	-
Cultural Competency	6,750	-
STEM	-	94,263
Technology	9,200	-
Transforming Lives, Building for Our Future Campaign	965,751	1,110,145
	$ 1,220,617	$ 1,233,708

NOTE L | ENDOWMENT

The School's endowment consists of donor-restricted 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 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 or not 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, 2021 is as follows:

	Without donor restrictions	With donor restrictions	Total endowment net assets
Endowment for graduate support	$ 400,000	$ 68,824	$ 468,824

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	Without donor restrictions	With donor restrictions	Total endowment net assets
Endowment for graduate support	$ -	$ 68,378	$ 68,378

During the years ended June 30, 2021 and 2020, the School's endowment had the following activity:

	Without donor restrictions	With donor restrictions	Total endowment net assets
Endowment net assets, June 30, 2019	$ -	$ 66,776	$ 66,776
Contributions	-	1,602	1,602
Endowment net assets, June 30, 2020	-	68,378	68,378
Contributions	-	446	446
Board designation for endowment	400,000	-	400,000
Endowment net assets, June 30, 2021	$ 400,000	$ 68,824	$ 468,824

NOTE M | 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, 2021 and 2020. If they wish, employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Employer contributions were $30,512 and $30,888 for the years ended June 30, 2021 and 2020, respectively.

NOTE N | 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 O | 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.

NOTE P | 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.

Marian Middle School and Affiliate
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2021

	Consolidating Information					
	Marian Middle School					
	Marian Middle School	POB	Total	Marian Middle School Supporting Organization	Consolidating Entries	Consolidated Total
ASSETS						
Cash and cash equivalents	$ 2,453,910	$ -	$ 2,453,910	$ 51,639	$ -	$ 2,505,549
Investments, including working capital reserve	1,697,548	-	1,697,548	-	-	1,697,548
Grants and contributions receivable - net	93,190	-	93,190	-	-	93,190
Prepaid expenses	18,718	-	18,718	-	-	18,718
Property and equipment - net	930,291	2,507,132	3,437,423	-	-	3,437,423
Cash and cash equivalents whose use is limited						
Capital improvements and other costs under New Market Tax Credit Financing Agreement	-	177,188	177,188	-	-	177,188
Transforming Lives, Building for our Future Campaign	42,818	-	42,818	-	-	42,818
Endowment for graduate support	468,824	-	468,824	-	-	468,824
Contributions receivable restricted for the Transforming Lives, Building for our Future Campaign - net	918,038	-	918,038	-	-	918,038
Note receivable	-	-	-	3,419,337	-	3,419,337
Total assets	$ 6,623,337	$ 2,684,320	$ 9,307,657	$ 3,470,976	$ -	$ 12,778,633
LIABILITIES AND NET ASSETS						
Accounts payable	$ 9,843	$ 4,611	$ 14,454	$ -	$ -	$ 14,454
Accrued liabilities	21,825	-	21,825	-	-	21,825
Payroll Protection Program loan	205,000	-	205,000	-	-	205,000
Long-term debt, net	667,325	4,198,062	4,865,387	-	-	4,865,387
Total liabilities	903,993	4,202,673	5,106,666	-	-	5,106,666
Net assets						
Without donor restrictions	4,085,169	(1,518,353)	2,566,816	3,470,976	-	6,037,792
With donor restrictions	1,634,175	-	1,634,175	-	-	1,634,175
Total net assets	5,719,344	(1,518,353)	4,200,991	3,470,976	-	7,671,967
Total liabilities and net assets	$ 6,623,337	$ 2,684,320	$ 9,307,657	$ 3,470,976	$ -	$ 12,778,633

Marian Middle School and Affiliate
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended June 30, 2021

	Consolidating information							Consolidated		
	Marian Middle School					Marian Middle School Supporting Organization				
	Marian Middle School without donor restrictions	Marian Middle School with donor restrictions	Marian Middle School total	POB without donor restrictions	Total	Without donor restrictions	Consolidating entries without donor restrictions	Without donor restrictions	With donor restrictions	Total
Support and revenue										
Grants and contributions										
Transforming Lives, Building for our Future Capital Campaign	$ -	$ 131,856	$ 131,856	$ -	$ 131,856	$ -	$ -	$ -	$ 131,856	$ 131,856
Other	1,700,608	122,027	1,822,635	-	1,822,635	-	-	1,700,608	122,027	1,822,635
Fundraising events (net of direct donor benefits of $11,400	614,233	-	614,233	-	614,233	-	-	614,233	-	614,233
Tuition	27,969	-	27,969	-	27,969	-	-	27,969	-	27,969
Lunch program	8,211	-	8,211	-	8,211	-	-	8,211	-	8,211
Net investment income	129,319	-	129,319	-	129,319	-	-	129,319	-	129,319
Gain on uncollectible grants and contributions receivable	-	17,658	17,658	-	17,658	-	-	-	17,658	17,658
Other	6,458	-	6,458	-	6,458	42,742	-	49,200	-	49,200
	2,486,798	271,541	2,758,339	-	2,758,339	42,742	-	2,529,540	271,541	2,801,081
Net assets released from restrictions	1,220,617	(1,220,617)	-	-	-	-	-	1,220,617	(1,220,617)	-
Total other support and revenue	3,707,415	(949,076)	2,758,339	-	2,758,339	42,742	-	3,750,157	(949,076)	2,801,081
Expenses										
Program services										
Academic	770,829	-	770,829	54,141	824,970	-	-	824,970	-	824,970
Social services	111,567	-	111,567	11,812	123,379	-	-	123,379	-	123,379
Graduate support	433,992	-	433,992	11,813	445,805	-	-	445,805	-	445,805
Total program services	1,316,388	-	1,316,388	77,766	1,394,154	-	-	1,394,154	-	1,394,154
Management and general	175,408	-	175,408	31,919	207,327	9,877	-	217,204	-	217,204
Fundraising	428,500	-	428,500	11,813	440,313	-	-	440,313	-	440,313
Transfers (to) from affiliated organizations	60,884	-	60,884	(60,884)	-	-	-	-	-	-
Total expenses	1,981,180	-	1,981,180	60,614	2,041,794	9,877	-	2,051,671	-	2,051,671
INCREASE (DECREASE) IN NET ASSETS	1,726,235	(949,076)	777,159	(60,614)	716,545	32,865	-	1,698,486	(949,076)	749,410
Net assets at beginning of year	2,358,934	2,583,251	4,942,185	(1,457,739)	3,484,446	3,438,111	-	4,339,306	2,583,251	6,922,557
Net assets at end of year	$ 4,085,169	$ 1,634,175	$ 5,719,344	$ (1,518,353)	$ 4,200,991	$ 3,470,976	$ -	$ 6,037,792	$ 1,634,175	$ 7,671,967