

CRISTO REY COLUMBUS HIGH SCHOOL
Columbus, Ohio

Consolidated Financial Statements
and Independent Auditor's Report Thereon

For the years ended June 30, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Cristo Rey Columbus High School
Columbus, Ohio

Opinion

We have audited the accompanying consolidated financial statements of Cristo Rey Columbus High School (the School), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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 Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 statements.

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 statements, 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 statements.
- 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 School'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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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.

Schneider Downs & Co., Inc.

Columbus, Ohio
November 26, 2024

CRISTO REY COLUMBUS HIGH SCHOOL

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

ASSETS	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,055,036	\$ 2,093,124
Accounts receivable, net	185,746	355,092
Pledges receivable, net	451,564	129,064
Prepaid expenses	37,409	12,832
Investments	2,792,178	2,668,183
Property and equipment, net	14,295,354	14,694,411
Beneficial interest in assets held by others	1,252,575	1,054,553
 Total Assets	 <u>\$ 21,069,862</u>	 <u>\$ 21,007,259</u>
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 113,562	\$ 99,430
Accrued expenses	242,390	348,811
Contract liabilities	129,650	133,694
Debt	7,060,887	7,365,857
 Total Liabilities	 7,546,489	 7,947,792
Net assets		
Net assets without donor restrictions	12,914,540	12,690,537
Net assets with donor restrictions	608,833	368,930
 Total Net Assets	 <u>13,523,373</u>	 <u>13,059,467</u>
 Total Liabilities And Net Assets	 <u>\$ 21,069,862</u>	 <u>\$ 21,007,259</u>

See notes to consolidated financial statements.

CRISTO REY COLUMBUS HIGH SCHOOL

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
SUPPORT AND REVENUES			
Support			
Grants and contributions, net	\$ 586,386	\$ 563,015	\$ 1,149,401
Work study donations	475,800	-	475,800
Annual events, net	304,977	-	304,977
	<u>1,367,163</u>	<u>563,015</u>	<u>1,930,178</u>
Revenues			
Family contributions, net	399,764	-	399,764
Educational Choice scholarships	3,515,354	-	3,515,354
State of Ohio administrative cost reimbursement	188,605	-	188,605
Work study program revenue, net	2,310,400	-	2,310,400
Other	1,799	-	1,799
	<u>6,415,922</u>	<u>-</u>	<u>6,415,922</u>
Net assets released from restrictions	<u>334,368</u>	<u>(334,368)</u>	<u>-</u>
Total Support And Revenues	8,117,453	228,647	8,346,100
EXPENSES			
Program			
High school	6,317,430	-	6,317,430
Professional work study program	1,059,484	-	1,059,484
	<u>7,376,914</u>	<u>-</u>	<u>7,376,914</u>
Support			
Administration	346,124	-	346,124
Development	499,668	-	499,668
	<u>8,222,706</u>	<u>-</u>	<u>8,222,706</u>
Total Expenses	8,222,706	-	8,222,706
Change In Net Assets from Operations	(105,253)	228,647	123,394
OTHER INCOME			
Unrealized gain on investments, net	8,280	-	8,280
Unrealized gain on beneficial interest in assets held by others, net	117,790	11,256	129,046
Investment income, net	203,186	-	203,186
	<u>329,256</u>	<u>11,256</u>	<u>340,512</u>
Change In Net Assets	224,003	239,903	463,906
NET ASSETS			
Beginning of year	<u>12,690,537</u>	<u>368,930</u>	<u>13,059,467</u>
End of year	<u>\$ 12,914,540</u>	<u>\$ 608,833</u>	<u>\$ 13,523,373</u>

2023		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 425,168	\$ 280,363	\$ 705,531
468,100	-	468,100
176,650	-	176,650
<u>1,069,918</u>	<u>280,363</u>	<u>1,350,281</u>
274,921	-	274,921
3,087,825	-	3,087,825
191,383	-	191,383
2,513,988	-	2,513,988
3,123	-	3,123
<u>6,071,240</u>	<u>-</u>	<u>6,071,240</u>
448,390	(448,390)	-
<u>7,589,548</u>	<u>(168,027)</u>	<u>7,421,521</u>
5,769,556	-	5,769,556
1,042,612	-	1,042,612
<u>6,812,168</u>	<u>-</u>	<u>6,812,168</u>
308,332	-	308,332
190,006	-	190,006
<u>7,310,506</u>	<u>-</u>	<u>7,310,506</u>
279,042	(168,027)	111,015
-	-	-
103,448	4,738	108,186
111,500	-	111,500
<u>214,948</u>	<u>4,738</u>	<u>219,686</u>
493,990	(163,289)	330,701
<u>12,196,547</u>	<u>532,219</u>	<u>12,728,766</u>
<u>\$ 12,690,537</u>	<u>\$ 368,930</u>	<u>\$ 13,059,467</u>

See notes to consolidated financial statements.

CRISTO REY COLUMBUS HIGH SCHOOL

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>		
	<u>High School</u>	<u>Professional Work Study Program</u>	<u>Total Program Services</u>
Salaries, benefits and other employee costs	\$ 4,097,863	\$ 573,034	\$ 4,670,897
Depreciation and amortization	567,921	12,083	580,004
Building, grounds and utilities	517,622	11,006	528,628
Travel and transportation	13,838	409,065	422,903
Professional fees	229,442	2,494	231,936
Extracurricular and sports programs	241,049	-	241,049
Interest	179,388	3,817	183,205
Other operating	91,286	17,288	108,574
Student expenses	155,868	100	155,968
Technology, supplies and small equipment	98,340	3,698	102,038
Dues and subscriptions	66,826	7,155	73,981
Professional development, meetings and workshops	28,073	19,744	47,817
Admissions	29,914	-	29,914
	<hr/>	<hr/>	<hr/>
Total Expenses Before			
Annual Event Expenses	6,317,430	1,059,484	7,376,914
Annual event expenses netted with revenue on consolidated statement of activities and changes in net assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 6,317,430</u>	<u>\$ 1,059,484</u>	<u>\$ 7,376,914</u>

<u>Supporting Services</u>			
<u>Development</u>	<u>Administration</u>	<u>Total Supporting Services</u>	<u>Total Program and Supporting Services</u>
\$ 374,642	\$ 179,504	\$ 554,146	\$ 5,225,043
12,083	12,083	24,166	604,171
11,006	25,103	36,109	564,736
1,500	5,100	6,600	429,503
65,018	58,475	123,493	355,429
-	-	-	241,049
3,817	3,817	7,634	190,839
25,255	30,630	55,885	164,459
100	100	200	156,168
2,570	759	3,329	105,367
1,246	5,299	6,545	80,526
2,431	25,254	27,685	75,502
-	-	-	29,914
499,668	346,124	845,792	8,222,706
51,717	-	51,717	51,717
<u>\$ 551,385</u>	<u>\$ 346,124</u>	<u>\$ 897,509</u>	<u>\$ 8,274,423</u>

See notes to consolidated financial statements.

CRISTO REY COLUMBUS HIGH SCHOOL

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>		
	<u>High School</u>	<u>Professional Work Study Program</u>	<u>Total Program Services</u>
Salaries, benefits and other employee costs	\$ 3,855,497	\$ 602,358	\$ 4,457,855
Depreciation and amortization	521,219	11,090	532,309
Building, grounds and utilities	452,530	9,606	462,136
Travel and transportation	21,730	380,655	402,385
Professional fees	99,796	2,135	101,931
Extracurricular and sports programs	195,478	-	195,478
Interest	184,924	3,935	188,859
Other operating	58,544	9,941	68,485
Student expenses	212,331	-	212,331
Technology, supplies and small equipment	82,416	4,222	86,638
Dues and subscriptions	54,082	7,192	61,274
Professional development, meetings and workshops	16,769	11,478	28,247
Admissions	14,240	-	14,240
	<hr/>	<hr/>	<hr/>
Total Expenses Before Annual Event Expenses	5,769,556	1,042,612	6,812,168
Annual event expenses netted with revenue on consolidated statement of activities and changes in net assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 5,769,556</u>	<u>\$ 1,042,612</u>	<u>\$ 6,812,168</u>

<u>Supporting Services</u>			
<u>Development</u>	<u>Administration</u>	<u>Total Supporting Services</u>	<u>Total Program and Supporting Services</u>
\$ 140,781	\$ 154,469	\$ 295,250	\$ 4,753,105
11,090	11,090	22,180	554,489
9,606	14,464	24,070	486,206
-	4,910	4,910	407,295
8,660	72,849	81,509	183,440
-	-	-	195,478
3,935	3,935	7,870	196,729
13,909	20,387	34,296	102,781
-	-	-	212,331
923	1,493	2,416	89,054
967	4,033	5,000	66,274
135	20,702	20,837	49,084
-	-	-	14,240
190,006	308,332	498,338	7,310,506
44,123	-	44,123	44,123
<u>\$ 234,129</u>	<u>\$ 308,332</u>	<u>\$ 542,461</u>	<u>\$ 7,354,629</u>

See notes to consolidated financial statements.

CRISTO REY COLUMBUS HIGH SCHOOL

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 463,906	\$ 330,701
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	604,171	554,489
Amortization of debt issuance costs	7,132	7,132
Pledge discounts	-	(17,126)
Bad debt expense - accounts receivable	8,145	20,680
Unrealized (gain) loss on investments	(8,280)	1,354
Investment income	(117,127)	(18,715)
Unrealized gain on beneficial interest in assets held by others	(129,046)	(108,186)
Changes in assets and liabilities:		
Accounts receivable	161,201	(65,109)
Pledges receivable	(322,500)	130,001
Prepaid expenses	(24,577)	17,706
Accounts payable	14,132	51,171
Accrued expenses	(106,421)	16,101
Contract liabilities	(4,044)	45,958
Net Cash Provided By Operating Activities	546,692	966,158
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(205,114)	(421,573)
Proceeds from sales of investments	1,770,081	-
Purchases of investments	(1,768,669)	(2,650,822)
Net Cash Used In Investing Activities	(203,702)	(3,072,395)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on debt	(312,102)	(304,851)
Contributions to beneficial interest in assets held by others	(68,976)	(500,000)
Net Cash Used In Financing Activities	(381,078)	(804,851)
Net Decrease In Cash	(38,088)	(2,911,089)
CASH		
Beginning of year	2,093,124	5,004,213
End of year	\$ 2,055,036	\$ 2,093,124
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 183,704	\$ 190,957

See notes to consolidated financial statements.

CRISTO REY COLUMBUS HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 - ORGANIZATION

Cristo Rey Columbus High School (Cristo Rey or the School), founded in 2011 and commenced with students in 2013, is a Catholic, college preparatory, coeducational high school that integrates quality education with an innovative work-study program for students of all faiths in Central Ohio. The Cristo Rey Columbus High School Work Study Program (the Professional Work Study Program) helps to underwrite the cost of operating the School and, more importantly, provides significant learning and motivational benefits to Cristo Rey students. In addition to funding obtained from the Professional Work Study Program, funding is obtained through grants and contributions, Educational Choice Scholarships and family contributions, which are limited to each family's ability to pay, thus enabling lower-income families to send their children to a high-level, private college preparatory school. The School is a member of the Cristo Rey Network of Schools, which is dedicated to preparing students from underserved families for success in college.

The accompanying consolidated financial statements (financial statements) include the accounts of the School and the Professional Work Study Program. Inter-organization transactions and accounts have been eliminated upon consolidation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets - Resources are classified into two net asset categories according to donor-imposed restrictions. A description of these categories follows:

Net Assets Without Donor Restrictions - Net assets that are free of donor-imposed restrictions; all revenue, expenses, gains and losses that are not changes in net assets with donor restrictions.

Net Assets With Donor Restrictions - Net assets whose use by the School is limited by donor-imposed restrictions. Some restrictions are temporary in nature and expire by passage of time or can be fulfilled or removed by actions of the School that may, or will, be met either by actions of the School and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and change in net assets as net assets released from restrictions. The School records donor-restricted contributions whose restrictions are met in the same reporting period as support and revenue without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained by the School in perpetuity. No funds were restricted in perpetuity as of June 30, 2024 and 2023.

CRISTO REY COLUMBUS HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - The School maintains its cash deposits with various financial institutions, which may exceed federally insured amounts at times. Cash and cash equivalents are defined as cash and investments with original maturities at the time of purchase of three months or less. The School monitors the financial stability of the financial institutions and does not believe that it is exposed to any significant credit risk.

Accounts Receivable - Accounts receivable primarily represent uncollateralized student tuition obligations and corporate sponsor contract fees due under normal trade terms requiring payment in accordance with a payment plan option selected by the student families or corporate sponsors (monthly, biannual or lump sum). Accounts receivable are stated at the amount that management expects to collect from outstanding balances. The School evaluates the ability of each family or corporate sponsor to pay by assessing historical experience and current economic conditions through a reasonable forecast period. Factors considered in the evaluation of assessing collectability and risk include significant past due balances; historical losses; and existing economic conditions. There can be no assurance that actual results will not differ from estimates or that consideration of these factors in the future will not result in an increase or decrease to the allowance for credit losses. Estimated credit losses are written off in the period in which they are no longer collectible. The allowance for credit losses as of June 30, 2024 and 2023 was approximately \$5,000 and \$44,000, respectively.

Pledges Receivable - Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Unconditional pledges receivable are recognized as revenues in the period the promise is received. Conditional pledges receivable are recognized when the conditions upon which they depend are substantially met. Pledges are stated at their estimated net realizable value. Pledges that are to be received over a period of years are discounted to their present value assuming their respective payment terms and an appropriate discount rate as of the date the pledge is received. The discount is amortized into contribution revenue over the term of the respective pledge agreement.

Property and Equipment - Property and equipment with estimated useful lives greater than one year are capitalized and recorded at cost, if purchased, or at fair value at the date of gift, if contributed. Depreciation and amortization are recorded over the estimated useful lives of the assets on a straight-line basis. The School uses the following estimated useful lives: buildings (39 years), building improvements (5 - 30 years), furniture, fixtures and equipment (3 - 20 years) and vehicles (5 years).

The School routinely evaluates whether events and circumstances have occurred that indicate that the remaining estimated useful lives of long-lived assets might warrant revision or the remaining balance of long-lived assets might not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the School uses an estimate of the related long-lived assets' undiscounted cash flows over the remaining estimated useful life of the long-lived asset in measuring whether the long-lived asset is recoverable. No impairment charges were recorded during the years ended June 30, 2024 and 2023.

Contract Liabilities - Contract liabilities relate to advance payments of family contributions and corporate work study sponsor contract fees and is recognized during the period it is earned.

CRISTO REY COLUMBUS HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unamortized Debt Issuance Costs - Unamortized debt issuance costs incurred by the School in connection with financing transactions are presented on the consolidated statements of financial position as a direct reduction from the carrying amount of the related debt. During 2022, the School incurred debt issuance costs of approximately \$71,000 and recorded amortization expense of debt issuance costs of approximately \$7,000 during the years ended June 30, 2024 and 2023, which is included in interest expense in the consolidated statements of activities and change in net assets.

Grants and Contributions and Work Study Donations - These are recognized as support when they are received or unconditionally promised. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. The School had no conditional contributions as of June 30, 2024 and 2023.

Annual Event Revenue - Including related sponsorship revenue, is recognized upon occurrence of the event. This revenue is recorded net of expenses that are directly related to holding these annual events.

Revenue Recognition - The School's revenue recognition policies for the categories of revenue listed in the statement of activities and change in net assets are as follows: Family Contributions, Educational Choice Scholarships, State of Ohio Administrative Cost Reimbursement, Work Study Program, and Other. The revenue recognition policies for these various categories of revenue applicable under Topic 606 are defined within Note 3.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Specific expenses that are readily identifiable to a particular program or supporting service are charged directly to that function. Certain categories of expense are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses allocated include the president's and administrative staff's salaries, benefits and other employee costs; building, grounds and utilities expenses; depreciation and amortization, interest expense, technology, supplies, and small equipment. The president's and administrative staff's salaries, benefits and other employee costs are allocated on the basis of estimated usage of time for each function. Interest, building, grounds and utilities expenses and depreciation are allocated on the basis of estimated usage of space for each function. All other expenses that relate to more than one function are allocated on the basis of full-time equivalent employees of each function and is consistently applied.

Income Taxes - The School and Professional Work Study Program are tax-exempt under Sections 501(c)(3) and 509(a)(3)(A), respectively, of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying consolidated financial statements.

The School is not required to file U.S. federal or state of Ohio tax returns unless the School is subject to tax on unrelated business income. The Professional Work Study Program files U.S. federal and Ohio information tax returns. The School is no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before 2021. Management believes that the income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in material change.

CRISTO REY COLUMBUS HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - The School has evaluated subsequent events for potential recognition and/or disclosure through November 26, 2024, the date that the consolidated financial statements were available to be issued.

NOTE 3 - REVENUE RECOGNITION

Revenue from exchange transactions consists of family contributions, Educational Choice scholarships, and revenues generated from the School's work study program. Revenue is recognized upon completion of the performance obligations under contract with the School's customers and is measured at the amount of consideration the School expects to be entitled to in exchange for transferring goods or provided services.

Family Contributions - The School determines amounts for each student based on their family's ability to pay. The income from these scholarships is recognized ratably over the school year.

Educational Choice Scholarships - The State of Ohio has a voucher program whereby eligible high school students received \$8,400 and \$7,500 for the 2023/24 and 2022/23 school years, respectively, to utilize for tuition at a private institution of their choice. The School recognizes income from these scholarships ratably over the school year.

Work Study Program - The School partners with businesses in the community to provide students the opportunity to gain professional work experience. Businesses contract with the School to provide these work-study opportunities, and the School recognizes this revenue ratably over the school year.

NOTE 4 - SPONSOR ORGANIZATION

The Cristo Rey Network of Schools requires that all Cristo Rey schools be sponsored by a Catholic organization. The School is sponsored by the Catholic Diocese of Columbus (the Diocese). The School is a separately incorporated entity, as is the Professional Work Study Program.

The School participates in the insurance plan maintained by the Diocese for employee medical claims, general liability and property. Payment for healthcare, general liability and property insurance premiums paid to the Diocese was approximately \$590,000 and \$568,000, for the years ended June 30, 2024 and 2023, respectively.

CRISTO REY COLUMBUS HIGH SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 - LIQUIDITY AND AVAILABILITY

The following represents the School's financial assets available to meet general expenditures over the next twelve months as of June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 2,055,036	\$ 2,093,124
Accounts receivable, net	185,746	355,092
Pledges receivable, net	451,564	129,064
Investments	2,792,178	2,668,183
Beneficial interest in assets held by others	<u>1,252,575</u>	<u>1,054,553</u>
 Total Financial Assets	 6,737,099	 6,300,016
 Less: Amounts not available to be used within one year:		
Pledges receivable scheduled to be collected in more than one year	(365,000)	(25,000)
Beneficial interest in assets held by others, less annual distribution	(1,250,075)	(1,052,053)
Net assets with time and purpose restrictions	<u>(243,833)</u>	<u>(343,930)</u>
	 <u>\$ 4,878,191</u>	 <u>\$ 4,879,033</u>

A significant portion of the School's annual expenditures are expected to be funded with support and revenues received during the year.

NOTE 6 - FAIR VALUE MEASUREMENT

The School applies the FASB framework for measuring fair value and expanded disclosures about fair value measurements. This guidance establishes a fair value hierarchy regarding the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Accounting standards also establish a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) or 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, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6 - FAIR VALUE MEASUREMENT (Continued)

Level 3: Significant, unobservable inputs that reflect an organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following is a description of the School's valuation methodologies used to measure and disclose the fair values of its financial assets and liabilities on a recurring or nonrecurring basis:

Beneficial interests in assets held by others represent the School's right to receive future income generated by the underlying assets, which consist of marketable securities. The fair value of the beneficial interests in assets held by others is based on the fair value of the underlying assets and is valued on a recurring basis. However, because there is not currently an active market to observe quoted prices for beneficial interests in assets held by others, the asset is considered to be valued using unobservable inputs and is therefore considered to be a Level 3 asset (see Note 10).

The School is also invested in an alternative investment which is classified as a Level 3 investment. The valuation techniques for Level 3 investments consists of discounted cash flow, broker quotes and pricing vendors.

The following tables set forth, by level, within the fair value hierarchy, the School's financial assets that are measured on a recurring basis as of June 30:

	2024			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 2,675,760	-	\$ 116,418	\$ 2,792,178
Beneficial interests in assets held by others	<u>-</u>	<u>-</u>	<u>1,252,575</u>	<u>1,252,575</u>
	<u>\$ 2,675,760</u>	<u>-</u>	<u>\$ 1,368,993</u>	<u>\$ 4,044,753</u>
	2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 2,567,846	-	\$ 100,337	\$ 2,668,183
Beneficial interests in assets held by others	<u>-</u>	<u>-</u>	<u>1,054,553</u>	<u>1,054,553</u>
	<u>\$ 2,567,846</u>	<u>-</u>	<u>\$ 1,154,890</u>	<u>\$ 3,722,736</u>

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NOTE 7 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30:

	2024	2023
Amounts due in:		
Less than one year	\$ 112,500	\$ 130,000
One to five years	365,000	25,000
Total Pledges Receivable	477,500	155,000
Less:		
Allowance for uncollectible pledges	(20,000)	(20,000)
Discount to net present value	(5,936)	(5,936)
	(25,936)	(25,936)
Net Pledges Receivable	\$ 451,564	\$ 129,064

NOTE 8 - INVESTMENTS

Investments by type consists of the following at June 30:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 1,694,792	\$ 1,694,792	\$ 2,550,161	\$ 2,567,846
Fixed income and preferred securities	827,447	819,364	-	-
Equity securities	146,739	161,604	-	-
Other	101,703	116,418	100,662	100,337
	\$ 2,770,681	\$ 2,792,178	\$ 2,650,823	\$ 2,668,183

Investment income and net realized and unrealized gains (losses) for the years ended June 30, 2024 and 2023 consisted of the following:

Balance at June 30, 2022	-
Purchases	\$ 2,650,822
Investment income, net of fees	18,715
Net unrealized losses	(1,354)
Balance at June 30, 2023	2,668,183
Purchases	1,768,669
Sales	(1,770,081)
Investment income, net of fees	117,127
Net unrealized gains	8,280
Balance at June 30, 2024	\$ 2,792,178

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 - INVESTMENTS (Continued)

Since the initial purchase of investments during the year ended June 30, 2023, the investments have had the following activity:

Initial purchase of investments	\$ 2,650,822
Investment gains, net of fees	<u>141,356</u>
Balance at June 30, 2024	<u>\$ 2,792,178</u>

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Building improvements	\$ 17,702,557	\$ 17,580,947
Furniture, fixtures and equipment	996,790	913,286
Buildings	512,550	512,550
Vehicles	<u>126,838</u>	<u>126,838</u>
Total	19,338,735	19,133,621
Less: Accumulated depreciation	<u>(5,467,044)</u>	<u>(4,862,873)</u>
	13,871,691	14,270,748
Land	<u>423,663</u>	<u>423,663</u>
	<u>\$ 14,295,354</u>	<u>\$ 14,694,411</u>

NOTE 10 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

A donor established an endowment fund (Kozlowski Fund) with The Foundation of the Catholic Diocese of Columbus (Catholic Foundation) and named the School a 50% beneficiary of the fund. The Catholic Foundation has variance power over these assets and reserves the right to redirect the use of the transferred assets to another beneficiary should the School be unable to fulfill its mission or cease to exist. The fund is held and invested by the Catholic Foundation for the benefit of the School, and the School is awarded half of each year's scholarship grant funds to be awarded in equal shares to two applicants attending, or about to attend, the School. The fund is reported at fair value as beneficial interest in assets held by others in the consolidated statements of financial position of approximately \$54,000 and \$51,000 as of June 30, 2024 and 2023, respectively, with distributions and changes in fair value recognized in the consolidated statements of activities and change in net assets. See Note 6 for discussion of fair value measurement.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Continued)

The School and other third-party donors have invested funds with the Catholic Foundation known as the Jim Foley Endowment Fund for Cristo Rey Columbus High School (Foley Fund). The Catholic Foundation has variance power over these assets and reserves the right to redirect the use of the transferred assets to another beneficiary should the School be unable to fulfill its mission or cease to exist. The balance recorded in the consolidated statements of financial position at June 30, 2024 and 2023 was approximately \$1,198,000 and \$1,004,000, respectively, and represents amounts contributed to the fund by Cristo Rey. Total investment gain earned on these funds approximated \$129,000 and \$108,000 for the years ended June 30, 2024 and 2023, respectively. In addition, donors have contributed directly to the Catholic Foundation and designated such funds to the School, which are not recorded on the consolidated statements of financial position and totaled approximately \$116,000 and \$102,000 at June 30, 2024 and 2023, respectively. The Catholic Foundation uses a spending-rate formula to determine the maximum distribution from the Foley Fund each year. The rate, determined and adjusted from time to time, is applied to the average fair value of the Foley Fund for the prior twelve quarters at December 31 of each year to determine the spending amount for the upcoming year. During 2023 and 2024, the spending rate maximum was 5%. No distributions were taken from the fund during 2024 and 2023.

The balance and activity of funds held at the Catholic Foundation as of and for the years ended June 30, 2024 and 2023 are as follows:

	<u>Kozlowski Fund</u>	<u>Foley Fund</u>	<u>Total</u>
Balance at June 30, 2022	\$ 46,090	\$ 400,277	\$ 446,367
Contributions	-	500,000	500,000
Investment gains, net of fees	<u>4,738</u>	<u>103,448</u>	<u>108,186</u>
Balance at June 30, 2023	50,828	1,003,725	1,054,553
Contributions	-	71,476	71,476
Investment gains, net of fees	6,014	123,032	129,046
Distribution	<u>(2,500)</u>	<u>-</u>	<u>(2,500)</u>
Balance at June 30, 2024	\$ <u>54,342</u>	\$ <u>1,198,233</u>	\$ <u>1,252,575</u>

Since its inception in fiscal year 2021, the Foley Fund has had the following activity:

Contributions	\$ 925,891
Investment gains, net of fees	<u>272,342</u>
Balance at June 30, 2024	\$ <u>1,198,233</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 - DEBT

Financing and debt consist of the following at June 30:

	2024	2023
In March 2022, the School signed a promissory note with a financial institution in the amount of \$7,811,500 that bears interest at a fixed rate (2.48%). Payments on the principal balance of this loan began in April 2022. The principal balance on this note is due no later than March 1, 2032. Interest payments approximated \$184,000 and \$191,000 during the years ended June 30, 2024 and 2023, respectively.	\$ 7,116,163	\$ 7,428,265
Less: Unamortized debt issuance costs	(55,276)	(62,408)
	\$ 7,060,887	\$ 7,365,857

Principal payments due for years subsequent to June 30, 2024:

Year Ending June 30		Amount
2025	\$	323,000
2026		331,000
2027		340,000
2028		348,000
2029		357,000
Thereafter		5,417,163
	\$	7,116,163

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30:

	2024	2023
Time-restricted pledges and donations	\$ 451,564	\$ 129,064
Education, facilities and programming	78,099	160,467
Student tuition assistance	79,170	79,399
	\$ 608,833	\$ 368,930

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purpose or time. For the years ended June 30, 2024 and 2023, net assets with donor restrictions of \$334,368 and \$448,390, respectively, were released.

NOTE 13 - RETIREMENT PLAN

The School participates in a defined contribution plan sponsored by the Diocese. All employees may elect to participate in the retirement plan. Under the provisions of the 403(b) defined contribution plan, participants are required to contribute 2% of their salary. The School makes a matching contribution equal to 100% of the first 2% of a participant's elective deferral to the Plan. In addition, employees may contribute up to the federal allowable limits. The School contributed approximately \$81,000 and \$74,000 for the years ended June 30, 2024 and 2023, respectively.

NOTE 14 - CONTINGENCIES

From time to time, the School is subject to various claims and legal proceedings covering a wide range of matters that commonly arise in the ordinary course of its business activities. Management believes that any liability that might ultimately result from the resolution of any of these matters will not have a material adverse effect on the financial condition or results of operations of the School.

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