

# **ST. PIUS X CATHOLIC HIGH SCHOOL**

(A Division of Catholic Education of  
North Georgia, Inc.)

## **Financial Statements**

**June 30, 2019 and 2018**



**CRI** CARR  
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**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**  
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**June 30, 2019 and 2018**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Catholic Education of North Georgia, Inc.  
and St. Pius X Catholic High School Management  
Atlanta, Georgia

We have audited the accompanying financial statements of St. Pius X Catholic High School (a division of Catholic Education of North Georgia, Inc., a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Pius X Catholic High School as of June 30, 2019 and 2018, 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.

## Change in Accounting Principle

As discussed in Note 1 to the financial statements, management has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia  
November 22, 2019

**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**

**Statements of Financial Position**

<i>June 30,</i>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,600,595	\$ 439,554
Funds on deposit with CENGI	17,344,363	16,376,710
Accounts receivable	20,926	18,492
Promises to give	15,942	45,323
Inventory	371,444	410,840
Beneficial interest in assets held by foundation	3,601,127	2,621,189
Property and equipment, net	19,673,303	20,698,494
Other assets	144,825	487,759
<b>Total assets</b>	<b>\$ 42,772,525</b>	<b>\$ 41,098,361</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 962,110	\$ 982,259
Tuition and fees received in advance	3,273,600	3,454,065
Agency funds	342,944	352,123
<b>Total liabilities</b>	<b>4,578,654</b>	<b>4,788,447</b>
<b>Net assets</b>		
<b>Without donor restrictions</b>		
Board designated	4,751,646	3,777,732
Undesignated	26,387,586	25,818,543
<b>Total net assets without donor restrictions</b>	<b>31,139,232</b>	<b>29,596,275</b>
<b>With donor restrictions</b>		
Purpose restrictions	1,032,741	1,121,553
Perpetual in nature	6,021,898	5,592,086
<b>Total net assets with donor restrictions</b>	<b>7,054,639</b>	<b>6,713,639</b>
<b>Total net assets</b>	<b>38,193,871</b>	<b>36,309,914</b>
<b>Total liabilities and net assets</b>	<b>\$ 42,772,525</b>	<b>\$ 41,098,361</b>

*The accompanying notes are an integral part of these statements.*

**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**

**Statement of Activities**

*Year ended June 30, 2019*

	Without donor restrictions	With donor restrictions	Total
<b>Revenue and support</b>			
Tuition, net of discounts	\$ 14,518,787	\$ -	\$ 14,518,787
Financial aid and scholarships	(683,031)	-	(683,031)
Archdiocese tuition subsidy	210,000	-	210,000
Enrollment and application fees	334,600	-	334,600
<b>Total tuition and fees</b>	<b>14,380,356</b>	<b>-</b>	<b>14,380,356</b>
Bookstore	783,559	-	783,559
Cafeteria	972,555	-	972,555
Student activities	119,407	-	119,407
Contributions	991,937	437,709	1,429,646
Events and fundraising	784,539	-	784,539
Investment income	242,564	61,020	303,584
Other income	291,490	-	291,490
Net assets released from restrictions	373,988	(373,988)	-
<b>Total revenue and support</b>	<b>18,940,395</b>	<b>124,741</b>	<b>19,065,136</b>
<b>Expenses</b>			
Instructional	7,181,798	-	7,181,798
Student services	6,189,408	-	6,189,408
Operations	900,968	-	900,968
Supporting:			
General and administrative	2,460,416	-	2,460,416
Development and fundraising	543,848	-	543,848
<b>Total expenses</b>	<b>17,276,438</b>	<b>-</b>	<b>17,276,438</b>
Change in net assets before change in beneficial interest	1,663,957	124,741	1,788,698
Change in value of beneficial interest	-	95,259	95,259
<b>Change in net assets</b>	<b>1,663,957</b>	<b>220,000</b>	<b>1,883,957</b>
<b>Transfers of net assets</b>	<b>(121,000)</b>	<b>121,000</b>	<b>-</b>
<b>Net assets at beginning of year</b>	<b>29,596,275</b>	<b>6,713,639</b>	<b>36,309,914</b>
<b>Net assets at end of year</b>	<b>\$ 31,139,232</b>	<b>\$ 7,054,639</b>	<b>\$ 38,193,871</b>

*The accompanying notes are an integral part of this statement.*

**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**

**Statement of Activities**

*Year ended June 30, 2018*

	Without donor restrictions	With donor restrictions	Total
<b>Revenue and support</b>			
Tuition, net of discounts	\$ 14,058,860	\$ -	\$ 14,058,860
Financial aid and scholarships	(628,989)	-	(628,989)
Archdiocese tuition subsidy	215,000	-	215,000
Enrollment and application fees	295,525	-	295,525
<b>Total tuition and fees</b>	<b>13,940,396</b>	<b>-</b>	<b>13,940,396</b>
Bookstore	772,208	-	772,208
Cafeteria	953,998	-	953,998
Student activities	134,651	-	134,651
Contributions	961,365	490,757	1,452,122
Events and fundraising	1,011,331	-	1,011,331
Investment income	199,178	74,230	273,408
Other income	371,858	-	371,858
Net assets released from restrictions	396,274	(396,274)	-
<b>Total revenue and support</b>	<b>18,741,259</b>	<b>168,713</b>	<b>18,909,972</b>
<b>Expenses</b>			
Instructional	6,896,973	-	6,896,973
Student services	5,748,841	-	5,748,841
Operations	1,032,379	-	1,032,379
Supporting:			
General and administrative	2,306,083	-	2,306,083
Development and fundraising	599,023	-	599,023
<b>Total expenses</b>	<b>16,583,299</b>	<b>-</b>	<b>16,583,299</b>
Change in net assets before change in beneficial interest	2,157,960	168,713	2,326,673
Change in value of beneficial interest	-	75,579	75,579
<b>Change in net assets</b>	<b>2,157,960</b>	<b>244,292</b>	<b>2,402,252</b>
<b>Transfers of net assets</b>	<b>(185,355)</b>	<b>185,355</b>	<b>-</b>
<b>Net assets at beginning of year</b>	<b>27,623,670</b>	<b>6,283,992</b>	<b>33,907,662</b>
<b>Net assets at end of year</b>	<b>\$ 29,596,275</b>	<b>\$ 6,713,639</b>	<b>\$ 36,309,914</b>

*The accompanying notes are an integral part of this statement.*

**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**

**Statement of Functional Expenses**

*Year ended June 30, 2019*

	Instructional	Student Services	Operations	Total Program Expenses	General and Administrative	Development and Fundraising	Total
Salaries and benefits	\$ 5,667,721	\$ 2,630,545	\$ 207,315	\$ 8,505,581	\$ 1,638,363	\$ 300,833	\$ 10,444,777
Payroll taxes	316,457	146,876	11,575	474,908	91,478	16,797	583,183
Instructional materials	-	300,416	-	300,416	-	-	300,416
Operating supplies	-	8,901	62,514	71,415	98,274	-	169,689
Repairs and maintenance	-	-	214,110	214,110	-	-	214,110
Professional fees	-	-	-	-	30,221	-	30,221
Professional development	22,245	-	-	22,245	-	-	22,245
Dues and subscriptions	-	-	-	-	13,176	-	13,176
Advertising	-	-	-	-	389	-	389
Events and activities	-	971,716	-	971,716	-	97	971,813
Bookstore	-	153,033	-	153,033	-	-	153,033
Cafeteria	-	953,947	-	953,947	-	-	953,947
Miscellaneous	389,557	85,118	339,392	814,067	522,451	204,101	1,540,619
Utilities	131,865	163,479	11,503	306,847	11,504	3,834	322,185
Insurance	84,489	69,385	4,882	158,756	4,883	1,627	165,266
Depreciation	569,464	705,992	49,677	1,325,133	49,677	16,559	1,391,369
<b>Total expenses</b>	<b>\$ 7,181,798</b>	<b>\$ 6,189,408</b>	<b>\$ 900,968</b>	<b>\$ 14,272,174</b>	<b>\$ 2,460,416</b>	<b>\$ 543,848</b>	<b>\$ 17,276,438</b>

*The accompanying notes are an integral part of this statement.*



**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**

**Statement of Functional Expenses**

*Year ended June 30, 2018*

	Instructional	Student Services	Operations	Total Program Expenses	General and Administrative	Development and Fundraising	Total
Salaries and benefits	\$ 5,587,126	\$ 2,388,601	\$ 168,569	\$ 8,144,296	\$ 1,610,567	\$ 292,900	\$ 10,047,763
Payroll taxes	314,212	134,331	9,480	458,023	90,575	16,472	565,070
Instructional materials	-	241,419	-	241,419	-	-	241,419
Operating supplies	-	6,075	55,060	61,135	92,458	-	153,593
Repairs and maintenance	-	-	192,741	192,741	-	-	192,741
Professional fees	-	2,000	-	2,000	25,721	-	27,721
Professional development	9,609	-	-	9,609	-	-	9,609
Dues and subscriptions	-	-	-	-	19,382	-	19,382
Advertising	-	-	-	-	1,029	-	1,029
Events and activities	-	922,444	-	922,444	-	93,963	1,016,407
Bookstore	-	148,129	-	148,129	-	-	148,129
Cafeteria	-	923,724	-	923,724	-	-	923,724
Miscellaneous	390,431	89,929	350,000	830,360	444,769	174,762	1,449,891
Utilities	11,856	168,500	135,915	316,271	11,856	3,952	332,079
Insurance	55,748	69,113	33,359	158,220	4,863	1,621	164,704
Depreciation	527,991	654,576	87,255	1,269,822	4,863	15,353	1,290,038
<b>Total expenses</b>	<b>\$ 6,896,973</b>	<b>\$ 5,748,841</b>	<b>\$ 1,032,379</b>	<b>\$ 13,678,193</b>	<b>\$ 2,306,083</b>	<b>\$ 599,023</b>	<b>\$ 16,583,299</b>

*The accompanying notes are an integral part of this statement.*

**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**

**Statements of Cash Flows**

<i>Years ended June 30,</i>	<b>2019</b>	<b>2018</b>
<b>Operating activities</b>		
Change in net assets	\$ 1,883,957	\$ 2,402,252
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,391,369	1,290,038
Donor restricted contributions and investment income	(71,461)	(120,548)
Change in value of beneficial interest	(95,259)	(75,579)
Change in operating assets and liabilities		
Decrease (increase) in assets		
Accounts receivable	(2,434)	(3,082)
Promises to give	29,381	(22,817)
Inventory	39,396	(21,810)
Other assets	342,934	(129,308)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(20,149)	21,864
Tuition and fees paid in advance	(180,465)	218,836
Agency funds	(9,179)	105,333
Net cash provided by operating activities	<b>3,308,090</b>	3,665,179
<b>Investing activities</b>		
Net increase in funds on deposit with CENGI	(967,653)	(2,021,288)
Transfer of funds to foundation	(884,679)	(858,198)
Purchases of property and equipment	(366,178)	(720,032)
Net cash used in investing activities	<b>(2,218,510)</b>	(3,599,518)
<b>Financing activities</b>		
Restricted contributions and investment income	71,461	120,548
Net cash provided by financing activities	<b>71,461</b>	120,548
<b>Net increase in cash</b>	<b>1,161,041</b>	186,209
<b>Cash and cash equivalents at beginning of year</b>	<b>439,554</b>	253,345
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,600,595</b>	<b>\$ 439,554</b>

*The accompanying notes are an integral part of these statements.*

**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**  
**Notes to Financial Statements**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

St. Pius X Catholic High School (the School) was established in 1958 to provide college preparatory education for the formation of the mind, body and spirit in accordance with the teaching ministry of the Catholic Church. The School operates as a division of Catholic Education of North Georgia, Inc. (CENGI). CENGI is a Georgia nonprofit organization which has been granted exempt status under Section 501(c)(3) of the Internal Revenue Code. The Catholic Archdiocese of Atlanta (the Archdiocese) exercises control over CENGI by appointing or approving the members of the Board of Directors. The School's enrollment was approximately 1,100 students for the years ended June 30, 2019 and 2018.

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

A summary of the significant accounting policies of the School applied in the preparation of the accompanying financial statements follows.

***Financial Statement Presentation***

Revenues, expenses, gains, losses, and net assets of the School are classified based on the existence or absence of donor-imposed restrictions and are reported as follows:

*Net assets without donor restrictions* – Net assets without donor restrictions are utilized to account for support and other revenues that are unrestricted in nature. Donor-restricted contributions whose restrictions are met in the year of contribution are reported as support with donor restrictions and then net assets released from 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 are 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.

**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**  
**Notes to Financial Statements**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Income Taxes***

The School is included in the group exemption issued to the United States Conference of Catholic Bishops and thereby has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements. Income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. The School considers all of its activities to be directly related to its exempt purpose in 2019 and 2018.

***Cash and Cash Equivalents***

For purposes of the statements of cash flows, the School considers all unrestricted, highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

***Funds on Deposit with Related Parties***

The School receives contributions and endowments from alumni, student families and other donors to be used primarily for scholarships. Endowments are funds where the donor permits the earnings to be used by the School for scholarships or other uses but prohibits the use of the principal.

The School has funds set aside by management for specific uses. Endowment and board designated funds are invested in the CENGI Deposit and Loan Fund. CENGI's Deposit and Loan Fund receives funds from the various CENGI schools and in turn loans funds to other CENGI schools. The School's funds invested in the CENGI Deposit and Loan Fund earn interest at the rate of 1.75%.

Funds on deposit with CENGI at June 30, 2019 and 2018, are as follows:

	<b>2019</b>	2018
Deposit and Loan Fund		
Tuition and fees paid in advance and operational savings	<b>\$ 10,822,089</b>	\$ 9,852,642
Scholarships and faculty supplements	<b>3,090,618</b>	3,800,460
Capital replacement reserves	<b>3,297,859</b>	2,640,921
Agency funds	<b>133,797</b>	82,687
	<b>\$ 17,344,363</b>	\$ 16,376,710

**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**  
**Notes to Financial Statements**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Accounts Receivable***

Accounts receivable are stated at the amount the School expects to collect from outstanding balances. The School provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables from its students. Balances that are still outstanding after the School has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2019 and 2018.

***Promises to Give***

Promises to give that are scheduled to be received after the end of the reporting period, are shown as increases in net assets with donor restrictions and reclassified to net assets without donor restrictions when the purpose or time restriction is met. Promises to give subject to donor-imposed restrictions that the corpus is maintained permanently, are recognized as increases in net assets with donor restrictions perpetual in nature. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted and carried at the present value of estimated future cash flows. Amortization of the discount is recorded as contribution revenue.

The School uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for doubtful promises to give at June 30, 2019 and 2018.

***Inventory***

Inventories consist primarily of books, school apparel, and supplies and are valued at the lower of cost (determined by the first-in, first-out method) or net realizable value.

***Beneficial Interest in Assets Held by the Foundation***

The School is the beneficiary of certain endowment funds held and administered by the Catholic Foundation of North Georgia (the Foundation), the purpose of which is to support the future needs of the School. The Foundation has ownership and control of the endowment funds. Pursuant to financial accounting standards, the School's interest is valued at the net present value of the School's expected future cash flows from the funds and has been recorded as net assets with donor restrictions and related beneficial interest in assets held by the Foundation in the financial statements. During the years ended June 30, 2019 and 2018, funds for scholarships and other purposes totaling approximately \$885,000 and \$630,000, respectively, were transferred to the Foundation.

**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**  
**Notes to Financial Statements**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Property and Equipment***

Property and equipment greater than \$2,500 is recorded at cost if acquired by purchase and at fair market value at the date of receipt if acquired by gift. Maintenance and repairs are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in the statements of activities. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Computers and software	3 years
Transportation equipment	5 years
Furniture, fixtures, and equipment	5-20 years
Library and media	10 years
Buildings and improvements	15-50 years

The following is a summary of property and equipment as of June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Land	\$ 6,939,391	\$ 6,939,391
Land improvements	3,202,635	3,194,603
Buildings and improvements	19,698,116	19,662,889
Furniture, fixtures and equipment	6,202,669	6,638,487
	<b>36,042,811</b>	<b>36,435,370</b>
Less: accumulated depreciation	<b>(16,369,508)</b>	<b>(15,736,876)</b>
	<b>\$ 19,673,303</b>	<b>\$ 20,698,494</b>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$1,391,369 and \$1,290,038, respectively.

***Student Tuition and Fees***

Substantially all of the student tuition and fees provide for current operations of the School and are recorded as net assets without donor restrictions. Discounts are offered to families that have multiple students attending the School, to employees and faculty, and for pre-payment. Tuition and fees received in advance represents payments received for the next school term.

**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**  
**Notes to Financial Statements**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Financial Aid and Scholarships***

Financial aid and scholarships are awarded based on need and other factors as specified by the scholarship's donor or determined by management.

***Development and Fundraising Revenue and Expenses***

Fundraising revenue and expenses are related to special events and activities of the various parent associations and other groups whose primary function is to raise additional funds for the School. Development and fundraising expenses include costs of the development office and other related fundraising expenses including advertising, brochures, special events and other similar expenses. All advertising costs are expensed as incurred.

***Contributions***

Contribution revenues are recorded as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions that are not fulfilled in the accounting period. Contributions subject to donor-imposed restrictions are recorded as net assets with donor restrictions and are reclassified to net assets without donor restrictions when the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed.

***In-Kind Contributions***

In-kind contributions of materials and services meeting the criteria for recognition in the financial statements are recorded at their estimated fair value at the date of receipt. A number of parents and other volunteers contribute their time in support of the School. The value of this contributed time does not meet the criteria for recognition of contributed services under current accounting standards and, accordingly, is not reflected in the accompanying financial statements.

***Functional Allocation of Expenses***

The costs of providing education programs and other activities have been summarized on a functional basis in statements of activities and functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Other expenses that are common to several functions, such as utilities, insurance, depreciation and interest, are allocated among the program and supporting activities based on estimates of time spent or asset usage.

**St. Pius X Catholic High School**  
**(A Division of Catholic Education of North Georgia, Inc.)**  
**Notes to Financial Statements**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Change in Accounting Principle***

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about the expenses and investment return. The School has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented and had no impact on previously reported net assets.

***Reclassifications***

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.

***Accounting Guidance not yet Adopted***

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2018. Early adoption with certain restrictions is permitted for nonpublic entities. The School is currently evaluating the impact of the guidance on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The School is currently evaluating the impact of the guidance on its financial statements.



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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Accounting Guidance not yet Adopted (continued)***

In January 2016, the FASB issued Accounting Standards Update (ASU) 2016-01, *Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*, which addresses certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. For non-public entities, the ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The School is currently evaluating the impact of the guidance on its financial statements

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the School serves as a resource recipient for fiscal years beginning after December 15, 2018. Early adoption is permitted. The School is currently evaluating the impact of the guidance on its financial statements.

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**NOTE 2: LIQUIDITY**

Assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions as of June 30, 2019, consist of the following:

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,600,595
Funds on deposit with CENGI	
Tuition and fees paid in advance and operational savings	10,822,089
Scholarships and faculty supplements	3,090,618
Capital replacement reserves	3,297,859
Agency funds	133,797
Accounts receivable	20,926
Promises to give	15,942
Beneficial interest in assets held by foundation	3,601,127
<hr/>	
Total financial assets	22,582,953
Less amounts not available to be used within one year:	
Funds on deposit with CENGI, board designated	
Scholarships and faculty supplements	3,090,618
Capital reserves	3,297,859
Agency funds	133,797
Beneficial interest in assets held by foundation	3,601,127
<hr/>	
Total amounts not available for use	10,123,401
<hr/>	
Financial assets available to meet expenditures within one year	<u>\$ 12,459,552</u>

Part of the School's liquidity management policy is to structure its financial assets to be available for its general expenditures and other obligations that come due.

The School's designated funds on deposit with CENGI for tuition and fees paid in advance and operational savings, totaling \$10,822,089 at June 30, 2019, becomes available upon commencement of the upcoming School year starting in the fall of 2019. The remaining funds on deposit with CENGI totaling \$6,522,274 at June 30, 2019, have been designated for various purposes and the School does not intend to use these funds for operations. However, a portion of these amounts could be made available if necessary.

The School's endowment funds (Note 6) consist of restricted endowments and funds designated by the School as endowments. Restricted endowments are not available for general expenditure.

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**NOTE 3: CAPITAL CAMPAIGN AND PROMISES TO GIVE**

Promises to give at June 30, 2019 and 2018, consist primarily of pledges related to a capital campaign that began in 2008 with receipts expected to last through December 31, 2019. Promises to give as of June 30, 2019 and 2018, are expected to be received as follows:

	<b>2019</b>	<b>2018</b>
Promises to give	\$ 15,942	\$ 45,680
Less discount at 5% to reflect promises to give at present value	-	(357)
	<b>\$ 15,942</b>	<b>\$ 45,323</b>
Amounts due in:		
Less than one year	\$ 15,942	\$ 38,180
Within one to five years	-	7,500
	<b>\$ 15,942</b>	<b>\$ 45,680</b>

**NOTE 4: RELATED PARTY TRANSACTIONS**

***Archdiocese Tuition Subsidy***

The School receives a tuition subsidy from the Archdiocese to be used for financial aid. The tuition subsidy received for the years ended June 30, 2019 and 2018, was \$210,000 and \$215,000, respectively.

***Employee Benefit Plans***

The School participates in a defined contribution retirement plan (the Plan) which is administered by RCAA Administrative Services, Inc. (Services Inc.) and covers substantially all lay employees who are over the age of twenty-one and have completed one year of service. Contributions to the Plan are determined based on a percentage of covered employees' salaries, not in excess of amounts allowable under the Internal Revenue Code regulations. The School's contributions to the Plan on behalf of the employees were approximately \$419,000 and \$399,000 for the years ended June 30, 2019 and 2018, respectively.

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**NOTE 4: RELATED PARTY TRANSACTIONS (CONTINUED)**

***Health and Life Insurance***

Health and life insurance for the School's employees and clergy are provided under Services Inc.'s insurance plans. Expenses related to total insurance premiums during the years ended June 30, 2019 and 2018, were approximately \$1,832,000 and \$1,706,000, respectively.

***Funds on Deposit with Related Parties***

Endowment funds are invested with the CENGI Deposit and Loan Fund (Note 1).

**NOTE 5: AGENCY FUNDS**

The School has a number of student organizations that are associated with the School through fund raising and other student activities. All receipts and expenditures by these organizations are handled by the School but are not considered revenue and expenses of the School. The excess of receipts over expenditures of these funds are liabilities of the School and are recorded as agency funds.

**NOTE 6: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS**

The School's endowment and investment funds consist of various funds established for a variety of purposes. The endowment funds include both donor-restricted endowment funds and funds designated by the board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. There are no board designated endowments as of June 30, 2019 and 2018.

During fiscal year 2012, an endowment was established by a third party with the Foundation (Note 1) for the purpose of providing a permanent endowment to support the future needs and general mission of the School. The Foundation has ultimate authority and control over the endowment fund (the Fund) and it is subject to the investing and spending policies of the Foundation. However, the School is the beneficiary of these funds and is entitled to receive distributions of income after the endowment reaches a specified target amount (three million dollars), subject to the Foundation's spending policies. Pursuant to financial accounting standards, the Fund has been recognized as a beneficial interest in the assets held by the Foundation in the accompanying statement of financial position at the net present value of expected future cash flows from the Fund.

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**NOTE 6: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)**

During fiscal year 2017, endowment funds in the amount of approximately \$1,603,000 were transferred to the Foundation by St. Pius X (Note 1) for the purposes established in the original donation agreement with St. Pius X. The Foundation has ultimate authority and control over the endowment funds and they are subject to the investing and spending policies of the Foundation. However, the School is the beneficiary of these funds and is entitled to receive distributions of income, subject to the Foundation's spending policies. Pursuant to financial accounting standards, these funds have been recognized as a beneficial interest in the assets held by the Foundation in the accompanying statement of financial position at the net present value of expected future cash flows from the Fund.

Management of the School has interpreted Georgia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the School classifies as net assets with donor restrictions perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions which are perpetual in nature is classified as net assets subject to expenditure for specified purpose until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the Fund
2. The purposes of the School 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 School
7. The investment policies of the School.

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**NOTE 6: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)**

Endowment net asset composition by type of fund as of June 30, 2019 and 2018:

<i>June 30, 2019</i>	Subject to expenditure for specified purpose	Perpetual in Nature	Total
<b>Donor-restricted endowment funds</b>			
Scholarships	\$ 758,730	\$ 2,420,771	\$ 3,179,501
Beneficial interest in assets held by foundation	-	3,601,127	3,601,127
	<b>\$ 758,730</b>	<b>\$ 6,021,898</b>	<b>\$ 6,780,628</b>

<i>June 30, 2018</i>	Subject to expenditure for specified purpose	Perpetual in Nature	Total
<b>Donor-restricted endowment funds</b>			
Scholarships	\$ 849,244	\$ 2,970,897	\$ 3,820,141
Beneficial interest in assets held by foundation	-	2,621,189	2,621,189
	<b>\$ 849,244</b>	<b>\$ 5,592,086</b>	<b>\$ 6,441,330</b>

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**NOTE 6: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)**

Changes in endowment net assets for the years ended June 30, 2019 and 2018:

<i><b>June 30, 2019</b></i>	Subject to expenditure for specified purpose	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ 849,244	\$ 5,592,086	\$ 6,441,330
Contributions	130,714	71,182	201,896
Investment income	60,633	279	60,912
Change in value of beneficial interest	-	95,259	95,259
Transfers	(112,619)	263,092	150,473
Appropriation for expenditure	(169,242)	-	(169,242)
<b>Endowment net assets, end of year</b>	<b>\$ 758,730</b>	<b>\$ 6,021,898</b>	<b>\$ 6,780,628</b>

<i><b>June 30, 2018</b></i>	Subject to expenditure for specified purpose	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ 945,810	\$ 5,128,344	\$ 6,074,154
Contributions	114,286	120,012	234,298
Investment income	73,392	536	73,928
Change in value of beneficial interest	-	75,579	75,579
Transfers	(82,260)	267,615	185,355
Appropriation for expenditure	(201,984)	-	(201,984)
<b>Endowment net assets, end of year</b>	<b>\$ 849,244</b>	<b>\$ 5,592,086</b>	<b>\$ 6,441,330</b>

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for a donor-specified period(s). Under this policy the endowment assets are invested in a manner that is intended to produce a reasonable rate of return under current market conditions with minimal risk. The School also has to maintain compliance with the Archdiocese of Atlanta investment policies.

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**NOTE 6: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)**

The School has a policy of appropriating for distribution each year eligible earnings from the prior year plus additional amounts expected for annual contributions for scholarships. Some of the donor restricted scholarships require five to twenty percent of the earnings to be added to corpus each year. In establishing this policy, the School considered the long-term expected return on its endowment. Accordingly, over the long term, the School expects the current spending policy to allow its endowment to grow at a rate that will maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

The endowment fund held by the Foundation is subject to the investment and distribution policies of the Foundation, but no distributions can be made from this fund until the balance reaches three million dollars.

**NOTE 7: BOARD DESIGNATIONS AND RESTRICTIONS ON NET ASSETS**

The Board of Directors of the School review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions. As of June 30, 2019 and 2018, the Board designated net assets were for the following purposes:

	<b>2019</b>	<b>2018</b>
Capital replacement	\$ <b>2,482,676</b>	\$ 1,992,491
Future land acquisition	<b>1,185,026</b>	873,911
Stadium improvements	<b>825,723</b>	659,490
Parent associations	<b>238,754</b>	234,415
Other	<b>19,467</b>	17,425
	<b>\$ 4,751,646</b>	<b>\$ 3,777,732</b>



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**NOTE 7: BOARD DESIGNATIONS AND RESTRICTIONS ON NET ASSETS (CONTINUED)**

The following classifications reflect the nature of restrictions on net assets as of June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
<hr/>		
Subject to Passage of Time or Expenditure for Specified Purpose:		
Scholarships	\$ 758,730	\$ 849,244
Various restricted donations	274,011	272,309
	<hr/> <b>1,032,741</b>	<hr/> 1,121,553
 Perpetual in Nature:		
Scholarships	2,420,771	2,970,897
Beneficial interest in assets held by Foundation	3,601,127	2,621,189
	<hr/> <b>\$ 7,054,639</b>	<hr/> \$ 6,713,639
<hr/>		

**NOTE 8: FINANCIAL INSTRUMENTS**

The Financial Accounting Standards Board requires disclosure about financial instruments and related off-balance sheet risk and concentrations of credit risk. The students attending the School are primarily with families who are members of various parishes within the Archdiocese of Atlanta. Any off-balance sheet risk or credit risk is dependent on the financial situation of the families and subsequent support of the Archdiocese.

The School places its cash with financial institutions and CENGI. All non-interest bearing bank accounts are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. Funds on deposit with CENGI are not FDIC insured.

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**NOTE 9: FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles require that certain assets and liabilities be measured at fair value on a recurring basis. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

*Level 1* - Valuations based on unadjusted quoted prices for identical instruments in active markets that are available as of the measurement date.

*Level 2* - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

*Level 3* - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Cash and cash equivalents including funds on deposit with CENGI, accounts receivable, accounts payable and accrued expenses, tuition and fees paid advance and agency funds - carrying amounts approximate fair value based upon the nature of the instrument.

Beneficial interest in assets held by the Foundation - the fair value of beneficial interest in assets held by the Foundation (Notes 1 and 7) is based upon the net present value of the School's expected future cash flows. The School does not have the ability to redeem this beneficial interest and withdrawals are limited to the terms of the School's agreement with the Foundation.

The following table presents the School's fair value hierarchy for the financial assets measured at fair value on a recurring basis as of June 30, 2019:

<b><i>June 30, 2019</i></b>	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by foundation	\$ -	\$ -	\$ 3,601,127	\$ 3,601,127
	\$ -	\$ -	\$3,601,127	\$3,601,127

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**NOTE 9: FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table presents the School's fair value hierarchy for the financial assets measured at fair value on a recurring basis as of June 30, 2018:

<i>June 30, 2018</i>	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by foundation	\$ -	\$ -	\$ 2,621,189	\$ 2,621,189
	\$ -	\$ -	\$ 2,621,189	\$ 2,621,189

The following is a reconciliation of the change in fair value for the years ended June 30, 2019 and 2018, for Level 3:

	2019	2018
Beneficial interest in assets held by foundation		
Balance, beginning of year	\$ 2,621,189	\$ 1,687,412
Contributions	14,004	72,072
Transfer from investments	763,679	630,769
Transfer from net assets	121,000	155,357
Distributions for scholarships	(57,500)	(53,800)
Change in value	138,755	129,379
Balance, end of year	\$ 3,601,127	\$ 2,621,189

Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the School could realize in a current market exchange.

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**NOTE 10: LEASE COMMITMENTS**

The School leases equipment under various operating leases. The leases require future periodic payments of approximately \$2,000 per month through February 2020 and then \$370 per month through November 2023. Rent expense was approximately \$22,000 and \$28,000 for the years ended June 30, 2019 and 2018, respectively. Future minimum lease payments under these lease agreements as of June 30, 2019, are as follows:

<i>Year ending June 30,</i>	
2020	\$ 17,382
2021	4,422
2022	4,422
2023	4,422
2024	1,843
	<hr/> <hr/> <b>\$ 32,491</b>

**NOTE 11: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 22, 2019, which is the date that the financial statements were available to be issued.