

ST. RITA CATHOLIC PARISH

Dallas, Texas

Combined Financial Statements

Years Ended June 30, 2022 and 2021

ST. RITA CATHOLIC PARISH
Combined Financial Statements
Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Finance Council
St. Rita Catholic Parish
Dallas, Texas

Opinion

We have audited the accompanying combined financial statements of St. Rita Catholic Parish (the "Parish"), which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of St. Rita Catholic Parish as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Parish 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.

Management's Responsibilities for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 the Parish'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Parish'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 audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on pages 16 - 19 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

PSK LLP

Arlington, Texas
August 30, 2022

ST. RITA CATHOLIC PARISH
 Combined Statements of Financial Position
 June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 6,062,080	\$ 4,675,594
Accounts receivable	45,692	46,738
Other assets	127,392	124,104
Investments	3,735,942	4,781,156
Physical properties, net	20,985,148	22,224,647
 Total Assets	 \$ 30,956,254	 \$ 31,852,239
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 163,456	\$ 135,694
Accrued expenses	31,410	26,114
Funds held for others	11,188	4,916
Deferred revenues	1,397,024	1,236,969
Notes payable	4,980,690	5,405,037
 Total liabilities	 6,583,768	 6,808,730
 Net Assets		
Without donor restrictions	21,320,396	21,657,463
With donor restrictions	3,052,090	3,386,046
 Total net assets	 24,372,486	 25,043,509
 Total Liabilities and Net Assets	 \$ 30,956,254	 \$ 31,852,239

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

ST. RITA CATHOLIC PARISH

Combined Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 4,309,231	\$ 495,758	\$ 4,804,989
Tuition and fees, net of financial aid	7,397,619	-	7,397,619
Gifts and grants	380,065	-	380,065
Net investment returns	74	(369,781)	(369,707)
Fundraising	658,357	-	658,357
Other revenue	414,364	-	414,364
Net assets released from restrictions	459,933	(459,933)	-
Total revenues	<u>13,619,643</u>	<u>(333,956)</u>	<u>13,285,687</u>
Expenses			
Program Services			
Faith formation	95,202	-	95,202
Worship and liturgical	1,898,407	-	1,898,407
Ministries	228,197	-	228,197
School	7,930,955	-	7,930,955
Total program services	<u>10,152,761</u>	<u>-</u>	<u>10,152,761</u>
Supporting Services			
Management and general	3,755,165	-	3,755,165
Fundraising and development	48,784	-	48,784
Total supporting services	<u>3,803,949</u>	<u>-</u>	<u>3,803,949</u>
Total expenses	<u>13,956,710</u>	<u>-</u>	<u>13,956,710</u>
Change in net assets	(337,067)	(333,956)	(671,023)
Net assets at beginning of year	<u>21,657,463</u>	<u>3,386,046</u>	<u>25,043,509</u>
Net assets at end of year	<u>\$ 21,320,396</u>	<u>\$ 3,052,090</u>	<u>\$ 24,372,486</u>

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

ST. RITA CATHOLIC PARISH

Combined Statement of Activities

Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 3,801,096	\$ 436,269	\$ 4,237,365
Tuition and fees, net of financial aid	6,602,063	-	6,602,063
Gifts and grants	64,372	-	64,372
Net investment returns	22,530	548,484	571,014
Forgiveness of Paycheck Protection Program note	1,448,446	-	1,448,446
Fundraising	336,827	-	336,827
Other revenue	317,154	-	317,154
Net assets released from restrictions	<u>525,357</u>	<u>(525,357)</u>	<u>-</u>
Total revenues	<u>13,117,845</u>	<u>459,396</u>	<u>13,577,241</u>
Expenses			
Program Services			
Faith formation	68,170	-	68,170
Worship and liturgical	1,716,467	-	1,716,467
Ministries	163,887	-	163,887
School	<u>6,823,003</u>	<u>-</u>	<u>6,823,003</u>
Total program services	<u>8,771,527</u>	<u>-</u>	<u>8,771,527</u>
Supporting Services			
Management and general	3,306,724	-	3,306,724
Fundraising and development	<u>92,643</u>	<u>-</u>	<u>92,643</u>
Total supporting services	<u>3,399,367</u>	<u>-</u>	<u>3,399,367</u>
Total expenses	<u>12,170,894</u>	<u>-</u>	<u>12,170,894</u>
Change in net assets	946,951	459,396	1,406,347
Net assets at beginning of year	<u>20,710,512</u>	<u>2,926,650</u>	<u>23,637,162</u>
Net assets at end of year	<u>\$ 21,657,463</u>	<u>\$ 3,386,046</u>	<u>\$ 25,043,509</u>

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

ST. RITA CATHOLIC PARISH
 Combined Statements of Functional Expenses
 Years Ended June 30, 2022 and 2021

	Program Expenses				Supporting Services		Total
	Faith Formation	Worship and Liturgical	Ministries	School	Management and General	Fundraising and Development	
2022							
Salaries and benefits	\$ 14,072	\$ 835,548	\$ 16,228	\$ 5,787,492	\$ 1,591,362	\$ 37,218	\$ 8,281,920
Contributions and assessments	-	-	133,684	12,208	512,050	-	657,942
Professional fees	1,525	48,684	2,880	46,171	150,507	-	249,767
Insurance and risk management	2,580	54,272	2,975	132,335	45,425	-	237,587
Supplies, repairs, and maintenance	35,419	94,151	24,449	1,523,415	793,665	7,063	2,478,162
Utilities	2,833	70,867	3,267	130,252	47,198	-	254,417
Interest and financing	1,994	40,882	2,300	137,039	33,233	4,503	219,951
Depreciation and amortization	36,779	754,003	42,414	162,043	581,725	-	1,576,964
Total	\$ 95,202	\$ 1,898,407	\$ 228,197	\$ 7,930,955	\$ 3,755,165	\$ 48,784	\$ 13,956,710
2021							
Salaries and benefits	\$ 13,810	\$ 777,340	\$ 15,926	\$ 5,386,879	\$ 1,456,655	\$ 80,957	\$ 7,731,567
Contributions and assessments	-	-	92,040	11,552	463,007	-	566,599
Professional fees	-	18,774	-	57,161	48,199	-	124,134
Insurance and risk management	2,517	54,018	2,904	116,411	46,135	-	221,985
Supplies, repairs, and maintenance	9,875	9,035	5,538	838,491	635,418	6,472	1,504,829
Utilities	2,322	60,860	2,677	106,448	38,673	-	210,980
Interest and financing	2,872	42,527	2,393	124,905	36,593	5,214	214,504
Depreciation and amortization	36,774	753,913	42,409	181,156	582,044	-	1,596,296
Total	\$ 68,170	\$ 1,716,467	\$ 163,887	\$ 6,823,003	\$ 3,306,724	\$ 92,643	\$ 12,170,894

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

ST. RITA CATHOLIC PARISH

Combined Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (671,023)	\$ 1,406,347
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	1,576,964	1,596,296
Net investment returns	369,707	(571,014)
Forgiveness of Paycheck Protection Program note	-	(1,448,446)
Contributions restricted for building	(185,168)	(284,051)
Contributions to endowment fund	(101,931)	(79,962)
(Increase) decrease in assets:		
Accounts receivable	1,046	(17,718)
Other assets	(3,288)	(62,309)
Increase (decrease) in liabilities:		
Accounts payable	27,762	46,299
Accrued expenses	5,296	(564)
Funds held for others	6,272	(4,365)
Deferred revenues	160,055	244,124
	<u>1,185,692</u>	<u>824,637</u>
Net cash and cash equivalents provided by operating activities		
Cash Flows From Investing Activities		
Purchases of investments	(125,000)	(38,872)
Proceeds on sale of investments	800,507	132,341
Purchases of physical properties	(337,465)	(311,329)
	<u>338,042</u>	<u>(217,860)</u>
Net cash and cash equivalents provided by (used in) investing activities		
Cash Flows From Financing Activities		
Contributions restricted for building	185,168	284,051
Contributions to endowment fund	101,931	79,962
Payments on notes payable	(424,347)	(338,410)
	<u>(137,248)</u>	<u>25,603</u>
Net cash and cash equivalents provided by (used in) financing activities		
Change in cash and cash equivalents	1,386,486	632,380
Cash and cash equivalents at beginning of the year	<u>4,675,594</u>	<u>4,043,214</u>
Cash and cash equivalents at end of the year	<u>\$ 6,062,080</u>	<u>\$ 4,675,594</u>
Supplemental Disclosures:		
Cash paid for interest	<u>\$ 143,885</u>	<u>\$ 156,141</u>

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

ST. RITA CATHOLIC PARISH
Notes to Combined Financial Statements

1 - Historical Background

St. Rita Catholic Parish was established by the Catholic Diocese of Dallas (the “Diocese”) in 1961 for the purpose of providing ministry services to Catholics and others in Dallas, Texas, and the surrounding area. St. Rita Catholic School (the “School”) is a coeducational parochial school of the Parish providing education to students in Pre-K through eighth grade. St. Rita School Endowment (the “Endowment”) is comprised of a trust that was established in 1997 to receive and maintain funds to assist, promote, and further the education of the students of the School.

The combined financial statements include the accounts of the Church, School, and Endowment (collectively referred to as the “Parish”). All significant inter-organizational transactions and balances have been eliminated.

2 - Significant Accounting Policies

Basis of Accounting - The combined financial statements of the Parish have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the obligation is incurred. The combined financial statements of the Parish have been prepared using accounting principles generally accepted in the United States of America (“U.S. GAAP”).

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-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 may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition - The Parish is supported primarily through contributions from the Parish membership and tuition and fees from the School. Revenues related to contributions are recognized when the funds are received. Revenues related to tuition and fees are recognized evenly over the period of time during which services are rendered. All revenues are recognized in an amount that reflects the consideration the Parish has received or expects to receive in exchange for those services.

Performance Obligations - Performance obligations related to tuition and fees revenue are satisfied over the period of time for which a child has been enrolled in the School. Tuition and fees payments are billed annually and collected either annually or in monthly installments; the related revenue is recognized evenly during the year as services are rendered.

ST. RITA CATHOLIC PARISH
Notes to Combined Financial Statements

2 - Significant Accounting Policies (continued)

Income Taxes - The Internal Revenue Service issued a determination letter dated March 25, 1946, stating that all Catholic Church entities listed in the *Official Catholic Directory* are exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Each year since then, the IRS has issued a communication stating that the determination letter is still in effect. St. Rita Catholic Parish, as part of the Catholic Diocese of Dallas, is exempt under this ruling, as other than a private foundation.

The Parish follows the Income Taxes topic of the Financial Accounting Standards Board *Accounting Standards Codification* (the "FASB ASC"), which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Parish is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of June 30, 2022, the Parish has no uncertain tax positions that qualify for either recognition or disclosure in the combined financial statements and does not expect this to change in the next twelve months.

Programs - The Parish pursues its objectives through the execution of the following major programs:

Faith formation - Religious education and spiritual development programs.

Worship and liturgical - Prayer and worship services.

Ministries - Various ministry areas of the Parish, including outreach, social, and health ministries.

School - Coeducational parochial education and activities provided to students in pre-kindergarten through eighth grade.

Use of Estimates - Management used estimates and assumptions in preparing these combined financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Donated Services - No amounts have been reflected in the combined financial statements for donated services. The Parish pays for most services requiring specific expertise. A large number of people have contributed significant amounts of time to the activities of the Parish without compensation. The combined financial statements do not reflect the value of those contributed services.

Donated Assets - Donated marketable equity securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Compensated Absences - Employees of the Parish, administrative and ministerial, are entitled to paid vacation depending upon length of service and other factors. The Parish cannot reasonably estimate the amount of compensation for future absences; accordingly, no liability has been recorded in the accompanying combined financial statements. The Parish's policy is to recognize the cost of compensated absences when paid to employees.

Cash and Cash Equivalents - The Parish considers all bank deposits and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital needs, such as building projects and debt retirement, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

ST. RITA CATHOLIC PARISH
Notes to Combined Financial Statements

2 - Significant Accounting Policies (continued)

Physical Properties - Property and equipment are recorded at cost, if purchased, and fair market value at date of donation, if contributed. Maintenance, repairs and minor renewals that do not significantly improve or extend the lives of the representative assets are expensed when incurred. Additions, improvements and major renewals are capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings and improvements	5 to 40 years
Furniture, fixtures and equipment	3 to 40 years

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the combined statements of activities. The combined statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of estimates of time and effort and utilization of space.

Investments - Investments in equity and fixed income mutual funds, as well as certificates of deposit, with readily determinable fair values are carried at fair value in the combined statements of financial position. Realized and unrealized gains and losses are included in the change in net assets. Certificates of deposit held by local financial institutions are carried at cost plus accrued interest since there is no ready market for such assets.

Funds Held for Others - Funds held for others consist of amounts held for other entities to whose benefit the contributions were made. These contributions are not recorded as revenue or expenses of the Parish, as the Parish is not the ultimate beneficiary.

Deferred Revenues - Deferred revenues consist primarily of tuition and fees related to the upcoming school year.

Endowment - The St. Rita School Endowment is comprised of a trust that was established for the purpose of receiving and maintaining funds to assist, promote, and further the education of the students of the School. The Endowment is administered by, and under the sole control of, a Board of Trustees (the "Trustees") and not administered by, or under the control of, the Parish or the School. The following description provides general information about the administration of the Endowment; the actual trust agreement provides a complete description of the Endowment's provisions.

Return objectives and risk parameters - The Trustees have adopted investment and spending policies that attempt to provide a predictable stream of funding to the School while seeking to maintain the purchasing power of the Endowment's assets. Under this policy, the Endowment's assets are invested in a manner that is intended to produce results that meet the return objectives while assuming a low level of investment risk.

Strategies employed for achieving objectives - To satisfy its long-term rate-of-return objectives, the Trustees rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Trustees target a diversified asset allocation that places emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints. Investment allocation for the Fund is reviewed by the Trustees on a periodic basis.

ST. RITA CATHOLIC PARISH
Notes to Combined Financial Statements

2 - Significant Accounting Policies (continued)

Endowment (continued) - Spending policy - The Trustees shall annually distribute 5% of the average of the fair market value of the trust fund for the three previous years. Such distributions may include both earnings and contributions, if the total fair market value of the trust fund remains over \$1,000,000.

Concentrations of Credit Risk - At times, the Parish maintains cash balances with financial institutions in excess of federally insured limits. It is the opinion of management that the solvency of these financial institutions is sufficient to cover any exposure.

Reclassifications - Certain reclassifications were made to the 2021 combined financial statements to conform to the 2022 presentation.

Subsequent Events - Subsequent events have been evaluated through August 30, 2022, which is the date the combined financial statements were available to be issued.

3 - Liquidity and Availability of Resources

The Parish operates under a budget for activities supported by unrestricted contributions, tuition, and fees. Its Finance Council (the “Board”) is responsible for monitoring the liquidity necessary to meet the Parish’s operating needs and meets periodically throughout the year to evaluate the actual results of financial operations versus the budget. Additionally, the Parish maintains several Board-designated and donor-restricted funds purposed for various activities of the Parish and School (See Notes 10 and 11). Parish management, in accordance with Parish policy and/or in collaboration with the Board, appropriates resources from Board-designated and donor-restricted funds as needed.

Financial assets available for general expenditure, that is, without donor restrictions limiting their use or without requiring specific action of the Board, within one year of the date of the combined statements of financial position, are comprised of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,062,080	\$ 4,675,594
Accounts receivable	45,692	46,738
Investments	<u>3,735,942</u>	<u>4,781,156</u>
	9,843,714	9,503,488
Donor-restricted funds	(3,052,090)	(3,386,046)
Board-designated funds	<u>(556,162)</u>	<u>(323,866)</u>
Financial assets available to meet general expenditure needs within one year	<u>\$ 6,235,462</u>	<u>\$ 5,793,576</u>

ST. RITA CATHOLIC PARISH
Notes to Combined Financial Statements

4 - Physical Properties

Physical properties as of June 30, 2022 and 2021 are comprised of the following:

	2022	2021
Land	\$ 1,321,225	\$ 1,321,225
Buildings	23,740,251	23,740,251
Building improvements	14,704,133	14,508,664
Furniture and fixtures	2,218,434	2,067,736
Equipment	2,270,652	2,212,625
Construction in progress	51,856	118,585
	44,306,551	43,969,086
Less: accumulated depreciation	(23,321,403)	(21,744,439)
Net physical properties	\$ 20,985,148	\$ 22,224,647

5 - Fair Value Measurements and Disclosures

The Parish follows the Fair Value Measurements topic of the FASB ASC for all financial assets and liabilities measured at fair value on a recurring basis. The topic establishes a framework for measuring fair value and enhances disclosure requirements for fair value measurements. The Fair Value Measurements topic of the FASB ASC 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.

The topic establishes market or observable inputs as the preferred sources of values, followed by assumptions based on hypothetical transactions in the absence of market inputs. The topic establishes a hierarchy for grouping these assets and liabilities based on the significance level of the following inputs:

Level I – Quoted prices in active markets for identical assets or liabilities.

Level II – Quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant drivers are observable.

Level III – Significant inputs to the valuation model are unobservable.

The following is a listing of investment assets measured at fair value on a recurring basis and where they are classified within the hierarchy, except those measured at cost, as of June 30, 2022:

	Total	Fair Value Measurements			Other
		Level I	Level II	Level III	
Portfolio cash (at cost)	\$ 166,631	\$ -	\$ -	\$ -	\$ 166,631
Certificates of deposit	802,906	-	802,906	-	-
Fixed income mutual funds	1,145,830	1,145,830	-	-	-
Equity mutual funds	1,620,575	1,620,575	-	-	-
Total investments	\$ 3,735,942	\$ 2,766,405	\$ 802,906	\$ -	\$ 166,631

ST. RITA CATHOLIC PARISH
Notes to Combined Financial Statements

5 - Fair Value Measurements and Disclosures (continued)

The following is a listing of investment assets measured at fair value on a recurring basis and where they are classified within the hierarchy, except those measured at cost, as of June 30, 2021:

	Fair Value Measurements				
	Total	Level I	Level II	Level III	Other
Portfolio cash (at cost)	\$ 57,432	\$ -	\$ -	\$ -	\$ 57,432
Certificates of deposit	1,593,592	-	1,066,014	-	527,578
Fixed income mutual funds	1,178,400	1,178,400	-	-	-
Equity mutual funds	1,951,732	1,951,732	-	-	-
Total investments	<u>\$ 4,781,156</u>	<u>\$ 3,130,132</u>	<u>\$ 1,066,014</u>	<u>\$ -</u>	<u>\$ 585,010</u>

The equity and fixed income mutual funds are traded in active markets with readily available prices and are classified within the hierarchy as Level I assets. Certificates of deposit traded in secondary markets are valued based upon yields and expected future cash flows, so they are classified within the hierarchy as Level II assets. There is no market for those certificates of deposit which are direct obligations of local financial institutions. These assets, which are carried at cost plus accrued interest, are not defined within the hierarchy.

6 - Operating Leases

The Parish has entered into non-cancelable operating leases for office equipment. Total lease expense for the years ended June 30, 2022 and 2021 totaled \$28,872 and \$30,409, respectively. The following is a schedule of future minimum rentals under the leases at June 30, 2022:

<u>Year Ending June 30,</u>	
2023	\$ 21,996
2024	18,916
2025	925

7 - Notes Payable

In April 2015, the Parish obtained a note payable with available credit in the amount of \$7,000,000 to finance the construction of new Parish facilities. The note bears interest at a rate of 2.75% and requires monthly payments of principal and interest in the amount of \$44,110. In November 2027, interest will be adjusted to the 5-year Treasury constant maturity rate plus 2.25%, with a floor of 2.75%. All unpaid principal and interest will be due at maturity in September 2032. The note is secured by Parish property. At June 30, 2022 and 2021, the note had an outstanding balance of \$4,954,234 and \$5,341,515, respectively.

In November 2018, the School obtained a note payable in the amount of \$94,593. The unsecured note, which bore interest at a rate of 4.25%, required monthly payments of principal and interest of \$2,806. At June 30, 2021, the note had an outstanding balance of \$13,547. The note was retired at maturity in November 2021.

In July 2019, the School obtained a note payable in the amount of \$92,482 to finance the purchase of computer equipment. The note, which bears interest at a rate of 4.25%, requires monthly payments of principal and interest of \$2,101. All unpaid interest and principal will be due at maturity in July 2023. The note is secured by the computer equipment. At June 30, 2022 and 2021, the note had an outstanding balance of \$26,456 and \$49,975, respectively.

ST. RITA CATHOLIC PARISH
Notes to Combined Financial Statements

7 - Notes Payable (continued)

In April 2020, the Parish and School obtained notes payable under the Small Business Administration (“SBA”) Paycheck Protection Program (the “Program”) of the CARES Act in the amounts of \$456,804 and \$991,642, respectively. In January 2021, the School’s note was forgiven in full by the SBA. Similarly, the Parish’s note was forgiven in May 2021. The forgiven amounts are reported as forgiveness of Paycheck Protection Program note in the combined statement of activities for the year ended June 30, 2021.

As of June 30, 2022, future maturities of notes payable were scheduled as follows:

<u>Year Ending June 30,</u>	
2023	\$ 422,641
2024	411,053
2025	420,557
2026	432,269
2027	444,308
Thereafter	<u>2,849,862</u>
Total	<u>\$ 4,980,690</u>

8 - Commitments

The Parish pays an assessment to the Diocese which is calculated as a percentage of contributions, less certain deductions. Assessments were \$501,300 and \$443,712 for the years ended June 30, 2022 and 2021, respectively.

9 - Retirement Plan

The Parish participates in the Diocese’s 403(b) Retirement Plan for Lay Employees. After one year of employment, eligible employees receive an employer contribution of 3% of annual salary and an employer matching contribution of up to an additional 4% of annual pay. Aggregate employer contributions during the years ended June 30, 2022 and 2021 were \$345,219 and \$264,882, respectively.

10 - Net Assets Without Donor Restrictions

The balances of net assets without donor restrictions as of June 30, 2022 and 2021 include net assets designated by the Board for the following purposes:

	2022	2021
Parish Nurse Fund	\$ 25,574	\$ 25,574
Parents' Club General Fund	150,000	150,000
Booster Club Fund	56,348	58,756
Walkoviak Fine Arts Fund	-	6,183
Financial Aid Fund	64,723	69,156
Educational Technology	232,556	-
Other	<u>26,961</u>	<u>14,197</u>
	<u>\$ 556,162</u>	<u>\$ 323,866</u>

ST. RITA CATHOLIC PARISH
Notes to Combined Financial Statements

11 - Net Assets With Donor Restrictions

The balances of net assets with donor restrictions as of June 30, 2022 and 2021 relate to certain contributions for which the donors have imposed restrictions. These restrictions require the Parish and School to use such funds for expenditures directly related to various activities as follows:

	<u>2022</u>	<u>2021</u>
Subject to purpose restrictions:		
St. Rita Fine Arts Fund	\$ 24,987	\$ 33,807
Parish Building Fund	10,000	-
John J. Wilson Fund	1,539	1,539
Griggs Fund for the Needy	12,277	-
Rectory	24,985	24,985
Faith Formation	5,250	-
Scholarship Fund	66,903	58,048
Holthouser Fund	1,597	3,597
Pedro Medrano Scholarship Fund	19,526	22,026
Parents Club Security Fund	9,775	-
Special Gifts	<u>50,000</u>	<u>-</u>
	226,839	144,002
Subject to endowment spending policy:		
St. Rita School Endowment Fund	<u>2,825,251</u>	<u>3,242,044</u>
Total	<u>\$ 3,052,090</u>	<u>\$ 3,386,046</u>

During the years ended June 30, 2022 and 2021, net assets with donor restrictions in the amounts of \$459,933 and \$525,357, respectively, had been expended in accordance with donor restrictions and have been reclassified to net assets without donor restrictions.

12 - Endowment Net Assets

The changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 3,242,044	\$ 2,754,366
Contributions	101,931	79,962
Net investment return	(369,781)	548,484
Appropriations	<u>(148,943)</u>	<u>(140,768)</u>
Ending balance	<u>\$ 2,825,251</u>	<u>\$ 3,242,044</u>

SUPPLEMENTARY INFORMATION

ST. RITA CATHOLIC PARISH
Combining Statement of Financial Position
June 30, 2022

	Church	School	Endowment	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 3,270,810	\$ 2,762,401	\$ 28,869	\$ -	\$ 6,062,080
Accounts receivable	157,600	15,673	-	(127,581)	45,692
Other assets	47,469	79,923	-	-	127,392
Investments	314,717	624,843	2,796,382	-	3,735,942
Physical properties, net	20,636,174	348,974	-	-	20,985,148
Total Assets	<u>\$ 24,426,770</u>	<u>\$ 3,831,814</u>	<u>\$ 2,825,251</u>	<u>\$ (127,581)</u>	<u>\$ 30,956,254</u>
Liabilities and Net Assets					
Liabilities					
Accounts payable	\$ 67,416	\$ 223,621	\$ -	\$ (127,581)	\$ 163,456
Accrued expenses	8,379	23,031	-	-	31,410
Funds held for others	9,759	1,429	-	-	11,188
Deferred revenues	9,219	1,387,805	-	-	1,397,024
Notes payable	4,954,234	26,456	-	-	4,980,690
Total liabilities	<u>5,049,007</u>	<u>1,662,342</u>	<u>-</u>	<u>(127,581)</u>	<u>6,583,768</u>
Net Assets					
Without donor restrictions	19,298,725	2,021,671	-	-	21,320,396
With donor restrictions	79,038	147,801	2,825,251	-	3,052,090
Total net assets	<u>19,377,763</u>	<u>2,169,472</u>	<u>2,825,251</u>	<u>-</u>	<u>24,372,486</u>
Total Liabilities and Net Assets	<u>\$ 24,426,770</u>	<u>\$ 3,831,814</u>	<u>\$ 2,825,251</u>	<u>\$ (127,581)</u>	<u>\$ 30,956,254</u>

ST. RITA CATHOLIC PARISH
Combining Statement of Financial Position
June 30, 2021

	Church	School	Endowment	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 3,032,130	\$ 1,585,625	\$ 57,839	\$ -	\$ 4,675,594
Accounts receivable	88,459	21,391	-	(63,112)	46,738
Other assets	8,878	115,226	-	-	124,104
Investments	444,793	1,152,158	3,184,205	-	4,781,156
Physical properties, net	21,798,978	425,669	-	-	22,224,647
Total Assets	<u>\$ 25,373,238</u>	<u>\$ 3,300,069</u>	<u>\$ 3,242,044</u>	<u>\$ (63,112)</u>	<u>\$ 31,852,239</u>
Liabilities and Net Assets					
Liabilities					
Accounts payable	\$ 51,451	\$ 147,355	\$ -	\$ (63,112)	\$ 135,694
Accrued expenses	6,874	19,240	-	-	26,114
Funds held for others	4,516	400	-	-	4,916
Deferred revenues	12,564	1,224,405	-	-	1,236,969
Notes payable	5,341,515	63,522	-	-	5,405,037
Total liabilities	<u>5,416,920</u>	<u>1,454,922</u>	<u>-</u>	<u>(63,112)</u>	<u>6,808,730</u>
Net Assets					
Without donor restrictions	19,895,987	1,761,476	-	-	21,657,463
With donor restrictions	60,331	83,671	3,242,044	-	3,386,046
Total net assets	<u>19,956,318</u>	<u>1,845,147</u>	<u>3,242,044</u>	<u>-</u>	<u>25,043,509</u>
Total Liabilities and Net Assets	<u>\$ 25,373,238</u>	<u>\$ 3,300,069</u>	<u>\$ 3,242,044</u>	<u>\$ (63,112)</u>	<u>\$ 31,852,239</u>

ST. RITA CATHOLIC PARISH
Combining Statement of Activities
Year Ended June 30, 2022

	<u>Church</u>	<u>School</u>	<u>Endowment</u>	<u>Eliminations</u>	<u>Total</u>
Revenues					
Contributions	\$ 4,601,674	\$ 244,382	\$ 101,931	\$ (142,998)	\$ 4,804,989
Tuition and fees, net of financial aid	75,907	7,321,712	-	-	7,397,619
Gifts and grants	6,163	623,902	-	(250,000)	380,065
Net investment returns	(1,359)	1,433	(369,781)	-	(369,707)
Fundraising	2,775	655,582	-	-	658,357
Other revenue	-	455,122	-	(40,758)	414,364
	<u>4,685,160</u>	<u>9,302,133</u>	<u>(267,850)</u>	<u>(433,756)</u>	<u>13,285,687</u>
Expenses					
Program Services					
Faith formation	95,202	-	-	-	95,202
Worship and liturgical	1,898,407	-	-	-	1,898,407
Ministries	491,697	-	142,998	(406,498)	228,197
School	100,329	7,830,626	-	-	7,930,955
	<u>2,585,635</u>	<u>7,830,626</u>	<u>142,998</u>	<u>(406,498)</u>	<u>10,152,761</u>
Supporting Services					
Management and general	2,678,080	1,098,398	5,945	(27,258)	3,755,165
Fundraising and development	-	48,784	-	-	48,784
	<u>2,678,080</u>	<u>1,147,182</u>	<u>5,945</u>	<u>(27,258)</u>	<u>3,803,949</u>
Total expenses	<u>5,263,715</u>	<u>8,977,808</u>	<u>148,943</u>	<u>(433,756)</u>	<u>13,956,710</u>
Change in net assets	(578,555)	324,325	(416,793)	-	(671,023)
Net assets at beginning of year	<u>19,956,318</u>	<u>1,845,147</u>	<u>3,242,044</u>	<u>-</u>	<u>25,043,509</u>
Net assets at end of year	<u>\$ 19,377,763</u>	<u>\$ 2,169,472</u>	<u>\$ 2,825,251</u>	<u>\$ -</u>	<u>\$ 24,372,486</u>

ST. RITA CATHOLIC PARISH
Combining Statement of Activities
Year Ended June 30, 2021

	Church	School	Endowment	Eliminations	Total
Revenues					
Contributions	\$ 4,139,198	\$ 150,546	\$ 79,962	\$ (132,341)	\$ 4,237,365
Tuition and fees, net of financial aid	43,029	6,559,034	-	-	6,602,063
Gifts and grants	89,895	298,604	-	(324,127)	64,372
Net investment returns	3,597	18,933	548,484	-	571,014
Forgiveness of Paycheck Protection Program note	456,804	991,642	-	-	1,448,446
Fundraising	400	336,427	-	-	336,827
Other revenue	-	317,154	-	-	317,154
	<u>4,732,923</u>	<u>8,672,340</u>	<u>628,446</u>	<u>(456,468)</u>	<u>13,577,241</u>
Expenses					
Program Services					
Faith formation	68,170	-	-	-	68,170
Worship and liturgical	1,716,467	-	-	-	1,716,467
Ministries	413,887	-	132,341	(382,341)	163,887
School	104,159	6,792,971	-	(74,127)	6,823,003
	<u>2,302,683</u>	<u>6,792,971</u>	<u>132,341</u>	<u>(456,468)</u>	<u>8,771,527</u>
Supporting Services					
Management and general	2,425,515	872,782	8,427	-	3,306,724
Fundraising and development	-	92,643	-	-	92,643
	<u>2,425,515</u>	<u>965,425</u>	<u>8,427</u>	<u>-</u>	<u>3,399,367</u>
Total expenses	<u>4,728,198</u>	<u>7,758,396</u>	<u>140,768</u>	<u>(456,468)</u>	<u>12,170,894</u>
Change in net assets	4,725	913,944	487,678	-	1,406,347
Net assets at beginning of year	<u>19,951,593</u>	<u>931,203</u>	<u>2,754,366</u>	<u>-</u>	<u>23,637,162</u>
Net assets at end of year	<u>\$ 19,956,318</u>	<u>\$ 1,845,147</u>	<u>\$ 3,242,044</u>	<u>\$ -</u>	<u>\$ 25,043,509</u>