

# **Catholic Education of North Georgia, Inc.**

## **FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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**Catholic Education of North Georgia, Inc.**  
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**June 30, 2020 and 2019**

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**REPORT**

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Catholic Education of North Georgia, Inc.  
Atlanta, Georgia

We have audited the accompanying financial statements of Catholic Education of North Georgia, Inc., a nonprofit organization, which comprise the statements of financial position as of June 30, 2020 and 2019, 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 audits 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 auditor's 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 Catholic Education of North Georgia, Inc., as of June 30, 2020 and 2019, 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.

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

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia  
December 22, 2020



## **FINANCIAL STATEMENTS**



**Catholic Education of North Georgia, Inc.**  
**Statements of Financial Position**

*June 30, 2020*

	Without donor restrictions	With donor restrictions	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 23,897,366	\$ -	\$ 23,897,366
Funds on deposit with AoA Deposit and Loan Fund Trust	1,013,793	18,000,000	19,013,793
Accounts receivable, net	375,992	-	375,992
Accounts receivable - Chancery	289,923	-	289,923
Promises to give	2,559,284	-	2,559,284
Inventory	662,542	-	662,542
Investments at fair value	22,596,451	46,835,913	69,432,364
Beneficial interest in assets held by foundation	-	6,753,555	6,753,555
Property and equipment	66,958,649	-	66,958,649
Other assets	736,577	-	736,577
<b>Total assets</b>	<b>\$ 119,090,577</b>	<b>\$ 71,589,468</b>	<b>\$ 190,680,045</b>
<b>Liabilities and Net Assets</b>			
Accounts payable and accrued expenses	\$ 3,881,715	\$ -	\$ 3,881,715
Accounts payable - related parties	242,562	-	242,562
Contract liabilities	7,844,515	-	7,844,515
Bonds payable, less unamortized deferred bond costs	29,355,693	-	29,355,693
Interest rate swap liability	1,704,702	-	1,704,702
Paycheck Protection Program Loans	5,826,541	-	5,826,541
Agency funds	305,617	-	305,617
<b>Total liabilities</b>	<b>49,161,345</b>	<b>-</b>	<b>49,161,345</b>
<b>Net assets</b>			
Without donor restrictions			
Designated investment funds	3,131,209	-	3,131,209
Undesignated	66,798,023	-	66,798,023
With donor restrictions			
Purpose restrictions	-	40,599,050	40,599,050
Perpetual in nature	-	30,990,418	30,990,418
<b>Total net assets</b>	<b>69,929,232</b>	<b>71,589,468</b>	<b>141,518,700</b>
<b>Total liabilities and net assets</b>	<b>\$ 119,090,577</b>	<b>\$ 71,589,468</b>	<b>\$ 190,680,045</b>

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

**Catholic Education of North Georgia, Inc.**  
**Statements of Financial Position (Continued)**

*June 30, 2019*

	Without donor restrictions	With donor restrictions	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 12,685,476	\$ -	\$ 12,685,476
Accounts receivable, net	141,503	-	141,503
Accounts receivable - Chancery	142,626	-	142,626
Promises to give	15,942	-	15,942
Inventory	857,377	-	857,377
Investments at fair value	29,987,467	42,726,582	72,714,049
Beneficial interest in assets held by foundation	-	6,032,387	6,032,387
Property and equipment	68,313,116	-	68,313,116
Other assets	543,876	-	543,876
<b>Total assets</b>	<b>\$ 112,687,383</b>	<b>\$ 48,758,969</b>	<b>\$ 161,446,352</b>
<b>Liabilities and Net Assets</b>			
Accounts payable and accrued expenses	\$ 3,002,141	\$ -	\$ 3,002,141
Accounts payable - related parties	234,628	-	234,628
Contract liabilities	8,244,635	-	8,244,635
Bonds payable, less unamortized deferred bond costs	35,209,722	-	35,209,722
Interest rate swap liability	1,881,753	-	1,881,753
Agency funds	342,944	-	342,944
<b>Total liabilities</b>	<b>48,915,823</b>	<b>-</b>	<b>48,915,823</b>
<b>Net assets</b>			
Without donor restrictions			
Designated investment funds	2,985,509	-	2,985,509
Undesignated	60,786,051	-	60,786,051
With donor restrictions			
Purpose restrictions	-	19,349,878	19,349,878
Perpetual in nature	-	29,409,091	29,409,091
<b>Total net assets</b>	<b>63,771,560</b>	<b>48,758,969</b>	<b>112,530,529</b>
<b>Total liabilities and net assets</b>	<b>\$ 112,687,383</b>	<b>\$ 48,758,969</b>	<b>\$ 161,446,352</b>

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



**Catholic Education of North Georgia, Inc.**  
**Statements of Activities (Continued)**

*For the year ended June 30, 2020*

	Without donor restrictions	With donor restrictions	Total
<b>Revenue</b>			
Tuition, net of discounts	\$ 39,543,291	\$ -	\$ 39,543,291
Enrollment and application fees	1,038,987	-	1,038,987
Bookstore	1,163,112	-	1,163,112
Student activities	1,076,400	-	1,076,400
Financial aid and scholarships	(3,427,661)	-	(3,427,661)
Total revenue from student tuition, fees and other income	39,394,129	-	39,394,129
Contributions and support	4,359,946	22,562,262	26,922,208
Investment income	658,756	763,155	1,421,911
Other income	1,360,207	-	1,360,207
Parish school assessment	8,547,297	-	8,547,297
Net assets released from restrictions	1,987,127	(1,987,127)	-
Total revenue	56,307,462	21,338,290	77,645,752
<b>Expenses</b>			
<i>Program services</i>			
Instructional expenses	24,828,153	-	24,828,153
Student services	13,758,248	-	13,758,248
Operations	5,410,010	-	5,410,010
<i>Support services</i>			
General and administrative	5,059,692	-	5,059,692
Development and fundraising	1,850,920	-	1,850,920
Total expenses	50,907,023	-	50,907,023
Change in net assets before capital additions (reductions)	5,400,439	21,338,290	26,738,729
Capital additions (reductions)			
Realized and unrealized gain (loss) on investments	894,074	1,178,317	2,072,391
Gain (loss) on interest rate swap agreements	177,051	-	177,051
Total capital additions	1,071,125	1,178,317	2,249,442
<b>Change in net assets</b>	6,471,564	22,516,607	28,988,171
<b>Transfer of net assets</b>	(313,892)	313,892	-
<b>Net assets at beginning of year</b>	63,771,560	48,758,969	112,530,529
<b>Net assets at end of year</b>	\$ 69,929,232	\$ 71,589,468	\$ 141,518,700

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

**Catholic Education of North Georgia, Inc.**  
**Statements of Activities (Continued)**

*For the year ended June 30, 2019*

	Without donor restrictions	With donor restrictions	Total
<b>Revenue</b>			
Tuition, net of discounts	\$ 39,146,977	\$ -	\$ 39,146,977
Enrollment and application fees	1,067,034	-	1,067,034
Bookstore	1,315,552	-	1,315,552
Student activities	1,431,077	-	1,431,077
Financial aid and scholarships	(3,324,447)	-	(3,324,447)
Total revenue from student tuition, fees and other income	39,636,193	-	39,636,193
Contributions and support	2,149,023	546,539	2,695,562
Events and fundraising	1,981,280	-	1,981,280
Investment income	683,599	768,278	1,451,877
Other income	1,543,701	-	1,543,701
Parish school assessment	8,543,665	-	8,543,665
Net assets released from restrictions	451,628	(451,628)	-
Total revenue	54,989,089	863,189	55,852,278
<b>Expenses</b>			
<i>Program services</i>			
Instructional expenses	24,446,584	-	24,446,584
Student services	14,211,718	-	14,211,718
Operations	5,558,987	-	5,558,987
<i>Support services</i>			
General and administrative	4,909,968	-	4,909,968
Development and fundraising	1,848,359	-	1,848,359
Total expenses	50,975,616	-	50,975,616
Change in net assets before capital additions (reductions)	4,013,473	863,189	4,876,662
Capital additions (reductions)			
Realized and unrealized gain (loss) on investments	1,280,402	1,602,456	2,882,858
Gain (loss) on interest rate swap agreements	(11,039)	-	(11,039)
Total capital additions (reductions)	1,269,363	1,602,456	2,871,819
<b>Change in net assets</b>	5,282,836	2,465,645	7,748,481
<b>Transfer of net assets</b>	(407,633)	407,633	-
<b>Net assets at beginning of year</b>	58,896,357	45,885,691	104,782,048
<b>Net assets at end of year</b>	\$ 63,771,560	\$ 48,758,969	\$ 112,530,529

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

**Catholic Education of North Georgia, Inc.**  
**Statements of Functional Expenses**

*For the year ended June 30, 2020*

	Program Services				Supporting Services		
	Instructional	Student Services	Operations	Total Program Expenses	General and Administrative	Development and Fundraising	Total
Payroll and related expenses	\$ 20,199,099	\$ 6,549,152	\$ 941,860	\$ 27,690,111	\$ 3,632,034	\$ 1,074,081	\$ 32,396,226
Advertising	-	-	-	-	57,231	65,519	122,750
Bookstore	-	495,680	-	495,680	-	-	495,680
Cafeteria	-	1,049,394	-	1,049,394	-	-	1,049,394
Depreciation	1,830,910	1,546,926	228,796	3,606,632	151,075	51,421	3,809,128
Dues and subscriptions	5,760	16,529	539	22,828	39,771	1,359	63,958
Events and activities	4,653	1,575,818	-	1,580,471	8,593	285,149	1,874,213
Instructional materials	273,534	300,275	-	573,809	15	-	573,824
Insurance	377,996	233,440	51,604	663,040	72,024	10,381	745,445
Interest	871,709	564,079	93,312	1,529,100	132,140	20,678	1,681,918
Miscellaneous	546,565	471,141	363,305	1,381,011	556,780	303,297	2,241,088
Operating supplies	83,392	134,937	180,855	399,184	180,258	18,687	598,129
Professional development	57,101	34,871	1,749	93,721	7,216	1,450	102,387
Professional fees	5,956	157,257	2,168	165,381	165,533	1,300	332,214
Repairs and maintenance	13,822	193,441	1,306,086	1,513,349	2,999	1,020	1,517,368
Tuition Aid - non-CENGI schools	-	-	2,155,000	2,155,000	-	-	2,155,000
Utilities	557,656	435,308	84,736	1,077,700	54,023	16,578	1,148,301
<b>Total expenses</b>	<b>\$ 24,828,153</b>	<b>\$ 13,758,248</b>	<b>\$ 5,410,010</b>	<b>\$ 43,996,411</b>	<b>\$ 5,059,692</b>	<b>\$ 1,850,920</b>	<b>\$ 50,907,023</b>

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

**Catholic Education of North Georgia, Inc.**  
**Statements of Functional Expenses (Continued)**

*For the year ended June 30, 2019*

	Program Services				Supporting Services		
	Instructional	Student Services	Operations	Total Program Expenses	General and Administrative	Development and Fundraising	Total
Payroll and related expenses	\$ 19,610,975	\$ 6,405,197	\$ 878,262	\$ 26,894,434	\$ 3,431,876	\$ 1,067,697	\$ 31,394,007
Advertising	150	-	-	150	64,154	85,291	149,595
Bookstore	-	621,350	-	621,350	-	-	621,350
Cafeteria	-	1,173,795	-	1,173,795	-	-	1,173,795
Depreciation	1,907,938	1,615,888	234,238	3,758,064	155,487	53,285	3,966,836
Dues and subscriptions	12,425	8,525	239	21,189	40,570	588	62,347
Events and activities	36,961	1,663,137	-	1,700,098	9,616	289,462	1,999,176
Instructional materials	322,602	374,761	-	697,363	-	-	697,363
Insurance	383,417	229,883	51,158	664,458	29,525	10,268	704,251
Interest	933,141	602,682	125,894	1,661,717	225,460	25,631	1,912,808
Miscellaneous	508,121	524,305	343,567	1,375,993	520,203	276,265	2,172,461
Operating supplies	90,095	155,848	175,061	421,004	198,189	23,024	642,217
Professional development	55,434	24,286	250	79,970	7,690	94	87,754
Professional fees	5,098	137,195	1,600	143,893	153,493	-	297,386
Repairs and maintenance	14,833	232,719	1,508,215	1,755,767	21,068	300	1,777,135
Subsidies non-CENGI schools	-	-	8,000	8,000	-	-	8,000
Tuition Aid - non-CENGI schools	-	-	2,150,500	2,150,500	-	-	2,150,500
Utilities	565,394	442,147	82,003	1,089,544	52,637	16,454	1,158,635
<b>Total expenses</b>	<b>\$ 24,446,584</b>	<b>\$ 14,211,718</b>	<b>\$ 5,558,987</b>	<b>\$ 44,217,289</b>	<b>\$ 4,909,968</b>	<b>\$ 1,848,359</b>	<b>\$ 50,975,616</b>

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

**Catholic Education of North Georgia, Inc.**  
**Statements of Cash Flows**

<i>For the years ended June 30,</i>	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Change in net assets	\$ 28,988,171	\$ 7,748,481
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	3,809,128	3,966,836
Interest expense representing change in deferred bond costs	35,971	35,971
Realized and unrealized gain on investments	(2,072,391)	(2,882,858)
(Gain) loss on interest rate swap agreements	(177,051)	11,039
Donor restricted contributions and income	(21,338,290)	(863,189)
Loss on disposal of property and equipment	62,716	119,119
Changes in operating assets and liabilities		
Increase (decrease) in assets		
Accounts receivable	(234,489)	1,931
Accounts receivable - Chancery	(147,297)	930,163
Promises to give	(2,543,342)	38,243
Inventory	194,835	24,730
Other assets	(192,701)	323,913
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	465,687	(105,789)
Accounts payable - related parties	7,934	53,122
Contract liabilities	(400,120)	(150,587)
Agency funds	(37,327)	(9,179)
Net cash provided by (used in) operating activities	6,421,434	9,241,946
<b>Investing activities</b>		
Proceeds from sale of investments	6,600,000	-
Purchase of investments	(1,250,657)	(1,315,573)
Purchases of property and equipment	(2,027,589)	(2,060,880)
Additions to beneficial interest in assets held by Foundation	(716,436)	(1,141,839)
Increase in funds on deposit with AoA Deposit and Loan Fund Trust	(19,013,793)	-
Net cash provided by (used in) investing activities	(16,408,475)	(4,518,292)
<b>Financing activities</b>		
Donor restricted contributions and income	21,338,290	863,189
Payments on bonds payable	(5,890,000)	(3,145,000)
Proceeds from Paycheck Protection Program loan	5,826,541	-
Payments on capital lease obligation	(75,900)	-
Cash provided by (used in) financing activities	21,198,931	(2,281,811)
<b>Net change in cash and cash equivalents</b>	<b>11,211,890</b>	<b>2,441,843</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>12,685,476</b>	<b>10,243,633</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 23,897,366</b>	<b>\$ 12,685,476</b>

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

**Catholic Education of North Georgia, Inc.**  
**Statements of Cash Flows (Continued)**

<i>For the years ended June 30,</i>	<b>2020</b>	<b>2019</b>
<b>Schedule of non-cash investing and financing transactions:</b>		
Capital lease obligation incurred for acquisition of equipment	\$ 94,457	\$ 96,169
Accounts payable incurred for purchases for property and equipment	\$ -	\$ 168,477
Accrued expenses incurred for construction in progress	\$ 395,330	\$ -

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

## **Catholic Education of North Georgia, Inc.**

### **Notes to the Financial Statements**

#### **Note 1: DESCRIPTION OF THE ORGANIZATION**

Catholic Education of North Georgia, Inc. (CENGI) is a Georgia nonprofit organization, which has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code. CENGI owns and operates the following schools:

Blessed Trinity Catholic High School  
Holy Redeemer Catholic School  
Our Lady of Mercy Catholic High School  
Our Lady of Victory Catholic School  
Queen of Angels Catholic School  
St. Pius X Catholic High School

The Archbishop (Archbishop) of the Roman Catholic Archdiocese of Atlanta (Archdiocese) is the sole member of the corporation and exercises control over CENGI by appointing and approving the Board of Directors. The Archbishop has an economic interest in CENGI by providing a guarantee on the Bonds Payable (Note 7).

#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

##### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

##### ***Funds on Deposit with AoA Deposit and Loan Fund Trust***

CENGI invests funds with the AoA Deposit and Loan Fund Trust. The AoA Deposit and Loan Fund Trust receives funds from various Archdiocese entities and in turn loans funds to Archdiocese entities. CENGI's funds invested in the AoA Deposit and Loan Fund Trust totaled \$19,013,793 and \$0 at June 30, 2020 and 2019, respectively. CENGI's funds invested in the AoA Deposit and Loan Fund Trust earn interest at the rate of 1.25% (1.75% prior to April 2020).

## Catholic Education of North Georgia, Inc.

### Notes to the Financial Statements

#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Accounts Receivable***

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. CENGI provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of students' families to meet their obligations.

Receivables are considered impaired if full payment is not received in accordance with the contractual terms. It is CENGI's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance for doubtful accounts at June 30, 2020 and 2019, was \$137,400 and \$128,700, respectively.

##### ***Promises to Give***

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. 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.

CENGI uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Allowance for doubtful promises to give at June 30, 2020 and 2019 was \$2,522 and \$0, respectively.

##### ***Inventory***

Inventory is stated at the lower of cost or net realizable value, determined by the first-in, first-out method. When evidence exists that net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs. Inventories consist primarily of books, school apparel and supplies.

##### ***Investments***

CENGI reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.



## Catholic Education of North Georgia, Inc.

### Notes to the Financial Statements

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### ***Beneficial Interest in Assets held by Foundation***

CENGI is the beneficiary of certain endowments held and administered by the Catholic Foundation of North Georgia (the Foundation), the purpose of which is to support the future needs of the organization. The Foundation has ownership and control of the endowment funds. Pursuant to financial accounting standards, CENGI's interest in the funds is valued at the net present value of CENGI's expected future cash flows from the funds and has been recorded as net assets with donor restrictions, perpetual in nature and related beneficial interest in assets held by the Foundation in the financial statements.

##### ***Property and Equipment***

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

Land	Not depreciated
Land improvements	15 years
Building	40-50 years
Furniture and equipment	5-10 years
Automobiles	7 years
Construction in progress	Not depreciated

##### ***Deferred Charges***

Bond issuance costs, totaling \$899,276, have been capitalized and are being amortized over the life of the bonds using the interest method. Unamortized deferred bond costs are netted with the associated bonds payable and are being amortized to interest expense over the term of the bonds. Amortization of bond issuance costs totaled \$35,971 for each of the years ended June 30, 2020 and 2019, and accumulated amortization at June 30, 2020 and 2019, totaled \$704,969 and \$668,998, respectively.

##### ***Interest Rate Swap Agreements***

CENGI holds derivative financial instruments for the purpose of hedging the risk of certain identifiable and anticipated transactions. In general, the types of risks hedged are those relating to the variability of LIBOR-based interest payments on bonds payable. In hedging the transactions, CENGI, in the normal course of business, holds interest rate swap agreements whose purpose is to provide fixed interest payments on variable interest rate debt. Interest rate swap agreements are further discussed in Note 8.

##### ***Net Assets***

CENGI reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

## Catholic Education of North Georgia, Inc.

### Notes to the Financial Statements

#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Net Assets (continued)***

Net assets without donor restrictions are resources available to support operations and are not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for various reserves (Notes 3 and 11).

Net assets with donor restrictions are resources that are subject to donor imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

##### ***Revenue Recognition***

Student tuition, enrollment and application fees, and student activity fees are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with student families are satisfied. Prior to the adoption of ASC 606, CENGI recognized revenue when persuasive evidence of an arrangement existed, delivery of the service had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

##### ***Donated Assets***

Donated investments and other noncash donations are recorded as contributions at their fair value at the date of donation.

##### ***Donated Services***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CENGI. Volunteers provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

## **Catholic Education of North Georgia, Inc.**

### **Notes to the Financial Statements**

#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Functional Allocation of Expenses***

Directly identifiable expenses are charged to program and supporting services. Other expenses that are common to several functions, such as payroll, utilities, insurance, depreciation and interest, are allocated among the programs and supporting activities based on time spent and estimates of asset usage.

##### ***Advertising***

CENGI uses advertising to promote its programs among the audience it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2020 and 2019, advertising costs totaled \$122,750 and \$149,595, respectively.

##### ***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 schools. Development and fundraising expenses include costs of the development offices and other related fundraising expenses, including advertising, brochures, special events and other similar expenses.

##### ***Income Taxes***

CENGI is included in the group exemption issued by 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 CENGI's tax-exempt purpose is subject to taxation as unrelated business income. CENGI considers substantially all of its activities to be directly related to its exempt purpose in 2020 and 2019.

##### ***Reclassifications***

Certain reclassifications were made to prior year balances to conform with current year presentation. Total net assets and changes in net assets are unchanged due to these reclassifications.

##### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 22, 2020, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## Catholic Education of North Georgia, Inc.

### Notes to the Financial Statements

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### ***Recent Accounting Pronouncements***

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. Effective July 1, 2019, CENGI adopted ASC 606 using the modified retrospective method. No cumulative adjustment was necessary in order to conform with ASC 606, therefore, the 2019 financial statements have not been restated and continue to be reported under the accounting standards for that year. CENGI does not expect the adoption of the new revenue standard to have a material impact to the change in net assets on an ongoing basis. This new standard also requires additional disclosures.

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 ASU and its amendments 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. Effective July 1, 2019, CENGI applied the provisions of this ASU on a modified prospective basis.

In January 2016, the FASB issued 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. CENGI adopted this ASU during the year ended June 30, 2020, and there were no adjustments resulting from the adoption of this accounting policy.

##### ***Accounting Guidance not yet Adopted***

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, 2021. Early adoption is permitted. CENGI is currently evaluating the impact of the guidance on its financial statements.

**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 3: FINANCIAL ASSET AVAILABILITY**

CENGI maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as CENGI's expenditures become due. The following reflects CENGI's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions:

<i>June 30,</i>	<b>2020</b>	2019
Financial assets at year-end:		
Cash and cash equivalents	<b>\$ 23,897,366</b>	\$ 12,685,476
Funds on deposit with AoA Deposit and Loan Fund Trust	<b>19,013,793</b>	-
Investments	<b>69,432,364</b>	72,714,049
Accounts receivable, net	<b>375,992</b>	141,503
Accounts receivable - Chancery	<b>289,923</b>	142,626
Promises to give	<b>2,559,284</b>	15,942
Beneficial interest in assets held by foundation	<b>6,753,555</b>	6,032,387
Total financial assets	<b>122,322,277</b>	91,731,983
Less amounts not available to be used within one year:		
Cash collateral for interest rate swap	<b>1,690,000</b>	1,180,000
Designated investment funds	<b>3,131,209</b>	2,985,509
Beneficial interest in assets held by foundation	<b>6,753,555</b>	6,032,387
Investments held with donor restrictions	<b>46,702,080</b>	42,726,582
Total amounts not available for use	<b>58,276,844</b>	52,924,478
<b>Financial assets available to meet expenditures in one year</b>	<b>\$ 64,045,433</b>	<b>\$ 38,807,505</b>

Financial assets at year-end as noted in the above schedule exclude property and equipment, inventory and other assets.

Part of CENGI's liquidity management policy is to structure its financial assets to be available for its general expenditures and other obligations that come due. The designated investments have been board-designated for various purposes, however, a portion of these amounts could be made available if necessary.

**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 4: CAPITAL CAMPAIGN AND PROMISES TO GIVE**

Promises to give at June 30, 2020 and 2019, consist primarily of pledges related to a new capital campaign at St. Pius X Catholic High School announced in September 2019 as well as an existing capital campaign from 2008 which had receipts through December 2019.

Promises to give as of June 30, 2020 and 2019, consist of the following:

<i>June 30,</i>	<b>2020</b>	<b>2019</b>
Promises to give, beginning of year	\$ 15,942	\$ 54,185
Contributions from pledges	3,124,334	377,796
Payments received on pledges	(536,048)	(414,386)
Write-offs	(19,467)	-
	2,584,761	17,595
Less net present value adjustment	(22,955)	-
Less allowance for uncollectible promises to give	(2,522)	(1,653)
	<b>\$ 2,559,284</b>	<b>\$ 15,942</b>
Amounts due in:		
Less than one year	\$ 1,036,261	\$ 15,942
Within two to five years	1,548,500	-
	<b>\$ 2,584,761</b>	<b>\$ 15,942</b>

**Note 5: INVESTMENTS**

At June 30, 2020 and 2019, investments consisted of the following:

	<b>2020</b>		<b>2019</b>	
	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>
Short-term investments	\$ 2,127,734	\$ 2,127,734	\$ 2,071,785	\$ 2,071,785
Corporate Obligations	9,529,949	8,997,400	14,439,025	14,177,816
Equity securities	20,272,755	16,838,570	20,520,667	16,261,614
Equity mutual funds	13,606,988	12,853,317	14,228,473	12,381,904
Debt mutual funds	15,197,913	14,620,011	8,515,104	8,444,126
U.S. Government Obligations	5,377,521	5,311,407	9,461,754	9,096,699
Alternative Investments	3,319,504	2,895,545	3,477,241	3,211,921
	<b>\$ 69,432,364</b>	<b>\$ 63,643,984</b>	<b>\$ 72,714,049</b>	<b>\$ 65,645,865</b>

Investment income is reported net of related external and direct internal investment expenses in the statement of activities and changes in net assets. The amount of expenses netted with income was \$256,858 and \$251,720 for the years ended June 30, 2020 and 2019.

**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 6: PROPERTY AND EQUIPMENT**

Property and equipment – net consist of the following:

<i>June 30,</i>	<b>2020</b>	2019
Land	<b>\$ 14,689,153</b>	\$ 14,689,153
Land improvements	<b>10,713,656</b>	10,681,773
Buildings	<b>76,176,522</b>	75,727,051
Furniture and equipment	<b>23,507,043</b>	23,851,490
Automobiles	<b>1,221,585</b>	1,158,096
Construction in progress	<b>776,288</b>	7,025
	<b>127,084,247</b>	126,114,588
Less accumulated depreciation	<b>(60,125,598)</b>	(57,801,472)
<b>Property and equipment, net</b>	<b>\$ 66,958,649</b>	<b>\$ 68,313,116</b>

Depreciation expense for the years ended June 30, 2020 and 2019, was \$3,809,128 and \$3,966,836, respectively.

**Note 7: BONDS PAYABLE AND LINE OF CREDIT**

Bonds payable consist of the following:

<i>June 30,</i>	<b>2020</b>	2019
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated February 1, 1999, and maturing April 1, 2024.	<b>\$ 12,500,000</b>	\$ 12,600,000
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated March 1, 1999, and maturing April 1, 2024.	-	5,690,000
Tax-Exempt Variable Rate Educational Facilities Revenue Bonds dated December 19, 2002, and maturing April 1, 2028.	<b>17,050,000</b>	17,150,000
	<b>29,550,000</b>	35,440,000
Less unamortized bond issuance costs	<b>(194,307)</b>	(230,278)
<b>Bonds payable, net of unamortized debt issuance costs</b>	<b>\$ 29,355,693</b>	<b>\$ 35,209,722</b>

All of the educational bonds require monthly interest payments of LIBOR plus .78% and mature in varying annual amounts through April 1, 2028. The rate at June 30, 2020, was 1.08%. As discussed in Note 8, CENGI has entered into interest rate swap agreements that provide for fixed rates of interest on the bonds.

Interest expense on the bonds payable and interest rate swap agreements totaled \$1,717,889 and \$1,912,808, for the years ended June 30, 2020 and 2019, respectively. Cash payments for interest totaled \$1,692,940 and \$1,890,458, for fiscal years 2020 and 2019, respectively.

## Catholic Education of North Georgia, Inc. Notes to the Financial Statements

### **Note 7: BONDS PAYABLE AND LINE OF CREDIT (Continued)**

CENGI entered into a revolving line of credit (LOC) with a financial institution during the year ended June 30, 2018 with a maturity date of June 18, 2021. The LOC has a maximum borrowing limit of \$3,000,000. Interest accrues at a variable rate of the 30 day Libor plus 1% and is payable monthly. Draws on the LOC, which were repaid during the same fiscal year, totaled \$100,000 for the year ended June 30, 2019. There were no draws on the LOC during the year ended June 30, 2020. The financial institution holds a security interest on all of CENGI's deposit accounts held at the financial institution.

CENGI is required to maintain certain financial covenants, including debt service coverage and liquidity ratios. CENGI is in compliance with these requirements as of June 30, 2020 and 2019.

Principal maturities for each of the next five years and thereafter:

*For the years ending June 30,*

2021	\$ 760,000
2022	3,470,000
2023	3,610,000
2024	5,060,000
2025	2,920,000
Thereafter	13,730,000
	\$ 29,550,000

During the year ended June 30, 2020, CENGI received an \$18,000,000 restricted gift (Note 11) from the Roman Catholic Archdiocese of Atlanta, Inc. to be used to retire some of the outstanding bonds. Subsequent to June 30, 2020, CENGI used the restricted gift, along with other funds, to retire all of the outstanding bonds.

### **Note 8: INTEREST RATE SWAP AGREEMENTS**

In order to mitigate its exposure to interest rate fluctuations, CENGI entered into interest rate swap agreements that provide for fixed rates of interest on the school bonds (Note 7). The purpose of entering into these swaps is to eliminate long-term interest rate variability by converting LIBOR-based variable-rate payments to fixed-rate payments. CENGI's interest rate swap agreements have been designed and qualify as cash flow hedging instruments. The fair value of the liabilities represents the discounted amount CENGI would have to pay the bank to terminate the agreements at the respective balance sheet dates. The change in fair value of the interest rate swap agreements is recorded in the statements of activities as a gain or loss on interest rate swap agreements. CENGI has no plans to terminate the interest rate swap agreements prior to the expiration date of the agreements.

In 2014, CENGI entered into a forward swap with an effective date of July 1, 2020. The notional amount is for exactly half the expected bond payable amount on that date. Collateral cash for this swap was \$1,690,000 and \$1,180,000 at June 30, 2020 and 2019, respectively.



**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 8: INTEREST RATE SWAP AGREEMENTS (Continued)**

By using a derivative financial instrument to hedge its exposure to changes in interest rates, CENGI exposes itself to credit and market risk. Credit risk is the failure of the counter party to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counter party owes CENGI, which creates credit risk for CENGI. When the fair value of a derivative contract is negative CENGI owes the counter party and, therefore, it does not possess credit risk. CENGI minimized the credit risk in derivative instruments by entering into transactions with high-quality counter parties.

Market risk is an adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate contracts is managed by establishing the monitoring parameters that limit the types and degree of market risk that may be undertaken.

The tables below summarize the swap agreement information reported in the financial statements as of June 30, 2020 and 2019, and for the years then ended.

***For the year ended June 30, 2020***

Effective date	Expiration date	Notional amount	Fixed interest rate	Variable interest rate	Fair value of liability	Gain (loss) on interest rate swap
1/26/2012	7/1/2020	\$ 32,130,000	3.55%	0.89%	\$ (3,065)	\$ 806,327
7/1/2020	7/1/2025	16,065,000	2.90%	0.89%	(1,701,637)	(629,276)
		<b>\$ 48,195,000</b>			<b>\$ (1,704,702)</b>	<b>\$ 177,051</b>

***For the year ended June 30, 2019***

Effective date	Expiration date	Notional amount	Fixed interest rate	Variable interest rate	Fair value of liability	Gain (loss) on interest rate swap
1/26/2012	7/1/2020	\$ 35,440,000	3.55%	2.93%	\$ (809,392)	\$ 503,965
7/1/2020	7/1/2025	16,065,000	2.90%	2.93%	(1,072,361)	(515,004)
		<b>\$ 51,505,000</b>			<b>\$ (1,881,753)</b>	<b>\$ (11,039)</b>

**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 9: PAYCHECK PROTECTION PROGRAM LOANS**

During March 2020, the United States' Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020 which was designed to address the fallout from the COVID-19 pandemic (Note 17). The CARES Act promulgated several programs, one of which was the Paycheck Protection Program (PPP) through which eligible businesses and certain non-profits could apply for a forgivable loan intended to pay for up to twenty-four weeks of a business's payroll costs, employee benefits, rent, utilities and mortgage interest, with certain restrictions. In May 2020, the schools applied for loans with a financial institution under the PPP program totaling \$5,826,541. The CENGI schools intend to use the funds for the specified purposes, as stipulated by the Small Business Administration, in the specified time frame and before the end of the measurement period. In the event that the proceeds are not fully spent during the measurement period on qualified expenses, the schools plan to either return the non-granted portion of the proceeds immediately or to repay them within a two year period of time following that determination, with interest at 1%.

**Note 10: AGENCY FUNDS**

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

**Note 11: RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions, including donor-restricted endowment funds, are available for the following purposes at June 30, 2020:

<i>June 30, 2020</i>	Subject to expenditure for specified purpose	Perpetual in Nature	Total
Education	\$ 19,199,790	\$ 24,236,863	\$ 43,436,653
Beneficial interest in assets held by foundation	-	6,753,555	6,753,555
Debt retirement	18,000,000	-	18,000,000
Other	3,399,260	-	3,399,260
<b>Total</b>	<b>\$ 40,599,050</b>	<b>\$ 30,990,418</b>	<b>\$ 71,589,468</b>

## Catholic Education of North Georgia, Inc. Notes to the Financial Statements

### Note 11: RESTRICTIONS ON NET ASSETS (Continued)

Net assets with donor restrictions, including donor-restricted endowment funds, are available for the following purposes at June 30, 2019:

<i>June 30, 2019</i>	Subject to expenditure for specified purpose	Perpetual in Nature	Total
Education	\$ 18,895,955	\$ 23,376,704	\$ 42,272,659
Beneficial interest in assets held by foundation	-	6,032,387	6,032,387
Other	453,923	-	453,923
<b>Total</b>	<b>\$ 19,349,878</b>	<b>\$ 29,409,091</b>	<b>\$ 48,758,969</b>

### Note 12: REVENUE

#### ***Revenue from Tuition and Fees***

Student tuition and fees are accounted for in accordance with ASC 606. Education provided during the school year is considered the primary performance obligation and, thus, tuition along with registration and application fees are recorded ratably over the course of the CENGI's year as increases in net assets without restrictions, net of applicable discounts. Tuition and fees received in advance are deferred until the applicable school term and are recorded as contract liabilities on the statements of financial position.

Other student activity revenue related to events and activities are recorded either at a point in time or over a period of time depending on the nature of the event or activity. Cafeteria revenue, included in revenue from student tuition, fees and other income, is recognized when meals are provided to students.

Financial aid and scholarships are awarded based on need and other factors as specified by the scholarship's donor or determined by management and are recognized ratably over the course of the school year as education is provided.

As of June 30, 2020, there are \$8,157,190 of performance obligations to be satisfied, all of which is expected to be recognized as revenue in 2021.

#### ***Contributions and Support***

The Roman Catholic Archdiocese of Atlanta, Inc. provides support to CENGI through the parish school assessments each year and through a one-time \$18,000,000 donation made during the year ended June 30, 2020 (Note 16). Additionally, the schools receive contributions throughout the year from various donors. CENGI recognizes these items as revenue when received or when an unconditional promise to give is made known, and considers them to be available for use without restriction unless the donor stipulates otherwise.

Fundraising revenue is related to special events and activities of the Home and School Associations and other groups whose primary function is to raise additional funds for the schools.

**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 12: REVENUE (Continued)**

***Disaggregated Revenue***

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	<b>2020</b>	<b>2019</b>
Tuition, net of discounts	\$ 39,543,291	\$ 39,146,977
Enrollment and application fees	1,038,987	1,067,034
Bookstore	1,163,112	1,315,552
Student activities	1,076,400	1,431,077
Financial aid and scholarships	(3,427,661)	(3,324,447)
 Total revenue from student tuition, fees and other income	 <b>39,394,129</b>	 39,636,193
Contributions	25,070,167	2,695,562
Events and fundraising	1,852,041	1,981,280
 Total contributions, subsidies and support	 <b>26,922,208</b>	 4,676,842
Investment income	1,421,911	1,451,877
Other income	1,360,207	1,543,701
Parish school assessment	8,547,297	8,543,665
 Total other income	 <b>11,329,415</b>	 11,539,243
 Total revenue	 <b>\$ 77,645,752</b>	 \$ 55,852,278

***Contract Balances***

<i>June 30,</i>	<b>2020</b>	<b>2019</b>
Contract liabilities, beginning of year	\$ 8,244,635	\$ 8,395,222
Contract liabilities, end of year	\$ 7,844,515	\$ 8,244,635
 Receivable from contracts, beginning of year	 \$ 141,503	 \$ 143,434
Receivable from contracts, end of year	\$ 434,677	\$ 141,503

**Note 13: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS**

CENGI's endowment and designated investment funds consist of various funds established for educational purposes. The endowment includes 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.

## Catholic Education of North Georgia, Inc.

### Notes to the Financial Statements

#### Note 13: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (Continued)

CENGI 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, CENGI 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 – perpetual in nature is classified as net assets with donor restrictions – subject to expenditure for specified purpose until those amounts are appropriated for expenditure by CENGI in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, CENGI 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 CENGI 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 CENGI
7. The investment policies of CENGI

*Investment Return Objectives, Risk Parameters and Strategies.* CENGI 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 CENGI must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. 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. CENGI also has to maintain compliance with the Archdiocese of Atlanta investment policies.

*Spending Policy.* CENGI has a policy of appropriating for distribution each year eligible earnings from the prior year plus additional amounts as needed. Some of the donor restricted scholarships require five percent or more to be added to corpus each year. In establishing this policy, CENGI considered the long-term expected return on its endowment. Accordingly, over the long term, CENGI 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.

**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 13: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (Continued)**

Endowment net assets composition by type of fund as of June 30, 2020 and 2019:

<i>June 30, 2020</i>	Board designated	Subject to expenditure for specified purpose	Perpetual in Nature	Total
<b>Donor-restricted endowment funds</b>				
Education	\$ -	\$ 19,199,790	\$ 24,236,863	\$ 43,436,653
Beneficial interest in assets held by foundation	-	-	6,753,555	6,753,555
	-	19,199,790	30,990,418	50,190,208
<b>Board-designated endowment funds</b>				
Education	3,131,209	-	-	3,131,209
<b>Total</b>	<b>\$ 3,131,209</b>	<b>\$ 19,199,790</b>	<b>\$ 30,990,418</b>	<b>\$ 53,321,417</b>

<i>June 30, 2019</i>	Board designated	Subject to expenditure for specified purpose	Perpetual in Nature	Total
<b>Donor-restricted endowment funds</b>				
Education	\$ -	\$ 18,895,955	\$ 23,376,704	\$ 42,272,659
Beneficial interest in assets held by foundation	-	-	6,032,387	6,032,387
	-	18,895,955	29,409,091	48,305,046
<b>Board-designated endowment funds</b>				
Education	2,985,509	-	-	2,985,509
<b>Total</b>	<b>\$ 2,985,509</b>	<b>\$ 18,895,955</b>	<b>\$ 29,409,091</b>	<b>\$ 51,290,555</b>

**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 13: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (Continued)**

Changes in endowment net assets for the year ended June 30, 2020 and 2019:

<i>For the year ended June 30, 2020</i>	Board designated	Subject to expenditure for specified purpose	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ 2,985,509	\$ 18,895,955	\$ 29,409,091	\$ 51,290,555
Contributions	-	182,234	1,210,381	1,392,615
Transfers	-	(52,231)	366,121	313,890
Investment return				
Investment income	55,290	763,062	93	818,445
Net realized and unrealized appreciation	90,410	1,173,585	4,732	1,268,727
Appropriation for expenditure	-	(1,762,815)	-	(1,762,815)
<b>Total</b>	<b>\$ 3,131,209</b>	<b>\$ 19,199,790</b>	<b>\$ 30,990,418</b>	<b>\$ 53,321,417</b>

<i>For the year ended June 30, 2019</i>	Board designated	Subject to expenditure for specified purpose	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ 2,820,390	\$ 16,885,856	\$ 28,611,333	\$ 48,317,579
Contributions	-	130,714	86,552	217,266
Transfers	-	(112,619)	520,252	407,633
Investment return				
Investment income	54,201	767,999	279	822,479
Net realized and unrealized appreciation	110,918	1,411,781	248,175	1,770,874
Appropriation for expenditure	-	(187,776)	(57,500)	(245,276)
<b>Total</b>	<b>\$ 2,985,509</b>	<b>\$ 18,895,955</b>	<b>\$ 29,409,091</b>	<b>\$ 51,290,555</b>

## Catholic Education of North Georgia, Inc.

### Notes to the Financial Statements

#### Note 14: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1* – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2* – Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's 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 assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

*Short-term investments:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Corporate bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by CENGI are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by CENGI are deemed to be actively traded.

*Alternative funds:* Valued based on NAV per share or unit as a practical expedient as reported by the fund manager, multiplied by the number of shares or units held as of the measurement date. Accordingly, the NAV based investments have been excluded from the fair value hierarchy leveling.



**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 14: FAIR VALUE MEASUREMENTS (Continued)**

*Promises to give:* Valued at estimated net realizable value discounted to present value at 5%. Change in value includes changes in the discount and adjustments to the allowance for uncollectible promises to give.

*Beneficial interest in assets held by foundation:* The fair value of beneficial interest in assets held by foundation is based upon the net present value of CENGI's expected future cash flows. CENGI does not have the ability to redeem this beneficial interest and withdrawals are limited to the terms of CENGI's agreement with the Foundation.

*Interest rate swap liability:* Fair value determined using a discounted cash flow method based on forward interest rates and expected cash flows.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CENGI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets measured at fair value on a recurring basis are summarized for the year ended June 30, 2020:

<i>June 30, 2020</i>	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 2,127,734	\$ -	\$ 2,127,734
Corporate obligations - domestic bonds	-	9,396,504	-	9,396,504
Corporate obligations - international bonds	-	133,445	-	133,445
Debt funds - domestic and international	15,197,913	-	-	15,197,913
Equity securities - domestic	18,864,928	-	-	18,864,928
Equity securities - international	778,444	-	-	778,444
Equity funds - international	13,606,988	-	-	13,606,988
Equity securities - REIT	629,383	-	-	629,383
U.S. agency funds	-	3,933,035	-	3,933,035
U.S. treasury notes	-	1,444,486	-	1,444,486
	\$ 49,077,656	\$ 17,035,204	\$ -	66,112,860
Investments, measured at net asset value				
Alternative funds				3,319,504
				\$ 69,432,364
Promises to give			\$ 2,559,284	\$ 2,559,284
Beneficial interest in assets held by foundation			\$ 6,753,555	\$ 6,753,555
Interest rate swap liability			\$ (1,704,702)	\$ (1,704,702)

**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 14: FAIR VALUE MEASUREMENTS (Continued)**

Assets measured at fair value on a recurring basis are summarized for the year ended June 30, 2019:

<i>June 30, 2019</i>	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 2,071,785	\$ -	\$ 2,071,785
Corporate obligations - domestic bonds	-	14,439,025	-	14,439,025
Debt funds - domestic and international	8,515,104	-	-	8,515,104
Equity securities - domestic	18,845,153	-	-	18,845,153
Equity securities - international	842,503	-	-	842,503
Equity funds - international	14,228,473	-	-	14,228,473
Equity securities - REIT	833,011	-	-	833,011
U.S. agency funds	-	4,697,318	-	4,697,318
U.S. treasury notes	-	4,764,436	-	4,764,436
	<u>\$ 43,264,244</u>	<u>\$ 25,972,564</u>	<u>\$ -</u>	<u>69,236,808</u>
Investments, measured at net asset value				
Alternative funds				3,477,241
				<u>\$ 72,714,049</u>
Promises to give			\$ 15,942	\$ 15,942
Beneficial interest in assets held by foundation			\$ 6,032,387	\$ 6,032,387
Interest rate swap liability			\$ (1,881,753)	\$ (1,881,753)

**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 14: FAIR VALUE MEASUREMENTS (Continued)**

The following is a reconciliation of the change in fair value for the years ended June 30, 2020 and 2019, for Level 3:

<i>For the years ended June 30,</i>	<b>2020</b>	<b>2019</b>
Promises to give		
Receivable at beginning of year	\$ 15,942	\$ 54,185
New pledges received	3,124,334	377,796
Payments on pledges	(536,048)	(414,386)
Write-offs	(19,467)	-
	2,584,761	17,595
Less net present value adjustment	(22,955)	-
Less allowance for uncollectible promises to give	(2,522)	(1,653)
<b>Receivable at end of year</b>	<b>\$ 2,559,284</b>	<b>\$ 15,942</b>
Beneficial interest in assets held by foundation		
Balance, beginning of year	\$ 6,032,387	\$ 4,699,873
Additions to assets held by foundation	716,436	1,155,843
Distributions	(77,300)	(57,500)
Change in value	82,032	234,171
<b>Balance, end of year</b>	<b>\$ 6,753,555</b>	<b>\$ 6,032,387</b>
Interest rate swap liability		
Liability at beginning of year	\$ 1,881,753	\$ 1,870,714
Change in value	(177,051)	11,039
<b>Liability at end of year</b>	<b>\$ 1,704,702</b>	<b>\$ 1,881,753</b>

***Changes in Fair Value Levels***

The change in value of the interest rate swap liability in 2020 and 2019, is attributable to the revaluation of the interest rate swap agreements based on the current market conditions and is included in the change in net assets for the years ended June 30, 2020 and 2019.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significant of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2020 and 2019, there were no significant transfers in or out of Levels 1, 2, or 3.

## **Catholic Education of North Georgia, Inc.**

### **Notes to the Financial Statements**

#### **Note 15: CONCENTRATIONS OF CREDIT RISK**

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 schools are primarily with families who are members of various parishes within the Archdiocese. Any off-balance sheet risk or credit risk is dependent on the financial situation of the families and subsequent support of the Archdiocese.

CENGI places its cash with financial institutions and AoA Deposit and Loan Fund Trust. All bank accounts with financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. Cash and cash equivalents held by financial institutions exceeded federally insured limits during the years ended June 30, 2020 and 2019. Funds on deposit with AoA Deposit and Loan Fund Trust are not FDIC insured.

#### **Note 16: RELATED-PARTY TRANSACTIONS**

##### ***Employee Retirement Plan***

CENGI participates in a defined contribution plan (the Plan) which is administered by RCAA Administrative Services, Inc. (Services) 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. CENGI's contributions to the Plan on behalf of the employees were \$1,160,000 and \$1,178,000, for the years ended June 30, 2020 and 2019, respectively.

##### ***Health and Life Insurance***

Health and life insurance for CENGI's employees and clergy are provided under the plans administered by Services and AoA Group Health Care Plan, LLC. Expenses related to insurance premiums during the years ended June 30, 2020 and 2019, totaled \$5,288,200 and \$5,004,600, respectively.

At June 30, 2020 and 2019, CENGI owed related parties \$242,562 and \$234,628, respectively, for retirement, health insurance, and other expenses.

##### ***Other***

CENGI issued tax-exempt bonds (Note 7) to finance land, buildings and equipment at various CENGI schools. Through June 2020, repayment of the debt has primarily been through the annual parish school assessment provided to CENGI by the Chancery. The parish school assessment totaled \$8,547,297 and \$8,543,665 for the years ended June 30, 2020 and 2019, respectively. Accounts receivable—Chancery of \$289,923 and \$142,626 at June 30, 2020 and 2019, respectively, represents amounts owed to CENGI for the parish school assessment.

In June 2020, the Chancery made a restricted gift to CENGI of \$18,000,000 to be used to reduce the \$29,550,000 of bond debt. To repay the remaining \$11,550,000 of bond debt CENGI plans to increase tuition at the schools while offering substantial discounts to active Catholic parishioners. The incremental tuition revenue will be the primary source of funding to repay the remaining bond debt. Management anticipates that the tuition charged to current active Catholic parishioners will not increase due to these changes in tuition structure.

**Catholic Education of North Georgia, Inc.**  
**Notes to the Financial Statements**

**Note 16: RELATED-PARTY TRANSACTIONS (Continued)**

***Other (continued)***

During the year ended June 30, 2020, the Chancery also agreed to provide CENGI with \$205,610 for replacement of the roof at one of the schools.

**Note 17: RISKS AND UNCERTAINTAINES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of CENGI. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



## ACCOMPANYING INFORMATION





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## INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION

Board of Directors  
Catholic Education of North Georgia, Inc.  
Atlanta, Georgia

We have audited the financial statements of Catholic Education of North Georgia, Inc. as of and for the years ended June 30, 2020 and 2019, and our report thereon dated December 22, 2020, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information on pages 35 to 39 is presented for the purpose of additional analysis and is 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 audit 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.

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

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia  
December 22, 2020

**Catholic Education of North Georgia, Inc.**  
**Combining Statement of Financial Position**

June 30, 2020

	Catholic Education of North Georgia	St. Pius X	Blessed Trinity	Our Lady of Mercy	Holy Redeemer	Queen of Angels	Our Lady of Victory	Combining Adjustments	Total
<b>Assets</b>									
Cash and cash equivalents	\$ 18,261,828	\$ 1,820,317	\$ 2,162,388	\$ 418,920	\$ 680,110	\$ 364,615	\$ 189,188	\$ -	\$ 23,897,366
Funds on deposit with CENGI	-	22,298,259	9,714,776	1,238,878	7,475,108	2,680,091	334,578	(43,741,690)	-
Funds on deposit with AoA Deposit and Loan Fund Trust	19,013,793	-	-	-	-	-	-	-	19,013,793
Accounts receivable, net	1,524	25,987	26,732	84,586	6,386	22,180	208,597	-	375,992
Accounts receivable - Chancery	289,923	-	-	-	-	-	-	-	289,923
Promises to give	-	2,559,284	-	-	-	-	-	-	2,559,284
Inventory	-	164,039	346,528	-	-	151,975	-	-	662,542
Investments at fair value	69,432,364	-	-	-	-	-	-	-	69,432,364
Beneficial interest in assets held by Foundation	-	4,100,473	1,411,546	54,080	543,541	598,877	45,038	-	6,753,555
Property and equipment, net	430,266	19,240,604	19,889,173	12,202,020	5,007,230	6,245,600	3,943,756	-	66,958,649
Notes receivable - bonds	29,550,000	-	-	-	-	-	-	(29,550,000)	-
Other assets	125,500	329,626	269,858	5,750	32,564	98,779	-	(125,500)	736,577
<b>Total assets</b>	<b>\$ 137,105,198</b>	<b>\$ 50,538,589</b>	<b>\$ 33,821,001</b>	<b>\$ 14,004,234</b>	<b>\$ 13,744,939</b>	<b>\$ 10,162,117</b>	<b>\$ 4,721,157</b>	<b>\$ (73,417,190)</b>	<b>\$ 190,680,045</b>
<b>Liabilities and Net Assets</b>									
Accounts payable and accrued expenses	\$ 174,744	\$ 1,219,157	\$ 1,100,769	\$ 276,194	\$ 405,412	\$ 429,365	\$ 276,074	\$ -	\$ 3,881,715
Accounts payable - related parties	-	28,522	111,856	33,332	44,560	1,066	23,226	-	242,562
Deposits payable	43,741,690	-	-	-	-	-	-	(43,741,690)	-
Contract liabilities	-	2,836,007	3,401,052	150,579	221,825	1,190,448	44,604	-	7,844,515
Bonds payable, less unamortized deferred bond costs	29,355,693	-	-	-	-	-	-	-	29,355,693
Interest rate swap liability	1,704,702	-	-	-	-	-	-	-	1,704,702
Note payable - bonds	-	-	12,500,000	-	8,388,000	8,662,000	-	(29,550,000)	-
Note payable - CENGI Deposit and Loan Fund	-	-	-	-	-	125,500	-	(125,500)	-
Paycheck Protection Plan Loan	-	2,155,600	1,693,900	474,700	630,018	675,700	196,623	-	5,826,541
Agency funds	-	305,617	-	-	-	-	-	-	305,617
<b>Total liabilities</b>	<b>74,976,829</b>	<b>6,544,903</b>	<b>18,807,577</b>	<b>934,805</b>	<b>9,689,815</b>	<b>11,084,079</b>	<b>540,527</b>	<b>(73,417,190)</b>	<b>49,161,345</b>
<b>Net assets</b>									
Without donor restrictions									
Designated investment funds	3,131,209	-	-	-	-	-	-	-	3,131,209
Undesignated	2,694,104	32,613,485	12,522,108	13,015,349	3,511,583	(1,670,765)	4,112,159	-	66,798,023
	5,825,313	32,613,485	12,522,108	13,015,349	3,511,583	(1,670,765)	4,112,159	-	69,929,232
With donor restrictions									
Purpose restrictions	36,303,056	4,021,112	101,523	-	-	149,926	23,433	-	40,599,050
Perpetual in nature	20,000,000	7,359,089	2,389,793	54,080	543,541	598,877	45,038	-	30,990,418
<b>Total net assets</b>	<b>62,128,369</b>	<b>43,993,686</b>	<b>15,013,424</b>	<b>13,069,429</b>	<b>4,055,124</b>	<b>(921,962)</b>	<b>4,180,630</b>	<b>-</b>	<b>141,518,700</b>
<b>Total liabilities and net assets</b>	<b>\$ 137,105,198</b>	<b>\$ 50,538,589</b>	<b>\$ 33,821,001</b>	<b>\$ 14,004,234</b>	<b>\$ 13,744,939</b>	<b>\$ 10,162,117</b>	<b>\$ 4,721,157</b>	<b>\$ (73,417,190)</b>	<b>\$ 190,680,045</b>

See Independent Auditors' Report on Accompanying Information.



**Catholic Education of North Georgia, Inc.**  
**Combining Statement of Activities**

*For the year ended June 30, 2020*

	Catholic Education of North Georgia	St. Pius X	Blessed Trinity	Our Lady of Mercy	Holy Redeemer	Queen of Angels	Our Lady of Victory	Combining Adjustments	Total
<b>Revenues</b>									
Tuition, net of discounts	\$ -	\$ 14,929,623	\$ 12,513,382	\$ 2,854,265	\$ 4,163,829	\$ 4,181,246	\$ 900,946	\$ -	\$ 39,543,291
Financial aid and scholarships	-	(781,340)	(893,132)	(885,457)	(226,048)	(282,580)	(351,604)	(7,500)	(3,427,661)
Tuition subsidies	-	210,000	125,000	495,000	50,000	50,000	319,500	(1,249,500)	-
Enrollment and application fees	-	334,288	444,200	56,106	24,004	142,950	37,439	-	1,038,987
Bookstore	-	740,636	422,476	-	-	-	-	-	1,163,112
Student activities	-	69,504	147,850	56,584	369,928	417,672	14,862	-	1,076,400
Total revenue from student tuition, fees and other income	-	15,502,711	12,759,776	2,576,498	4,381,713	4,509,288	921,143	(1,257,000)	39,394,129
Contributions and support	18,000,051	6,539,300	1,064,848	111,190	589,041	370,741	257,537	(10,500)	26,922,208
Contributions from Archdiocese	-	-	691,000	6,397,911	446,000	459,000	333,000	(8,326,911)	-
Investment income	1,407,711	302,207	116,456	18,901	111,351	41,523	2,227	(578,465)	1,421,911
Other income	1,622,544	1,136,274	-	95,334	43,065	59,831	22,659	(1,619,500)	1,360,207
Parish school assessment	8,547,297	-	-	-	-	-	-	-	8,547,297
Total revenue	29,577,603	23,480,492	14,632,080	9,199,834	5,571,170	5,440,383	1,536,566	(11,792,376)	77,645,752
<b>Expenses</b>									
<i>Program services</i>									
Instructional expenses	-	8,078,218	7,836,294	1,967,261	2,697,529	3,342,479	906,372	-	24,828,153
Student services	-	6,435,079	3,851,675	932,016	1,237,384	1,057,852	244,242	-	13,758,248
Operations	11,753,911	925,036	1,038,906	485,981	364,172	385,344	55,571	(9,598,911)	5,410,010
<i>Support services</i>									
General and administrative	2,788,374	1,305,423	1,145,108	650,594	514,289	574,489	274,880	(2,193,465)	5,059,692
Development and fundraising	-	922,698	340,984	118,247	207,208	239,211	22,572	-	1,850,920
Total expenses	14,542,285	17,666,454	14,212,967	4,154,099	5,020,582	5,599,375	1,503,637	(11,792,376)	50,907,023
Change in net assets before capital additions (reductions)	15,035,318	5,814,038	419,113	5,045,735	550,588	(158,992)	32,929	-	26,738,729
Capital additions (reductions)									
Realized and unrealized gain on investments	2,067,659	(14,223)	10,813	427	5,193	2,167	355	-	2,072,391
Gain on interest rate swap agreements	177,051	-	-	-	-	-	-	-	177,051
Total capital additions (reductions)	2,244,710	(14,223)	10,813	427	5,193	2,167	355	-	2,249,442
<b>Change in net assets</b>	17,280,028	5,799,815	429,926	5,046,162	555,781	(156,825)	33,284	-	28,988,171
<b>Net assets at beginning of year</b>	44,848,341	38,193,871	14,583,498	8,023,267	3,499,343	(765,137)	4,147,346	-	112,530,529
<b>Net assets at end of year</b>	\$ 62,128,369	\$ 43,993,686	\$ 15,013,424	\$ 13,069,429	\$ 4,055,124	\$ (921,962)	\$ 4,180,630	\$ -	\$ 141,518,700

*See Independent Auditors' Report on Accompanying Information.*

**Catholic Education of North Georgia, Inc.**  
**Investments at Fair Value**

<i>June 30,</i>	<b>2020</b>				2019
	<b>Deposit and Loan Funds</b>	<b>Designated Investment Funds</b>	<b>Endowment Funds</b>	<b>Total Fair Value</b>	<b>Total Fair Value</b>
Catherine Brisbane Tuition Assistance Fund	\$ -	\$ 615,548	\$ -	\$ 615,548	\$ 586,669
Catholic Schools Fund	-	-	38,404,349	38,404,349	38,136,540
Deposit and Loan Fund	27,891,424	-	-	27,891,424	31,586,617
G. Aulbach Tuition Assistance	-	561,995	-	561,995	535,997
George Aulbach Scholarship Fund	-	444,087	-	444,087	423,350
High School Scholarship Fund	-	1,514,961	-	1,514,961	1,444,876
Investment balances at end of year	\$ 27,891,424	\$ 3,136,591	\$ 38,404,349	\$ 69,432,364	\$ 72,714,049

*See Independent Auditors' Report on Accompanying Information.*

**Catholic Education of North Georgia, Inc.**  
**Changes in Designated Investment and Endowment Fund Balances**

For the year ended June 30, 2020

	June 30, 2019 Balance	Additions					Deductions			Net Increase (Decrease) in Funds	June 30, 2020 Balance
		Donations and Pledges	Investment Income	Transfers (to) from Operating Funds	Realized and Unrealized Gain (Loss) on Investments	Total Additions	Distributions to Beneficiary	Income Transferred to Operating Funds	Total Deductions		
Changes in Designated Investment Fund Balances											
Catherine Brisbane Tuition Asst. Fund	\$ 586,668	\$ -	\$ 10,879	\$ -	\$ 18,000	\$ 28,879	\$ -	\$ -	\$ -	\$ 28,879	\$ 615,547
G. Aulbach Tuition Assistance	535,997	-	9,894	-	16,104	25,998	-	-	-	25,998	561,995
George Aulbach Scholar Fund	423,351	-	7,855	-	12,881	20,736	-	-	-	20,736	444,087
High School Scholarship Fund	1,439,493	-	26,662	-	43,425	70,087	-	-	-	70,087	1,509,580
	<u>\$ 2,985,509</u>	<u>\$ -</u>	<u>\$ 55,290</u>	<u>\$ -</u>	<u>\$ 90,410</u>	<u>\$ 145,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,700</u>	<u>\$ 3,131,209</u>
Changes in Endowment Fund Balances											
Blessed Trinity Catholic High School beneficial interests	\$ 1,300,733	\$ -	\$ -	\$ 100,000	\$ 10,813	\$ 110,813	\$ -	\$ -	\$ -	\$ 110,813	\$ 1,411,546
Blessed Trinity Catholic High School endowment	1,057,912	22,314	17,295	(456)	-	39,153	-	17,295	17,295	21,858	1,079,770
Catholic Schools Inc.	38,035,247	-	694,224	-	1,173,585	1,867,809	1,600,000	-	1,600,000	267,809	38,303,056
Holy Redeemer Catholic School beneficial interests	485,481	-	-	52,867	5,193	58,060	-	-	-	58,060	543,541
Queen of Angels Catholic School beneficial interests	546,710	-	-	50,000	2,167	52,167	-	-	-	52,167	598,877
Our Lady of Mercy Catholic High School beneficial interests	53,653	-	-	-	427	427	-	-	-	427	54,080
Our Lady of Victory Catholic High School beneficial interests	44,683	-	-	-	355	355	-	-	-	355	45,038
St. Pius X Catholic High School beneficial interests	3,601,127	-	-	513,569	(14,223)	499,346	-	-	-	499,346	4,100,473
St. Pius X Catholic High School endowment	3,179,501	1,259,901	51,635	(495,973)	-	815,563	-	51,635	51,635	763,928	3,943,429
	<u>\$ 48,305,047</u>	<u>\$ 1,282,215</u>	<u>\$ 763,154</u>	<u>\$ 220,007</u>	<u>\$ 1,178,317</u>	<u>\$ 3,443,693</u>	<u>\$ 1,600,000</u>	<u>\$ 68,930</u>	<u>\$ 1,668,930</u>	<u>\$ 1,774,763</u>	<u>\$ 50,079,810</u>

See Independent Auditors' Report on Accompanying Information.

**Catholic Education of North Georgia, Inc.**  
**Property and Equipment**

*For the year ended June 30, 2020*

	June 30, 2019 Balance	Additions	Reductions	June 30, 2020 Balance	Catholic Education of North Georgia	St. Pius	Blessed Trinity	Our Lady of Mercy	Holy Redeemer	Queen of Angels	Our Lady Victory	June 30, 2020 Total
Land	\$ 14,689,153	\$ -	\$ -	\$ 14,689,153	\$ 430,266	\$ 6,939,391	\$ 2,773,983	\$ 2,025,442	\$ 1,196,372	\$ 1,058,825	\$ 264,874	\$ 14,689,153
Land improvements	10,681,773	38,874	6,991	10,713,656	-	3,202,635	5,245,981	-	897,950	1,313,080	54,010	10,713,656
Buildings	75,727,051	463,024	13,553	76,176,522	-	19,914,806	21,913,041	16,348,445	5,746,276	6,587,881	5,666,073	76,176,522
Furniture, fixtures, and equipment	23,851,490	1,133,076	1,527,134	23,457,432	-	6,371,303	8,051,642	2,144,000	2,191,947	3,179,342	1,568,809	23,507,043
Automobiles	1,158,096	113,100	-	1,271,196	-	443,946	419,911	357,728	-	-	-	1,221,585
Construction in progress	7,025	776,288	7,025	776,288	-	-	-	174,591	223,629	195,891	182,177	776,288
	126,114,588	2,524,362	1,554,703	127,084,247	430,266	36,872,081	38,404,558	21,050,206	10,256,174	12,335,019	7,735,943	127,084,247
Less: accumulated depreciation	(57,801,472)	(3,809,088)	(1,484,962)	(60,125,598)	-	(17,631,477)	(18,515,385)	(8,848,186)	(5,248,944)	(6,089,419)	(3,792,187)	(60,125,598)
<b>Total</b>	<b>\$ 68,313,116</b>	<b>\$ (1,284,726)</b>	<b>\$ 69,741</b>	<b>\$ 66,958,649</b>	<b>\$ 430,266</b>	<b>\$ 19,240,604</b>	<b>\$ 19,889,173</b>	<b>\$ 12,202,020</b>	<b>\$ 5,007,230</b>	<b>\$ 6,245,600</b>	<b>\$ 3,943,756</b>	<b>\$ 66,958,649</b>

See Independent Auditors' Report on Accompanying Information.