



LOYOLA ACADEMY OF ST. LOUIS

Financial Statements with Supplementary
Information and Independent Auditors' Report

YEARS ENDED JUNE 30, 2023 AND 2022



ANDERS
CPAs + ADVISORS

Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statements	
Statements of Financial Position	4 - 5
Statements of Activities	6 - 7
Statements of Functional Expenses	8 - 9
Statements of Cash Flows	10
Notes to Financial Statements	11 - 24
Supplementary Information	
Schedules of Operating Income (Loss)	25

Independent Auditors' Report

Board of Trustees
Loyola Academy of St. Louis
St. Louis, Missouri

Opinion

We have audited the accompanying financial statements of Loyola Academy of St. Louis (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loyola Academy of St. Louis as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Loyola Academy of St. Louis and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Loyola Academy of St. Louis's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Loyola Academy of St. Louis'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Operating Income (Loss) on page 25 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Anders Minkler Huber & Helms LLP

November 15, 2023

Loyola Academy of St. Louis
Statement of Financial Position
June 30, 2023

Assets

	Without Donor Restrictions	With Donor Restrictions	<u>2023</u>
Current Assets			
Cash and cash equivalents	\$ 450,680	\$ 84,486	\$ 535,166
Pledges receivable	74,106	1,000,000	1,074,106
Accounts receivable	30,428	-	30,428
Prepaid expenses	<u>2,554</u>	<u>-</u>	<u>2,554</u>
Total Current Assets	557,768	1,084,486	1,642,254
Investments, at Fair Value	3,019,183	4,845,131	7,864,314
Property and Equipment, net	3,717,304	-	3,717,304
Pledges Receivable long-term, net	<u>-</u>	<u>1,895,000</u>	<u>1,895,000</u>
Total Assets	<u>\$ 7,294,255</u>	<u>\$ 7,824,617</u>	<u>\$ 15,118,872</u>

Liabilities and Net Assets

Current Liabilities			
Accounts payable	\$ 260,806	\$ -	\$ 260,806
Deferred income	<u>152,666</u>	<u>-</u>	<u>152,666</u>
Total Liabilities	<u>413,472</u>	<u>-</u>	<u>413,472</u>
Net Assets			
Without donor restrictions			
Board designated	1,216,605	-	1,216,605
Undesignated	5,664,178	-	5,664,178
With donor restrictions	<u>-</u>	<u>7,824,617</u>	<u>7,824,617</u>
Total Net Assets	<u>6,880,783</u>	<u>7,824,617</u>	<u>14,705,400</u>
Total Liabilities and Net Assets	<u>\$ 7,294,255</u>	<u>\$ 7,824,617</u>	<u>\$ 15,118,872</u>

**Loyola Academy of St. Louis
Statement of Financial Position
June 30, 2022**

	Assets		
	Without Donor Restrictions	With Donor Restrictions	<u>2022</u>
Current Assets			
Cash and cash equivalents	\$ 199,705	\$ 316,171	\$ 515,876
Pledges receivable	97,000	40,000	137,000
Accounts receivable	26,971	-	26,971
Prepaid expenses	<u>34,495</u>	<u>-</u>	<u>34,495</u>
Total Current Assets	358,171	356,171	714,342
Investments, at Fair Value	2,403,460	5,227,714	7,631,174
Property and Equipment, net	3,802,895	-	3,802,895
Pledges Receivable long-term	<u>384,000</u>	<u>-</u>	<u>384,000</u>
Total Assets	<u>\$ 6,948,526</u>	<u>\$ 5,583,885</u>	<u>\$ 12,532,411</u>

Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 143,239	\$ -	\$ 143,239
Net Assets			
Without donor restrictions			
Board designated	1,144,011	-	1,144,011
Undesignated	5,661,276	-	5,661,276
With donor restrictions	<u>-</u>	<u>5,583,885</u>	<u>5,583,885</u>
Total Net Assets	<u>6,805,287</u>	<u>5,583,885</u>	<u>12,389,172</u>
Total Liabilities and Net Assets	<u>\$ 6,948,526</u>	<u>\$ 5,583,885</u>	<u>\$ 12,532,411</u>

Loyola Academy of St. Louis
Statement of Activities
Year Ended June 30, 2023

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>2023</u>
Revenues, Gain and Other Support			
Public Support			
Contributions	\$ 783,300	\$ 2,593,000	\$ 3,376,300
Grants	341,500	308,000	649,500
In-kind contributions	<u>23,976</u>	<u>-</u>	<u>23,976</u>
Total Public Support	1,148,776	2,901,000	4,049,776
Revenues			
Tuition and fees	64,605	-	64,605
State lunch program	63,362	-	63,362
Interest and dividend income, net	188,961	-	188,961
Net realized/unrealized gain on investments	132,702	417,601	550,303
Other revenue	<u>6,545</u>	<u>-</u>	<u>6,545</u>
	<u>1,604,951</u>	<u>3,318,601</u>	<u>4,923,552</u>
Gross special events revenues	673,963	-	673,963
Less cost of direct benefit to donors	<u>213,854</u>	<u>-</u>	<u>213,854</u>
Net special events revenues	<u>460,109</u>	<u>-</u>	<u>460,109</u>
Net assets released from restrictions			
Satisfaction of time and purpose restrictions	<u>1,077,869</u>	<u>(1,077,869)</u>	<u>-</u>
Total Revenues, Gain and Other Support	<u>3,142,929</u>	<u>2,240,732</u>	<u>5,383,661</u>
Expenses			
Program Services	<u>2,273,670</u>	<u>-</u>	<u>2,273,670</u>
Supporting Activities			
Management and general	400,491	-	400,491
Fundraising	<u>393,272</u>	<u>-</u>	<u>393,272</u>
Total Supporting Activities	<u>793,763</u>	<u>-</u>	<u>793,763</u>
Total Expenses	<u>3,067,433</u>	<u>-</u>	<u>3,067,433</u>
Change in Net Assets	75,496	2,240,732	2,316,228
Net Assets, Beginning of Year	<u>6,805,287</u>	<u>5,583,885</u>	<u>12,389,172</u>
Net Assets, End of Year	<u>\$ 6,880,783</u>	<u>\$ 7,824,617</u>	<u>\$14,705,400</u>

Loyola Academy of St. Louis
Statement of Activities
Year Ended June 30, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>2022</u>
Revenues, Gain and Other Support			
Public Support			
Contributions	\$ 1,261,294	\$ 525,000	\$ 1,786,294
Grants	98,370	474,613	572,983
In-kind contributions	<u>9,375</u>	<u>-</u>	<u>9,375</u>
Total Public Support	1,369,039	999,613	2,368,652
Revenues			
Tuition and fees	51,965	-	51,965
State lunch program	63,010	-	63,010
Interest and dividend income, net	166,762	-	166,762
Net realized/unrealized gain/(loss) on investments	(1,307,107)	277,003	(1,030,104)
Other revenue	<u>57,617</u>	<u>-</u>	<u>57,617</u>
	<u>401,286</u>	<u>1,276,616</u>	<u>1,677,902</u>
Gross special events revenues	680,482	-	680,482
Less cost of direct benefit to donors	<u>197,823</u>	<u>-</u>	<u>197,823</u>
Net special events revenues	<u>482,659</u>	<u>-</u>	<u>482,659</u>
Net assets released from restrictions			
Satisfaction of time and purpose restrictions	<u>542,113</u>	<u>(542,113)</u>	<u>-</u>
Total Revenues, Gain and Other Support	<u>1,426,058</u>	<u>734,503</u>	<u>2,160,561</u>
Expenses			
Program Services	<u>2,014,633</u>	<u>-</u>	<u>2,014,633</u>
Supporting Activities			
Management and general	504,158	-	504,158
Fundraising	<u>332,620</u>	<u>-</u>	<u>332,620</u>
Total Supporting Activities	<u>836,778</u>	<u>-</u>	<u>836,778</u>
Total Expenses	<u>2,851,411</u>	<u>-</u>	<u>2,851,411</u>
Change in Net Assets	(1,425,353)	734,503	(690,850)
Net Assets, Beginning of Year	<u>8,230,640</u>	<u>4,849,382</u>	<u>13,080,022</u>
Net Assets, End of Year	<u>\$ 6,805,287</u>	<u>\$ 5,583,885</u>	<u>\$12,389,172</u>

Loyola Academy of St. Louis
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	Supporting Activities			2023
		Management and General	Fundraising	Total	
Salaries and wages	\$ 1,001,916	\$ 218,775	\$ 224,376	\$ 443,151	\$ 1,445,067
Payroll taxes	73,671	16,087	16,498	32,585	106,256
Health insurance	121,620	26,557	27,236	53,793	175,413
Retirement plan	65,029	14,199	14,563	28,762	93,791
Alumni support	291,612	-	-	-	291,612
Books and supplies	38,157	-	-	-	38,157
Development expenses	-	-	26,328	26,328	26,328
Food costs	123,950	-	-	-	123,950
Pastoral care/student families	861	188	193	381	1,242
Insurance	30,902	6,747	6,920	13,667	44,569
Office expense	47,896	10,459	10,726	21,185	69,081
Outside services	5,000	-	4,000	4,000	9,000
Printing and postage	1,631	312	-	312	1,943
Professional fees	1,829	64,547	43,014	107,561	109,390
Repairs and maintenance	58,551	-	-	-	58,551
School activities and athletics	79,543	-	-	-	79,543
Staff expense	1,743	380	390	770	2,513
Staff training and development	6,275	4,183	-	4,183	10,458
Technology expense	90,201	10,612	5,306	15,918	106,119
Telephone	19,710	2,319	1,159	3,478	23,188
Utilities	43,382	5,104	2,552	7,656	51,038
Total Expense Before Depreciation	<u>2,103,479</u>	<u>380,469</u>	<u>383,261</u>	<u>763,730</u>	<u>2,867,209</u>
Depreciation	<u>170,191</u>	<u>20,022</u>	<u>10,011</u>	<u>30,033</u>	<u>200,224</u>
Total Expenses	<u>\$ 2,273,670</u>	<u>\$ 400,491</u>	<u>\$ 393,272</u>	<u>\$ 793,763</u>	<u>\$ 3,067,433</u>

Loyola Academy of St. Louis
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Supporting Activities			2022
		Management and General	Fundraising	Total	
Salaries and wages	\$ 906,879	\$ 302,742	\$ 199,988	\$ 502,730	\$ 1,409,609
Payroll taxes	66,815	22,253	14,700	36,953	103,768
Health insurance	86,362	28,830	19,045	47,875	134,237
Retirement plan	48,957	16,348	10,799	27,147	76,104
Alumni support	263,875	29,320	-	29,320	293,195
Bad debts	67,733	-	-	-	67,733
Books and supplies	38,793	-	-	-	38,793
Development expenses	-	-	45,350	45,350	45,350
Food costs	49,309	-	-	-	49,309
Insurance	33,508	3,942	1,971	5,913	39,421
Office expense	41,608	10,402	-	10,402	52,010
Outside services	3,450	2,300	5,750	8,050	11,500
Printing and postage	278	15	15	30	308
Professional fees	-	33,730	-	33,730	33,730
Repairs and maintenance	87,808	10,330	5,165	15,495	103,303
School activities and athletics	32,223	-	-	-	32,223
Staff expense	7,821	920	460	1,380	9,201
Staff training and development	2,885	339	170	509	3,394
Technology expense	47,189	15,729	15,729	31,458	78,647
Telephone	16,461	1,937	968	2,905	19,366
Utilities	37,010	4,354	2,177	6,531	43,541
Total Expense Before Depreciation	<u>1,838,964</u>	<u>483,491</u>	<u>322,287</u>	<u>805,778</u>	<u>2,644,742</u>
Depreciation	<u>175,669</u>	<u>20,667</u>	<u>10,333</u>	<u>31,000</u>	<u>206,669</u>
Total Expenses	<u>\$ 2,014,633</u>	<u>\$ 504,158</u>	<u>\$ 332,620</u>	<u>\$ 836,778</u>	<u>\$ 2,851,411</u>

Loyola Academy of St. Louis
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,316,228	\$ (690,850)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	200,224	206,669
Net unrealized (gains) losses on investments	(696,522)	1,000,562
Net realized (gains) losses on investments	146,219	29,542
Donated stock	(58,325)	(65,678)
(Increase) decrease in assets:		
Pledges receivable	(2,448,107)	123,903
Accounts receivable	(3,457)	(9,959)
Prepaid expenses	31,941	(21,203)
Increase (decrease) in liabilities:		
Accounts payable	117,567	70,675
Deferred income	<u>152,666</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u>(241,566)</u>	<u>643,661</u>
Cash Flows From Investing Activities		
Purchases of investments	(3,101,222)	(2,007,402)
Proceeds from sales of investments	3,476,711	1,294,186
Purchases of property and equipment	<u>(114,633)</u>	<u>(23,155)</u>
Net Cash Provided by (Used in) Investing Activities	<u>260,856</u>	<u>(736,371)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,290	(92,710)
Cash and Cash Equivalents, Beginning of Year	<u>515,876</u>	<u>608,586</u>
Cash and Cash Equivalents, End of Year	<u>\$ 535,166</u>	<u>\$ 515,876</u>

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

1. Nature of Operations and Basis of Presentation

Organization

Loyola Academy of St. Louis (the "Academy"), a Missouri not-for-profit corporation, is a Jesuit middle school for boys in grades 6 through 8. The Academy's mission is to serve boys who have the potential for college preparatory work, but are in danger of failing to achieve that potential because of poverty, residence in distressed neighborhoods, or other social or economic factors. In addition to a rigorous academic program, the Academy offers its students a range of other services including counseling, tutoring, enrichment activities, sports, recreation, graduate support, and referral to other services intended to ensure their success. The Academy is located in the Grand Center neighborhood of the City of St. Louis.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Trustees (the "Trustees") and represent net assets without donor restrictions that have been set aside for a particular purpose.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained in perpetuity by the Academy. The income earned on any related investments would also be subject to donor-imposed stipulations.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

Fair Value Measurements

The Academy follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Cash and Cash Equivalents

The Academy considers all short-term investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Investments

The Academy carries investments at fair value. Realized and unrealized gains and losses are included in investment earnings and are derived using the average cost method for determining the cost of securities sold. Dividends are recorded on the ex-dividend date, and interest income is recognized when earned. Dividend and interest income is net of investment fees on the statement of activities.

Accounts Receivable

Accounts receivable consist primarily of amounts due for tuition and amounts due under reimbursable grant arrangements through June 30.

The Academy provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of accounts receivable, if any. When necessary, this estimate is based on historical experience coupled with a review of the current status of existing receivables. The allowance and associated accounts receivable are reduced when the receivables are determined to be uncollectible. Currently, the Academy considers accounts receivable to be fully collectible.

Pledges Receivable

Pledges receivable are unconditional promises to give that are recorded at their net realizable value if due in the next year. Pledges receivable due in subsequent years are reported at the present value of their net realizable value using risk-free interest rates applicable to the years in which the pledges are to be received.

The Academy provides an allowance for doubtful pledges equal to the estimated losses that will be incurred in the collection of pledges. This estimate is based on historical experience coupled with a review of the current status of existing pledges. The allowance and associated pledges are reduced when the pledges are determined to be uncollectible. Currently, the Academy considers pledges receivable to be fully collectible.

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

Property and Equipment

Property and equipment acquisitions with a life of 3 years or greater and a cost in excess of \$1,000 are capitalized and recorded at cost, while maintenance and repairs are expensed as incurred. Donated assets are recorded at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose or period of time. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The estimated lives for computing depreciation on property and equipment are:

<u>Classification</u>	<u>Years</u>
Buildings and improvements	15-40
Furniture, equipment and automobiles	3-15

Long-Lived Asset Impairment

The Academy evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value, and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management does not believe any impairment exists as of June 30, 2023 and 2022.

Endowment Fund

The State of Missouri enacted the State Prudent Management of Institutional Funds Act ("SPMIFA") effective August 28, 2009. The Academy follows FASB guidance on accounting for the net assets classification of restricted endowment funds for a not-for-profit organization that is subject to the enacted version of the SPMIFA. The Academy has determined that the donor restricted contributions at June 30, 2023 and 2022 meet the definition of endowment funds under SPMIFA.

The Academy has interpreted the SPMIFA as requiring the preservation of the original gift amount. As a result of this interpretation, the Academy classifies net assets with donor restrictions as the original value of gifts donated to the endowment held in perpetuity. The remaining portion of funds are appropriated for expenditure by the Academy in a manner consistent with the standard of prudence prescribed by SPMIFA.

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

Tuition and Fees

Tuition and fees are uncollateralized student obligations due under normal trade terms requiring payment according to the payment options offered by the Academy. Tuition and fees are recognized over the school year to which they relate.

Support and Revenue

Contributions and grants are recorded as received, and unconditional pledges are recorded as the promise is made. All contributions are available for general activities unless specifically restricted by the donor. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional pledges are recognized when the conditions on which they depend are substantially met. Contributions with donor restrictions in which the restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Donated Stock, Materials and Services

Donated noncash assets are recorded as contributions at their fair values at the date of donation. The estimated fair values of donated materials and services were \$23,976 and \$9,375 for the years ended June 30, 2023 and 2022, respectively. The estimated fair values of donated stocks were \$58,325 and \$65,678 for the years ended June 30, 2023 and 2022, respectively.

Functional Expense Allocation

The costs of program services and supporting activities 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 services and supporting activities benefited.

Income Taxes

The Academy is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Academy files as a tax exempt organization.

The Academy follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Academy's returns for tax years 2019 and later remain subject to examination by taxing authorities.

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

Subsequent Events

The Academy has evaluated subsequent events through November 15, 2023, the date the financial statements were available to be issued.

Recent Accounting Pronouncement

Credit Losses on Financial Instruments

The FASB has issued new guidance on the presentation of financial assets measured at amortized cost. Such assets will be presented at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses will be based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts. The standard will also change the accounting for credit losses related to securities available for sale and purchased financial assets with a more-than-insignificant amount of credit deterioration since origination. The guidance will be required for the first fiscal year beginning after December 15, 2022. Based on a preliminary analysis, the Academy does not expect the new guidance to have a significant impact on its financial statements.

3. Contract Balances

Contract balances from contracts with customers, at June 30, are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 30,428	\$ 26,971	\$ 17,012
Deferred revenue	\$ 152,666	\$ -	\$ -

4. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets.
Level 2	Inputs to the valuation methodology to include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The instruments' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value.

Level 1 Instruments consist of publicly traded mutual funds. Publicly traded mutual funds are traded on national exchanges and are valued at the net asset value ("NAV") of shares held at year-end.

The following table presents the fair value measurements of instruments recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized at June 30, as follows:

	2023			
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Mutual funds	\$ 7,864,314	\$ 7,864,314	\$ -	\$ -
Total assets in fair value hierarchy	\$ 7,864,314	\$ 7,864,314	\$ -	\$ -
	2022			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 7,631,174	\$ 7,631,174	\$ -	\$ -
Total assets in fair value hierarchy	\$ 7,631,174	\$ 7,631,174	\$ -	\$ -

5. Investments

A summary of the cost and fair value of the Academy's investments as of June 30, is as follows:

	2023			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Mutual funds	\$ 7,585,261	\$ 334,365	\$ (55,312)	\$ 7,864,314

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

	2022			
Cost	Unrealized Gains	Unrealized Losses	Fair Value	
Mutual funds	<u>\$ 8,097,188</u>	<u>\$ 136,479</u>	<u>\$ (602,493)</u>	<u>\$ 7,631,174</u>

Investment income (loss), net for the years ended June 30, is summarized as follows:

	2023	2022
Interest and dividend income	\$ 217,602	\$ 195,312
Unrealized gains (losses) on investments	696,522	(1,000,562)
Realized losses on investments	<u>(146,219)</u>	<u>(29,542)</u>
	767,905	(834,792)
Less: Investment expenses	28,641	28,550
Total Investment Income (Loss), net	<u>\$ 739,264</u>	<u>\$ (863,342)</u>

6. Pledges Receivable

Pledges receivable at June 30, consist of unconditional promises to give and are due as follows:

	2023	2022
Less than one year - Current	\$ 1,074,106	\$ 137,000
One to five years - Long-term	<u>2,000,000</u>	<u>384,000</u>
	3,074,106	521,000
Less:		
Unamortized discount	<u>105,000</u>	<u>-</u>
	<u>\$ 2,969,106</u>	<u>\$ 521,000</u>

Pledges receivable due in more than one year are to be reflected at the present value of estimated future cash flows using a discount rate of 5.25 percent each year. The amounts are classified on the statements of financial position as follows:

	2023	2022
Pledges receivable current	\$ 1,074,106	\$ 137,000
Pledges receivable long-term	<u>1,895,000</u>	<u>384,000</u>
	<u>\$ 2,969,106</u>	<u>\$ 521,000</u>

**Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022**

7. Property and Equipment

Property and equipment at June 30, is as follows:

	2023	2022
Land	\$ 161,000	\$ 161,000
Buildings and improvements	5,467,193	5,421,235
Furniture, fixtures and equipment	259,192	257,173
Computer equipment	346,620	305,245
Automobiles	70,307	70,307
Construction in progress	40,282	15,000
	6,344,594	6,229,960
 Less accumulated depreciation	 2,627,290	 2,427,065
	\$ 3,717,304	\$ 3,802,895

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$200,224 and \$206,669, respectively.

During the year ended June 30, 2008, the Academy entered into a lease for land with the Cardinal Ritter College Prep High School (the "School") for a term of 99 years. The lease required a one-time payment of \$86,000, which has been capitalized and included in land. The lease states that the land will be used to construct a gymnasium for the Academy. Upon expiration of the 99-year term, the lease will automatically continue in 10-year increments until terminated by either party. Upon expiration or termination of the lease, the Academy will surrender the land and the gymnasium to the School. The adoption of FASB ASC 842, *Leases*, did not result in the recognition of right-of-use assets and lease liabilities.

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

8. Liquidity and Availability of Financial Assets

The following reflects the Academy's financial assets as of June 30, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside as board designations that could be drawn upon if the Board approves the action.

	2023	2022
Cash and cash equivalents	\$ 535,166	\$ 515,876
Pledge receivable	2,969,106	137,000
Accounts receivable	30,428	26,971
Investments	7,864,314	7,631,174
Contractual or donor-imposed restrictions:		
Endowment fund investments	(4,323,125)	(4,323,125)
Other donor restrictions	(3,501,492)	(1,260,760)
Board designations	(1,216,605)	(1,144,011)
Financial Assets Available to Meet		
Cash Needs for Expenditures Within		
One Year	\$ 2,357,792	\$ 1,583,125

Our endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor restricted endowment funds are not available for general expenditure. Our board designated endowment is subject to an annual spending rate of five percent as described in Note 11. Although we do not intend to spend from this board designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available, if necessary.

The Academy's primary sources of support are contributions, grants, special event income, tuition and fees, state lunch programs and interest and dividend income. Some support is required to be used in accordance with the purpose restrictions imposed by the donors. As part of a liquidity management plan, the Academy invests cash in excess of daily requirements in short-term investments and money market funds.

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

9. Board Designated Funds

The Academy's Trustees have designated net assets without donor restrictions as follows:

	June 30,	
	2023	2022
Designated for post-secondary education	\$ 523,598	\$ 474,891
Designated for future building repairs	74,168	102,343
Designated for strategic planning operations	618,839	566,777
	\$ 1,216,605	\$ 1,144,011

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	June 30,	
	2023	2022
Subject to expenditures for specified purpose	\$ 3,476,492	\$ 1,195,760
Subject to passage of time	25,000	65,000
	\$ 3,501,492	\$ 1,260,760

Endowments:

	June 30,	
	2023	2022
Investment in perpetuity, the income of which is expendable to support the operations of the Academy	\$ 4,323,125	\$ 4,323,125

Assets released from restrictions for the years ended June 30, are as follows:

	2023	2022
Released from time and purpose restrictions	\$ 1,077,869	\$ 542,113

11. Endowment Funds

The Academy has adopted investment and spending policies, approved by the Trustees, for endowment assets that attempt to provide a predictable stream of funding to the Academy, while also maintaining the purchasing power of those endowment assets over the long-term. Disbursements, other than amounts to pay investment fees, require the approval of the Trustees. The Academy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

- 1.) The duration and preservation of the fund
- 2.) The purposes of the Academy and the donor-restricted endowment fund
- 3.) General economic conditions
- 4.) The possible effect of inflation and deflation
- 5.) The expected total return from income and the appreciation of investments
- 6.) Other resources of the Academy
- 7.) The investment policies of the Academy

Endowment funds at June 30, are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
	Restricted endowment fund investments in perpetuity, the income from which is to support the operations of the Academy	<u>\$ 523,598</u>	<u>\$ 5,241,882</u>

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
	Restricted endowment fund investments in perpetuity, the income from which is to support the operations of the Academy	<u>\$ 474,891</u>	<u>\$ 5,518,885</u>

Changes in endowment net assets for the years ended June 30, are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
	Endowment net assets, beginning of year	\$ 474,891	\$ 5,518,885
Released for spending	-	(694,604)	(694,604)
Investment income	<u>48,707</u>	<u>417,601</u>	<u>466,308</u>
Endowment net assets, end of year	<u>\$ 523,598</u>	<u>\$ 5,241,882</u>	<u>\$ 5,765,480</u>

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	\$ 556,188	\$ 4,741,882	\$ 5,298,070
Contributions	-	500,000	500,000
Investment income (loss)	(81,297)	277,003	195,706
Endowment net assets, end of year	\$ 474,891	\$ 5,518,885	\$ 5,993,776

The Academy has adopted an endowment fund policy which defines annual income available for appropriation in the amount of up to 5% of the average fair value of the assets held in the endowment fund on the first business day of each of the preceding 12 fiscal quarters. In the event that the annual income is more than the annual appropriations, the difference shall remain with donor restrictions until appropriated. If the annual income is less than the amount appropriated, the difference can be released from net assets with donor restrictions created previously. For the years ended June 30, 2023 and 2022, there were no amounts appropriated.

The Academy has adopted a passive investment management philosophy with the objective of enhancing the real purchasing power of the principal while providing a predictable stream of income at an acceptable level of risk. Performance is evaluated by the Academy's finance committee and investment advisors. The Academy's investment policy established a target allocation of 40% fixed income, 42% United States equities, and 18% international equities. For overbalancing purposes, tolerance bands ranging from 10% to 20% of the target are allowed.

12. Contributed Nonfinancial Assets

The Academy received the following contributions of nonfinancial assets for the years ended June 30:

	2023	2022
Supplies	\$ 469	\$ 1,500
Auction items	11,278	825
Services	-	7,050
Student gifts	12,229	-
	\$ 23,976	\$ 9,375

Contributed school supplies and student gifts received by the Academy are recorded as in-kind revenue with a corresponding increase to school expenses. Contributed supplies and gifts are used in the operation of the Academy's programs.

The Academy receives items to be sold or items that are provided at its various special events. It is the Academy's policy to record contributed auction items at the gross selling price received.

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Academy received contributed school nurse services, grant writing expertise, and chef services which are reported using current rates for similar services. The Academy also receives a significant amount of donated services from unpaid volunteers who assist in various fundraising events. No amounts have been recognized in the statements of activities for these services provided by volunteers because the criteria for recognition have not been satisfied. Contributed services were utilized in the Academy's programs.

13. Retirement Plans

The Academy maintains a contributory retirement savings plan under Section 403(b) of the Internal Revenue Code covering substantially all employees who meet certain eligibility requirements. Employer contributions to the plan totaled \$93,791 and \$76,104 for the years ended June 30, 2023 and 2022, respectively.

14. Risks and Uncertainties

Concentrations

For the years ended June 30, 2023 and 2022, contributions from one and two donors were approximately 73 percent and 63 percent of the Academy's contributions, respectively. Grant revenue from two grantors were approximately 57 percent and 56 percent of the Academy's grant revenue during the years ended June 30, 2023 and 2022, respectively. Pledges receivable from one donor were approximately 98 percent of the Academy's pledges at June 30, 2023. There were no concentrations of pledges receivable at June 30, 2022.

Concentration of Credit Risk

Financial instruments, which potentially subject the Academy to concentrations of credit risk, consist principally of cash and cash equivalents, receivables and investments. The Academy maintains its cash primarily with two financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Cash balances of \$203,565 were in excess of federally insured limits at June 30, 2023. The Academy maintains its investments primarily with one brokerage firm. Securities held at this firm are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. As of June 30, 2023, there were investment balances of \$7,372,678 in excess of SIPC limits at the brokerage firm.

Loyola Academy of St. Louis
Notes to Financial Statements
June 30, 2023 and 2022

Investments

The Academy invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position.

Loyola Academy of St. Louis
Schedules of Operating Income (Loss)
Years Ended June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Public Support				
Contributions	\$ 3,376,300	\$ 1,786,294	\$ 1,178,594	\$ 1,026,630
Grants	649,500	572,983	710,385	587,256
Special Events, net	460,109	482,659	733,963	385,635
In-kind Contributions	<u>23,976</u>	<u>9,375</u>	<u>28,274</u>	<u>40,665</u>
Total Public Support	<u>4,509,885</u>	<u>2,851,311</u>	<u>2,651,216</u>	<u>2,040,186</u>
Revenues				
Tuition and Fees	64,605	51,965	56,942	44,336
State Lunch Program	63,362	63,010	40,165	35,486
Other Revenue	<u>6,545</u>	<u>57,617</u>	<u>24,448</u>	<u>62,357</u>
Total Revenues	<u>134,512</u>	<u>172,592</u>	<u>121,555</u>	<u>142,179</u>
Total Operating Revenue and Support	<u>4,644,397</u>	<u>3,023,903</u>	<u>2,772,771</u>	<u>2,182,365</u>
Expenses				
Program Services	2,273,670	2,014,633	1,634,702	1,629,022
Supporting Activities				
Management and general	400,491	504,158	387,862	399,155
Fundraising	<u>393,272</u>	<u>332,620</u>	<u>265,714</u>	<u>269,601</u>
Total Expenses	<u>3,067,433</u>	<u>2,851,411</u>	<u>2,288,278</u>	<u>2,297,778</u>
Net Operating Income (Loss)	<u>\$ 1,576,964</u>	<u>\$ 172,492</u>	<u>\$ 484,493</u>	<u>\$ (115,413)</u>
Contributions and Grants Subject to Donor Restrictions Included in Public Support	<u>\$ 2,901,000</u>	<u>\$ 525,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>