



## **Fiscal Year 2021 Financial Statements Summary Report**

In accordance with “An Act to Support Improved Financial Stability in Higher Education” Massachusetts General Law Chapter 69, Section 31B (f), this supplement to the audited financial statements analyzes the Fiscal Year 2020 (“FY20”) financial activities and position of Pope St. John XXIII National Seminary for the year ended June 30, 2021.

### **FY21 Summary**

Pope St. John XXIII National Seminary’s financial statements for the year ended June 30, 2021 are presented in accordance with accounting principles generally accepted in the United States and were audited by G.T. Reilly & Company, an independent accounting firm. The financial statements received an unmodified opinion stating that the information contained within was fairly presented in all material respects. The Seminary’s Finance Committee and Board of Trustees reviewed and accepted the financial statements and were issued on September 27, 2021.

This summary has been prepared by management and should be read in conjunction with the Seminary’s audited financial statements and accompanying notes.



## **Statement of Financial Position**

The Seminary's statements of financial position (balance sheet) and specifically net assets (total assets minus total liabilities) represent the overall wealth. The most significant changes on the Seminary's balance sheet were:

### **Assets:**

- Cash and cash equivalents increased by \$400,000 primarily due to the receipt of proceeds from loan forgiveness of \$355,600 the Paycheck Protection Program (PPP). It should be noted that the Seminary's cash flow has seasonal variations due to the nature and timing of tuition billing and fundraising events.
- Investments increased by \$1,150,000 over the prior year. This is attributable to added investments of \$150,000 offset by an unrealized gain of 1,000,000.
- Land, buildings and equipment, net increased by \$260,000 due to depreciation expense of \$300,000 and additions of \$560,000.

### **Liabilities:**

- Accounts payable and accrued expenses decreased by \$205,000. This reflects the forgiveness of the Paycheck Protection Program (PPP) loan of \$355,600 which was reflected as a liability in FY20. These funds were fully forgiven and are recognized as revenue in FY21. It also includes an increase in accounts payable due to technological projects funded by the Higher Education Emergency Relief Fund (HEERF) grant monies.
- The equipment (backhoe) notes payable was paid off in March 2021.

### **Net Assets:**

- Net assets of \$15,326,931 represents assets less liabilities. This balance is \$2,220,000 more than the prior year.



## **Statement of Activities:**

The statement of activities is a report on the Seminary's fiscal year profitability resulting from the operation of its educational mission as well as non-operating activities such as reinvestment of endowment gains, and other sources.

### **Revenues:**

Revenue in aggregate increased by \$2,500,000 or 76%.

- Tuition revenue decreased by \$94,500 or 5%. This is attributable to the 5% increase in enrollment and a 2.5% increase in the tuition rate voted on by the Board of Trustees at their spring meeting.
- Institutional Advancement revenue increased by \$700,000 or 65%. Much of this increase was due to the PPP and HEERF grant monies received.
- Market conditions generated an unrealized gain on investments of \$1,000,000.

### **Expenses:**

Expenses in aggregate increased by \$70,000 or 15% from \$3,485,000 to \$3,558,000. The Statement of Functional Expenses provides a detailed breakout of the major expense categories.

- Salary and fringe benefits decreased by \$75,000 or 3% as a result of the retirement of two employees.
- Contract Services decreased by \$13,000 there was a conscious effort to reduce such expenses.
- Property maintenance increased by \$70,000 due to several emergency repairs made during the year.
- Operating supplies increased by \$45,000 due to the need for COVID related items and other operating needs.



### **Statement of Cash Flows:**

The statement of cash flows reports the cash generated and used by the Seminary during the fiscal year. Cash inflows/outflows are reported as one of three activities: Operating (amounts generated/used as a function of the Seminary staying in business), Investing (amounts generated/used through investment activity, including fixed asset purchases and sales), and Financing (amounts generated/used as part of financial transactions such as debt borrowings, repayments, and refinancing).

- Operating cash flows in FY20 generated a \$400,000 increase in cash (compared to a \$152,000 increase in FY20).
- Cash received from the PPP loan was \$355,600. These funds enabled the Seminary to keep all our employees paid and with full benefits during the pandemic.
- The note to an affiliate was paid off in FY20.



### **Financial Statement Footnotes:**

The footnotes to the financial statements also play an integral part in explaining the financial situation of the Seminary. The footnotes contain language on accounting policies as well as other useful information at a more granular level than the face statements allow.

- Note 1 provides a description of the Seminary's Significant Accounting Policies.
- Note 2 breaks down the Investments held by the Seminary. Most of the Seminary's investments represent unit holdings in the Common Investment Fund of the Archdiocese of Boston, common investment pool for affiliates of the Archdiocese of Boston. discusses liquidity and availability of financial resources.
- Note 11 details the restrictions placed by donors both temporary and perpetual in nature. Net assets are released from donor restriction by incurring expenses or by the occurrence of other events satisfying the restricted purpose. The Seminary released \$773,000 in FY21. This included \$535,000 in COVID related expenses, the majority of which was funded by HEERF grant monies.
- Note 15 discusses the Liquidity and Sufficiency of Net Assets. The insufficiency of the Seminary's financial assets in relation to donor restricted net assets resulted in an insufficiency in its investment portfolio of \$1,043,000 in FY21. The Administration and the Board of Trustees are working on generating a plan to replenish the investment accounts over the next few years.



***Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.***

This is a letter to the Board of Trustees describing the audit, in accordance with auditing standards generally accepted in the U.S.A. and the Government Auditing Standards. G.T. Reilly states that they did not identify any deficiencies in internal control that they consider to be a material weakness.

The purpose of this report is solely to describe the scope of their testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Seminary's internal control or on compliance.