St. Patrick Catholic School

Financial Statement

and

Independent Auditors’ Report

As of June 30, 2024

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ALEXANDER & WILLIAMS

INDEPENDENT AUDITORS' REPORT

To the Pastor of
St. Patrick Catholic School

Opinion

We have audited the accompanying financial statement of St. Patrick Catholic School (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of St. Patrick Catholic School as of June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 statement section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 statement

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

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

Auditors' Responsibilities for the Audit of the Financial statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Alexander & Williams, PLLC

Dallas, Texas
October [] 2024

ST. PATRICK CATHOLIC SCHOOL
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

Current assets:	
Cash	$ 160,535
Certificates of deposit	116,442
Accounts receivable, tuition, net	182,022
Other assets and prepaid expenses	88,700
Total current assets	547,699
Investments, at fair value	2,013,057
Total assets	$ 2,560,756

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	$ 163,990
Deferred tuition income	404,039
Total current liabilities	568,029
Commitments and contingencies (Note 4)	
Net assets:	
Without donor restrictions	(20,330)
Without donor restrictions, board restricted	2,013,057
Total net assets	1,992,727
Total liabilities and net assets	$ 2,560,756

ST. PATRICK CATHOLIC SCHOOL
NOTES TO FINANCIAL STATEMENT

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

St. Patrick Catholic School (the "School") is an assumed name for a Pre-K3 through 8th grade Diocesan school located in Dallas, Texas, and operated by St. Patrick Catholic Parish - Dallas (the "Parish") and began its activities in the fall of 1964. The School's philosophy is rooted in the idea that each child is uniquely created and loved by God; therefore, its staff are called to provide a safe and supportive community committed to academic excellence, faith formation and service. Through teaching, motivating and inspiring as Jesus did, they strive to transform their students and school community spiritually, morally, intellectually, physically and emotionally. School Graduates have a mission rooted in their Catholic faith to use their God-given gifts to serve others and participate wholeheartedly in communities in which they live; they are well equipped with skills and knowledge to transform their world.

Basis of Accounting and Financial Statement Presentation

The accompanying financial statement has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School are classified and reported as follows:

- Net assets without donor restrictions - represent resources available for support of the School's operations that are not subject to donor-imposed restrictions.
    - Board designated net assets - From time to time, the trustees of the School may designate a portion of net assets without donor restrictions for specific purposes, such as capital improvements, operational reserves, or other initiatives. While these assets are not subject to external restrictions, the trustees have earmarked them for specific uses. These assets remain under the discretion of the trustees and can be undesignated or reallocated as the trustees see fit.
- Net assets with donor restrictions - represent funds that are subject to donor restrictions which either expire with the passage of time, will be fulfilled for the intended purpose pursuant to those provisions, or are perpetual in nature.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of financial position, the School considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As of June 30, 2024, the Federal Deposit Insurance Corporation provided insurance coverage for deposit accounts of up to $250,000 per depositor per bank. The School's cash balances may at times exceed such coverage, however management believes it mitigates this risk through the use of high-quality financial institutions. As of June 30, 2024, the School's cash balances were in excess of these insurance limitations.

Accounts Receivable, Tuition

Accounts receivable represents amounts due to the School from students and parents for tuition, fees, and other school-related activities. The School recognizes accounts receivable at their estimated realizable value, which is the amount expected to be collected.

The School maintains an allowance for doubtful accounts to provide for estimated losses that may result from the inability of certain accounts to be collected. The allowance is based on historical collection trends, current economic conditions, individual account assessments and expected future losses. Adjustments to the allowance are made periodically to reflect changes in these factors. Accounts receivable are generally due within 30 days of the payment date. The School typically allows for receivables to be paid overtime as part of its credit policies. The School has established policies and procedures for the collection of overdue accounts, which include sending reminders, contacting responsible parties, and, if necessary, taking further action to collect the amounts due. Receivables are written off when management determines that they are uncollectible, after all reasonable collection efforts have been exhausted. Write-offs are made in accordance with the School's policies and are recorded as an adjustment to the allowance for doubtful accounts. As of June 30, 2024, the School had an allowance for doubtful accounts of approximately $194 thousand.

Deferred Tuition Income

Deferred tuition income is recorded when the School receives payments for tuition and related fees before the start of the academic term or period for which the services will be rendered. Such amounts are initially recorded as a liability and are recognized as income over the period in which the services are performed.

Financial Instruments

The School's financial instruments consists of cash, investments, and accounts receivable. The recorded value of cash and accounts receivable approximate fair value based on the short-term nature of these instruments. See Note 4 for additional information concerning the fair value of the School's investments.

Property and Equipment

The School capitalizes property and equipment additions having a useful life of more than one year and a cost in excess of $5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding its use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service. The School reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Impairment of Long-Lived Assets

The School evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate possible impairment. If the carrying amount for the asset is not recoverable, an impairment loss is recorded to adjust the carrying amount of the asset and the adjusted carrying amount becomes the new cost basis. For a depreciable long-lived asset, the new cost basis will be depreciated over the remaining estimated useful life of the asset.

Income Tax Status

The School is assumed name of the Parish which is a not-for-profit School that is exempt from income taxes under Section 501(a) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

U.S. GAAP requires that the School recognize in its financial statement the financial effects of a tax position if that position is more likely than not of being sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the tax position. The requirements also provide guidance on measurement, classification, interest and penalties and disclosure.

Tax positions taken related to the Parish's tax-exempt status, unrelated business activities taxable income and deductibility of expenses and other miscellaneous tax positions have been reviewed, and management is of the opinion that material positions taken would more likely than not be sustained by examination. There was no other uncertain tax positions identified. As of June 30, 2024, there were no interest or penalties related to income taxes recorded or included in the financial statement.

Recent Accounting Pronouncements

As of June 30, 2024, and through October [], 2024, there were several new accounting pronouncements issued by the Financial Accounting Standards Board. Each of these pronouncements, as applicable, has been or will be adopted by the School. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the School's financial statement. The School will monitor these emerging issues to assess any potential future impact on its financial statement.

Subsequent Events

The School has evaluated subsequent events for recognition and disclosure through October [], 2024, which is the date the financial statement was issued.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the School's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

Total financial assets:		
Cash	$	160,535
Certificates of deposit		116,442
Accounts receivable, tuition		182,022
Investments, at fair value		2,013,057
Total financial assets		2,472,056
Less amounts unavailable for general expenditures within one year:		
Restricted net assets		-
Financial assets available to meet needs for general expenditure within one year	$	2,472,056

The School receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures within one year.

The School strives to maintain liquid financial assets sufficient to cover near-term operating needs, and to maintain sufficient reserves to provide reasonable assurance that long-term obligations will be fulfilled. To achieve this, the School budgets its future cash flows and monitors its liquidity monthly. During the year ended June 30, 2024, the level of liquidity was managed within the School's expectations.

3. COMMITMENTS AND CONTINGENCIES

The School may at times be involved in legal proceedings arising in the normal course of its operations. Any potential outcomes of these proceedings, if any, are uncertain. The School is not presently involved in any such matters. Should such a matter arise, management will evaluate the merits of the matter to determine what effect, if any, such matter may have on the financial statement.

4. INVESTMENTS

ASC Topic 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1 Valuations based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Valuations based on quoted prices in markets that are not active, or financial instruments for which all significant inputs are observable; either directly or indirectly; and

Level 3 Valuations based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable; thus, reflecting assumptions about the market participants.

The School's investments consistent of publicly trade mutual funds which are regulated by the Securities and Exchange Commission of the United States. The School's investments are reported at fair value on the statement of financial position based on quoted prices in active markets. Fair value represents the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The School considers these investments to be a Level 1 asset within the fair value hierarchy.