



## **Fiscal Year 2020 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, 2020.

### **FY20 Summary**

Pope St. John XXIII National Seminary’s financial statements for the year ended June 30, 2020 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 they were issued in October 2020.

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 \$152,000 primarily due the receipt of proceeds from the Paycheck Protection Program. 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 \$190,000 over the prior year. This is attributable to added investments of \$322,000 offset by an unrealized loss of \$80,000.
- Land, buildings and equipment, net decreased by \$185,000 due to depreciation expense of \$275,000 and additions of \$88,000.

### **Liabilities:**

- Accounts payable and accrued expenses decreased by \$19,000.
- The equipment (backhoe) notes payable decreased by \$10,300. This note will be paid off in FY21.
- The funds we received from the SBA as part of the Paycheck Protection Program (PPP) are reflected as a liability. These funds are anticipated to be fully forgiven and will be recognized as revenue in FY21.

### **Net Assets:**

- Net assets of \$13,535,948 represents assets less liabilities. This balance is \$45,000 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 \$82,000 or 2.6%.

- Tuition revenue decreased by \$51,750 or 2.7%. This is attributable to lower enrollment (5.5% less than the prior year) offset by a 2.8% increase in the tuition rate voted on by the Board of Trustees at their spring meeting.
- Institutional Advancement revenue increased by \$208,000 or 24%.
- Market conditions generated an unrealized loss on investments of \$80,000.

### **Expenses:**

Expenses in aggregate decreased by \$380,000 or 10% from \$3,864,000 to \$3,486,000. The Statement of Functional Expenses provides a detailed breakout of the major expense categories.

- Salary and fringe benefits decreased by \$133,000 or 5.6% primarily resulting from a faculty member's retirement.
- Contract Services decreased by \$77,000 as FY19 reflects the fees of several one-time consultants engaged during the year.
- Property maintenance decreased by \$60,000 due to the fewer needed repairs.
- Operating supplies increased by 14.6% due to the need for COVID related items.



## **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 \$152,000 increase in cash (compared to a \$355,000 decrease in FY19).
- 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 \$255,000 in FY20.
- 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 \$808,000 in FY20. 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.