



**MATIGNON HIGH SCHOOL, INC.**  
**Financial Statements**  
**June 30, 2021**  
**With Independent Auditor's Report**

**Matignon High School, Inc.**  
**Table of Contents**  
**June 30, 2021**

---

<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net (Deficiency) Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-17

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,  
Matignon High School, Inc.:

We have audited the accompanying financial statements of Matignon High School, Inc. (the "School"), a non-profit organization, which comprises the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net (deficiency) assets, functional expenses, and cash flows for the year then ended, and the related notes to 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.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Matignon High School, Inc. as of June 30, 2021, and the changes in its net (deficiency) assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

In our report dated January 25, 2021, we expressed an unmodified opinion on the 2020 financial statements of Matignon High School, Inc. As described in Note 2, the entity has revised its 2020 financial statements. As a result of this restatement, our present opinion on the revised 2020 financial statements, as presented herein, has not changed from that expressed in our previous report.

### **Other Matter - Report on Summarized Comparative Information**

We have previously audited the financial statements of Matignon High School, Inc. as of and for the year ended June 30, 2020, and we expressed an unmodified opinion on those audited financial statements in our report dated January 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Withum Smith & Brown, PC*

February 18, 2022

**Matignon High School, Inc.**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets		
Cash	\$ 706,493	\$ 449,080
Restricted cash	68,836	63,011
Tuition receivable, net	77,769	47,088
Prepaid expenses	16,402	4,382
Unconditional promise to give - current portion	<u>85,609</u>	<u>30,060</u>
Total current assets	<u>955,109</u>	<u>593,621</u>
Property and equipment, net	<u>2,183,483</u>	<u>2,230,810</u>
Other assets		
Investments - restricted	183,135	142,739
Unconditional promise to give - net of current portion	<u>2,146,907</u>	<u>2,179,166</u>
Total other assets	<u>2,330,042</u>	<u>2,321,905</u>
Total assets	<u>\$ 5,468,634</u>	<u>\$ 5,146,336</u>
<b>Liabilities and Net (Deficiency) Assets</b>		
Current liabilities		
Line-of-credit	\$ -	\$ 195,000
Accounts payable and accrued expenses	307,446	320,718
Current portion of notes payable	129,426	4,537,474
Deferred revenues	<u>593,497</u>	<u>743,792</u>
Total current liabilities	<u>1,030,369</u>	<u>5,796,984</u>
Long-term liabilities		
Paycheck Protection Program loan advance	651,452	325,700
Notes payable - net of current portion	3,911,339	-
Deferred rent	<u>329,999</u>	<u>299,999</u>
Total long-term liabilities	<u>4,892,790</u>	<u>625,699</u>
Total liabilities	<u>5,923,159</u>	<u>6,422,683</u>
Net (deficiency) assets		
Without donor restrictions	(2,885,662)	(3,691,323)
With donor restrictions	<u>2,431,137</u>	<u>2,414,976</u>
Total net deficiency	<u>(454,525)</u>	<u>(1,276,347)</u>
Total liabilities and net (deficiency) assets	<u>\$ 5,468,634</u>	<u>\$ 5,146,336</u>

The Notes to Financial Statements are an integral part of these statements.

**Matignon High School, Inc.**  
**Statements of Activities and Changes in Net (Deficiency) Assets**  
**Year Ended June 30, 2021 (with summarized comparative total 2020)**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues</b>				
Tuition and fees, net	\$ 3,958,076	\$ -	\$ 3,958,076	\$ 4,038,519
Fundraising income	456,807	126,670	583,477	712,936
Special events, net	205,134	-	205,134	146,265
Rental income	242,763	-	242,763	215,339
Other income	48,072	-	48,072	57,550
Paycheck Protection Program debt forgiveness	651,400	-	651,400	-
Donated rent	-	80,401	80,401	81,418
Unrealized gains on investments	-	41,258	41,258	5,180
Interest and dividends	68	32	100	120
Athletic and student activity loss	(3,410)	-	(3,410)	(10,228)
Net assets released from restrictions	232,200	(232,200)	-	-
Total revenues	<u>5,791,110</u>	<u>16,161</u>	<u>5,807,271</u>	<u>5,247,099</u>
<b>Expenses</b>				
Program services	<u>3,786,873</u>	<u>-</u>	<u>3,786,873</u>	<u>3,839,607</u>
Supporting services				
Management and general	957,146	-	957,146	1,032,481
Fundraising	<u>241,430</u>	<u>-</u>	<u>241,430</u>	<u>165,765</u>
Total supporting services	<u>1,198,576</u>	<u>-</u>	<u>1,198,576</u>	<u>1,198,246</u>
Total expenses	<u>4,985,449</u>	<u>-</u>	<u>4,985,449</u>	<u>5,037,853</u>
<b>Change in net assets</b>	805,661	16,161	821,822	209,246
<b>Net (deficiency) assets</b>				
Beginning of year	<u>(3,691,323)</u>	<u>2,414,976</u>	<u>(1,276,347)</u>	<u>(1,485,593)</u>
End of year	<u>\$ (2,885,662)</u>	<u>\$ 2,431,137</u>	<u>\$ (454,525)</u>	<u>\$ (1,276,347)</u>

The Notes to Financial Statements are an integral part of these statements.

**Matignon High School, Inc.**  
**Statements of Functional Expenses**  
**Year Ended June 30, 2021 (with summarized comparative total 2020)**

	2021				2020
	Services	Management and		Total	Total
		General	Fundraising		
Salaries and wages	\$ 2,407,703	\$ 390,417	\$ 71,879	\$ 2,869,999	\$ 3,039,367
Fringe benefits	335,756	31,366	11,170	378,292	380,484
Maintenance	272,100	6,393	6,393	284,886	241,833
Payroll taxes	183,191	28,933	5,507	217,631	226,373
Utilities	79,980	1,647	1,647	83,274	77,862
Contracted services	86,475	3,473	903	90,851	92,596
Admissions	-	70,633	-	70,633	87,971
Insurance	60,627	1,248	1,248	63,123	29,501
Uncollectible tuition	21,017	-	-	21,017	33,711
Professional fees	13,465	45,925	464	59,854	76,651
Marketing and advertising	53,936	-	1,967	55,903	-
Equipment rental and maintenance	53,670	-	-	53,670	16,218
Rent	28,814	593	111,054	140,461	30,000
Graduation	29,940	-	-	29,940	24,755
Transportation	25,833	-	-	25,833	52,865
Office expense	22,973	1,584	790	25,347	27,182
Annual giving	-	-	24,762	24,762	46,380
Academic and instructional	23,757	-	-	23,757	23,137
Telephone	19,760	1,363	681	21,804	20,423
Printing	17,611	1,215	607	19,433	12,161
Student activities and summer school	16,996	-	1,000	17,996	52,172
Dues and subscriptions	13,707	945	473	15,125	14,218
Referees	10,510	-	-	10,510	16,998
Fees	4,337	100	-	4,437	11,459
Postage	3,151	217	109	3,477	2,607
Vehicle	1,564	33	32	1,629	7,241
General fundraising expenses	-	-	744	744	9,039
Miscellaneous	-	-	-	-	17,549
Total expenses before interest expense and depreciation	<u>3,786,873</u>	<u>586,085</u>	<u>241,430</u>	<u>4,614,388</u>	<u>4,670,753</u>
Interest expense	-	221,565	-	221,565	236,083
Depreciation	-	149,496	-	149,496	131,017
Total interest and depreciation	<u>-</u>	<u>371,061</u>	<u>-</u>	<u>371,061</u>	<u>367,100</u>
	<u>\$ 3,786,873</u>	<u>\$ 957,146</u>	<u>\$ 241,430</u>	<u>\$ 4,985,449</u>	<u>\$ 5,037,853</u>

The Notes to Financial Statements are an integral part of these statements.

**Matignon High School, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating activities</b>		
Change in net assets	\$ 821,822	\$ 209,246
Adjustments to reconcile change in net assets to net cash flow used in operating activities		
Depreciation	149,496	131,017
Uncollectible tuition	21,017	33,711
Interest expense attributable to amortization of debt issuance costs	-	1,934
Unrealized gain on investments	(121,690)	(5,180)
Forgiveness from Paycheck Protection Program	(651,452)	-
Change in operating assets and liabilities		
Tuition receivable	(51,698)	(11,003)
Unconditional promise to give	(23,290)	(81,418)
Prepaid expenses	(12,020)	15,321
Accounts payable and accrued expenses	(13,272)	(196,118)
Deferred revenues	(150,295)	(365,149)
Deferred rent	30,000	30,000
Net cash used in operating activities	<u>(1,382)</u>	<u>(237,639)</u>
<b>Investing activities</b>		
Purchases of investments	80,401	145,212
Purchases of property and equipment	(102,169)	(178,415)
Distribution from investment funds	893	-
Net cash used in investing activities	<u>(20,875)</u>	<u>(33,203)</u>
<b>Financing activities</b>		
Proceeds on notes payable	651,452	651,400
Payments on notes payable	(149,788)	(136,604)
Payments on line-of-credit, net of proceeds	(195,000)	(61,223)
Net cash provided by financing activities	<u>306,664</u>	<u>453,573</u>
Net change in cash	284,407	182,731
<b>Cash</b>		
Beginning of year	<u>512,091</u>	<u>329,360</u>
End of year	<u>\$ 796,498</u>	<u>\$ 512,091</u>
<b>Reconciliation of cash and restricted cash</b>		
Cash	\$ 706,493	\$ 449,080
Restricted cash	<u>68,836</u>	<u>63,011</u>
	<u>\$ 775,329</u>	<u>\$ 512,091</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	<u>\$ 221,565</u>	<u>\$ 234,149</u>

The Notes to Financial Statements are an integral part of these statements.



**Matignon High School, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**1. NATURE OF THE ORGANIZATION**

Matignon High School, Inc. (the "School"), a non-profit corporation, founded in 1945, is a private Roman Catholic High School located in Cambridge, Massachusetts. The purpose of the School is to fulfill the education mission of the Roman Catholic Church, the Roman Catholic Archdiocese of Boston (the "Archdiocese") and the Roman Catholic Archbishop of Boston.

Members of the School include the Archbishop of the Archdiocese of Boston, who serves as its Chairman, the Secretary of Education of the Archdiocese of Boston and other persons who may be appointed by the Chairman. Members of the School appoint and remove Trustees and Officers as defined in the School's by-laws. The Trustees are responsible for the property and business affairs of the School.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the School as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

**Net assets without donor restrictions:** Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for long-term investment as a board endowment and an operating reserve.

**Net assets with donor restrictions:** Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the gift is received. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as revenues without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations or satisfactions of purpose or time restrictions on net assets are reported as net assets released from restrictions.

**Use of Estimates**

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

**Comparative Financial Statements**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**Matignon High School, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**Cash and Cash Equivalents**

The School considers short-term, highly liquid investments to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased. As of June 30, 2021 and 2020, the School held no cash equivalents.

**Restricted Cash**

Restricted cash represents donor funds in a bank account restricted for spending on scholarships.

**Tuition Receivable and Unconditional Promises to Give**

Unconditional promises to give represent amounts due to the School under terms of donors' unconditional promise to give. The School carries its tuition receivable net of an allowance for doubtful accounts. Periodically, the School evaluates its tuition receivable and establishes an allowance for doubtful accounts based on historical experience with bad debt and collections, as well as current credit conditions. Management has recorded an allowance for uncollectible tuition receivable of \$60,000 and \$200,000 at June 30, 2021 and 2020, respectively. Management has determined no allowance for unconditional promises to give is needed as of June 30, 2021 and 2020.

**Investments and Restricted Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported in the statements of financial position at their fair values. Unrealized gains and losses are included in the statements of activities and changes in net assets. Investment returns are recognized through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Dividends are recognized on the ex-dividend date. Investment returns restricted by a donor are reported as increases in undesignated net (deficiency) assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the gains are recognized. The purpose of restricted investments is designated by the donor and overseen by the board of trustees in accordance with the Uniform Prudent Management of Institutional Funds Act.

**Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation. Leasehold improvements are amortized over the lesser of the estimated useful life or the length of the lease, inclusive of expected renewals. Amortization of leasehold improvements is included within depreciation expense. All significant assets with an estimated useful life in excess of one year and \$1,000 or greater are capitalized. Maintenance and repairs are charged to operations when incurred; betterments and renewals are capitalized. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

**Deferred Revenues**

Deposits and advance payments received for tuition and fees relate to the School's tuition billed for the following academic year. These funds will be recognized when the academic service has been provided.

**Long-lived Assets**

The School reviews long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. When fair values are not available, the School estimates fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Management concluded that there were no events that required impairment testing and no impairment was recognized during the years ended June 30, 2021 and 2020.

**Matignon High School, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**Functional Allocation of Expenses**

The School's primary program service is instruction within education to day students. Expenses reported in the functional allocation of expenses as program, management and general, and fundraising services are incurred in support of this primary program service. Certain expenses are wholly allocated to either program, management and general, or fundraising because they directly support those functions. There are certain other categories of expenses that are attributable to more than one function, so they are allocated accordingly. Those expenses include salaries and benefits, facilities upkeep, and occupancy costs, insurance and general institutional fees. Those expenses are allocated based on a percentage of use calculation. The percentage of use is determined by the proportion of operations that are wholly attributable to program, management and general and fundraising activities.

**Income Taxes**

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities that is not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income. The School had no unrelated business income for the years ended June 30, 2021 and 2020.

Professional standards related to *Accounting for Uncertainty in Income Taxes* clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. Management has analyzed the tax positions taken by the School and has concluded that as of June 30, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require the recognition of a liability or disclosure in the financial statements. The School recognizes accrued interest and penalties associated with uncertain tax positions, if any. There were no income tax-related interest or penalties recorded for the years ended June 30, 2021 and 2020. Should any such penalties and interest be incurred, the School's policy would be to recognize them as operating expenses. In the normal course of business, the School is subject to examination by taxing authorities. As of June 30, 2021, and through the date of this report there are no on-going examinations or unresolved disputes with the various tax authorities that the School files with.

**Revenue Recognition**

The School receives support from individual contributions and grants. Contributions received and unconditional promises to give are recognized as revenues when donor commitments are met. The School reports gifts of cash and other assets as net assets with donor restrictions if there are stipulations that limit the use of the donated assets, or they are designated as support for future periods. Conditional promises to give become unconditional and are recognized as revenues when the conditions are substantially met.

**Student Tuition and Fees**

Student tuition and fee revenue is recognized in the school year that scholastic services are provided. Gross tuition reflects the School's normal tuition rates and general fees for all students. Financial aid to students, which includes tuition remitted for dependents of School employees, is netted against gross student tuition and fees.

Tuition and fees income is derived from day education programs for students in grades nine through twelve. Tuition revenue is recognized ratably over the academic term in which scholastic services are provided. Gross tuition and fees reflects the School's normal tuition rates for all students. Remission for the base day tuition is provided to children of full-time employees. Tuition and fees are reported net of remission, financial aid, and scholarships totaling \$1,337,870 and \$1,105,850 for the years ended June 30, 2021 and 2020, respectively.

**Matignon High School, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

The School offers several tuition payment plans. Tuition and fees and revenue from auxiliary enterprises, which are received in advance of services to be rendered, including enrollment deposits, are recorded as deferred revenue, which totaled \$593,497 and \$743,792 as of June 30, 2021 and 2020, respectively, and are primarily recognized in the subsequent fiscal year. Tuition receivables of \$77,769 and \$47,088 remained outstanding as of June 30, 2021 and 2020, respectively.

Total tuition and fee income of \$3,958,076 and \$4,038,519 was recorded during the years ended June 30, 2021 and 2020, respectively.

**Fundraising**

The School is involved with fundraising and special events during the year. The revenue from fundraising and special events is recognized when the event occurs.

**Non-Cash Donations**

Contributions of donated non-cash assets are recorded at their fair values in the period received. During the years ended June 30, 2021 and 2020, donated materials totaled \$0 and \$13,428, respectively.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The School did not receive any contributed professional services during the years ended June 30, 2021 and 2020.

Volunteers also provide fundraising services and perform a variety of tasks that assist the School with its programs, special events and various committee assignments throughout the year that are not recognized as contributions in the financial statements since they do not meet the criteria for recognition.

**Advertising Costs**

The School expenses all cost of advertising as incurred. For the years ended June 30, 2021 and 2020, advertising costs totaled \$55,903 and \$0, respectively.

**Pension Plan**

Faculty and staff members of the School who meet eligibility requirements are participants in a 401(k) retirement savings plan which is funded annually. The School makes safe harbor contributions to eligible employees equal to 100% of the first 3% of compensation contributed and 50% of the next 2% of compensation contributed. The related retirement plan expense for the years ended June 30, 2021 and 2020 amounted to \$92,819 and \$86,895, respectively.

**Relationship with the Archdiocese of Boston**

The School is affiliated with the Roman Catholic Archdiocese of Boston (the "Archdiocese"). There are numerous other religious and non-profit organizations sponsored by or affiliated with the Archdiocese, including The Catholic School Foundation, which provides students with tuition support. During the normal course of operations, the School may have transactions and/or enter into agreements with these entities. All significant transactions with related parties are disclosed in the accompanying financial statements (see Note 11).

**Matignon High School, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**New Accounting Pronouncements Not Yet Adopted**

*Lease Transactions*

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases*, which is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. In addition to expanded disclosure requirements regarding leasing activities, the new standard significantly changes current lessee accounting for operating leases. Under the new standard all lessees will be required to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases of property and equipment, except for certain leases classified as short-term leases. The School has not adopted the new standard in these financial statements and is presently evaluating the effect adoption will have on prospective financial statements. However, based on the School’s present leasing activities, the School expects that adoption of the new standard will not require the recognition of significant, long-term right-of-use assets and a lease liability.

*Gifts in-Kind*

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management does not expect this ASU to have a significant impact on the School’s financial statements.

**Prior Period Adjustment**

In connection with preparing for the adoption of ASU 2020-07, a prior period adjustment was made to record the unconditional promise to give related to the lease agreement with the Archdiocese which requires lease payments that are below fair market value. As of July 1, 2019, the present value of total rent promised to be donated by the Archdiocese over the life of the lease was \$2,127,808. Net assets as of July 1, 2019 was previously reported as (\$3,613,401) and has been adjusted to (\$1,485,593) in connection to recording the unconditional promise to give.

**3. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, amounted to the following at June 30, 2021:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 706,493	\$ 449,080
Tuition receivables, net	<u>77,769</u>	<u>47,088</u>
Financial assets available within one year	<u>\$ 784,262</u>	<u>\$ 496,168</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The School regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize investments of its available funds. The School has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities

**Matignon High School, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities of teaching in the context of the services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditure over the next 12 months, the School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, 2021 and 2020, restricted endowment investments of \$183,135 and \$142,739, respectively, consist of donor-restricted endowments. Income from donor-restricted endowments can be made available for operations with approval from the Board.

**4. INVESTMENTS**

The School's investments consist of investments held in various pooled investments. The funds in the investment pool are managed, held and directed by the Archdiocese of Boston, a related entity, and The Christian Brothers Investment Services, Inc.

At June 30, 2021, the investment pools consist of approximately 36% common stock, 23% fixed income securities, 27% private equity funds, and 14% mutual funds.

At June 30, 2020, the investment pools consist of approximately 35% common stock, 21% fixed income securities, 17% private equity funds, 9% mutual funds, 8% money market funds and 9% common collective trust funds.

**5. UNCONDITIONAL PROMISE TO GIVE**

Unconditional promise to give consists of pledges and a lease agreement for the school, with amounts due as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Receivable in less than 1 year	\$ 85,609	\$ 30,060
Receivable in 1 to 5 years	574,789	569,098
Receivable in subsequent years	<u>3,129,218</u>	<u>3,300,919</u>
	3,789,616	3,900,077
Less: Discounts to net present value	<u>1,557,100</u>	<u>1,690,851</u>
Net unconditional promises to give	2,232,516	2,209,226
Less: Current portion	<u>85,609</u>	<u>30,060</u>
	<u>\$ 2,146,907</u>	<u>\$ 2,179,166</u>

**Matignon High School, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**6. PROPERTY AND EQUIPMENT**

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

	<u>2021</u>	<u>2020</u>
Leasehold improvements - site	\$ 646,010	\$ 646,010
Leasehold improvements - building	3,061,306	2,885,885
Furniture and fixtures	1,248,170	1,159,895
Vehicles	-	24,255
Improvements - CIP	<u>-</u>	<u>161,526</u>
	4,955,486	4,877,571
Less: Accumulated depreciation	<u>(2,772,003)</u>	<u>(2,646,761)</u>
	<u>\$ 2,183,483</u>	<u>\$ 2,230,810</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$149,496 and \$131,017, respectively.

**7. LINE-OF-CREDIT**

The School has a \$200,000 secured line-of-credit agreement with a bank for short-term borrowings which is due on demand. Interest on outstanding borrowings is payable monthly at the bank's base lending rate, plus 1.0% (5.00% at June 30, 2021). As of June 30, 2021 and 2020, the balance owed on the line-of-credit was \$0 and \$195,000, respectively. Real estate owned by the Roman Catholic Archdiocese of Boston and assignment of leases and rents are pledged as collateral. This line-of-credit has certain restrictive financial covenants as of June 30, 2021.

Interest expense on the line of credit for the years ended June 30, 2021 and 2020 totaled \$0 and \$16,201, respectively.

**8. PAYCHECK PROTECTION PROGRAM**

In March 2021, the School issued a second unsecured promissory note- (the "PPP Loan") for \$651,452 through the Paycheck Protection Program ("PPP") established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). The second PPP Loan is guaranteed by the SBA. The second PPP Loan may be forgiven, in whole or in part, if the School was eligible for the second PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 8 or 24-week period after the second PPP loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The second PPP Loan was made through Century Bank, (the "Lender"), has two -year term, bears interest at 1.00% per annum, and matures August 2026. If the second PPP Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period or August 2022. The second PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. Accordingly, the School has reflected the second PPP Loan as short and long-term debt in the accompanying statement of financial position.

The School will record the forgiveness of the loan as a gain on extinguishment in the period in which legal release is received. There is no certainty that any or all of the second PPP Loan will be forgiven.

**Matignon High School, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

Future maturities of the second PPP Loan are as follows for the years ending June 30:

2022	\$ 10,858
2023	130,290
2024	130,290
2025	130,290
2026	130,290
Thereafter	<u>119,434</u>
	<u>\$ 651,452</u>

During April 2020, the School issued the first unsecured promissory note (the "PPP Loan") for \$651,400 through programs established under the CARES Act (the "Loans") and administered by the U.S. Small Business Administration (the "SBA"). The first PPP Loan was guaranteed by the SBA. On December 20, 2020, the School was informed that its application for forgiveness of \$651,400 of the PPP Loan was approved. Accordingly, the School recorded it as forgiveness of debt in the accompanying Statement of Activities.

**9. NOTES PAYABLE**

The School is obligated on notes payable to a bank, payable in monthly installments of \$28,334, including an annual interest rate of 4.5%, through October 2038. Amounts outstanding are secured by real estate owned by the Roman Catholic Archdiocese of Boston, assignment of leases, security interest in land, building and improvements and rents. Additionally, the notes are guaranteed by the Archdiocese.

The School's obligation for notes payable consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Notes payable	\$ 4,040,765	\$ 4,863,174
Less: Current notes payable	<u>(129,426)</u>	<u>(4,537,474)</u>
Non-current notes payable	<u>\$ 3,911,339</u>	<u>\$ 325,700</u>

Future annual principal payments on notes payable are as follows for the years ending June 30:

2022	\$ 129,426
2023	167,418
2024	175,108
2025	183,153
2026	191,567
Thereafter	<u>3,194,093</u>
	<u>\$ 4,040,765</u>

Interest expense on the notes payable for the years ended June 30, 2021 and 2020 totaled \$221,565 and \$219,882, respectively.



**Matignon High School, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**10. NET ASSETS WITH DONOR RESTRICTIONS**

Components of net assets with donor restrictions as of June 30 were as follows:

	<u>2021</u>	<u>2020</u>
Cashman Fund	\$ 15,885	\$ 12,860
Grant Scholarship Fund	34,651	34,551
Class of 65 Fund	63,224	50,893
Bradley Memorial Scholarship Fund	6,328	6,297
Catholic Foundation Scholarship Fund	21,876	17,425
Council of International Fellowship	110,007	83,724
Property lease	<u>2,232,516</u>	<u>2,209,226</u>
	<u>\$ 2,484,487</u>	<u>\$ 2,414,976</u>

Net assets were released from donor restrictions during the years ended June 30 as follows:

	<u>2021</u>	<u>2020</u>
Purpose restriction accomplished expenses incurred to satisfy donor restrictions	<u>\$ 232,200</u>	<u>\$ 289,082</u>

**11. RELATED PARTIES**

The School operates in facilities rented from the Archdiocese. See Note 12 for the details of the lease agreement.

The School received \$131,600 and \$114,750 of support from The Catholic School Foundation during the years ended June 30, 2021 and 2020, respectively, which is recorded in fundraising in the statements of activities and changes in net (deficiency) assets.

**12. OPERATING LEASES AND COMMITMENTS**

The School maintains a lease with the Archdiocese which expires in June 2060. The lease requires the School to pay \$1 rent for each of the first thirty years, \$50,000 each year for years thirty-one through forty and \$100,000 each year for the years forty-one through fifty. The rent may be reduced for leasehold improvements made by the School. For each of the years ended June 30, 2021 and 2020, rent expense totaled \$140,461. Rent expense is amortized on a straight-line basis over the life of the lease. The amount of deferred rent payments as a result of the straight-line basis is \$329,999 and \$299,999 as of June 30, 2021 and 2020, respectively. Included in these amounts are donated rent amounting to \$110,461 and \$109,368 for the years ended June 30, 2021 and 2020, respectively.

**Matignon High School, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

The School leases real property to a third party. Total rent received for years ended June 30, 2021 and 2020 totaled \$242,763 and \$215,339, respectively. Minimum future lease payments to be received under the non-cancelable operating lease having initial terms in excess of one year at June 30, 2021 were as follows:

2022	\$ 206,843
2023	213,048
2024	219,439
2025	226,023
2026	232,803
Thereafter	<u>3,071,147</u>
	<u>\$ 4,169,303</u>

**13. ENDOWMENT FUNDS**

The School maintains several endowments (the “Endowments”) including those that are perpetual in nature. The Endowments consist of common stock, fixed income securities, private equity funds and mutual funds. The School follows the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) which the Board of Trustees (the “Board”) interpreted as allowing the School the powers to manage and invest the funds in good faith and with the care an ordinarily prudent person, in a like position, would exercise under similar circumstances. The board also interpreted UPMIFA as requiring the assets in an endowment fund to be donor-restricted assets until appropriated for expenditure by the Board, unless stated otherwise in the gift instrument. As a result of this interpretation, the School records the original value of all gifts donated to the perpetual in nature endowment fund as perpetual in nature net assets with the earnings classified as restricted net assets until appropriated for expenditure.

**Permanent Endowment**

The School classifies the original value of gifts donated in perpetuity as perpetual in nature net assets. Earnings such as interest and dividends and change in fair value from the permanent endowment are expendable, but restricted to use based on donor stipulations and charged to without donor restrictions or purpose restrictions net assets depending on whether the earnings for the year were used for the restricted purpose.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the School to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Board of Trustees. As of June 30, 2021, there were no underwater endowments.

**14. CONCENTRATIONS OF CREDIT RISK**

The School maintains its cash and cash equivalents in bank deposits accounts that, at time, may exceed federal insured limits. The School has not experienced any losses in these accounts and, as such, believes it is not exposed to any significant credit risk on cash and cash equivalents.

Concentration of credit risk with respect to tuition receivables are limited due to the large number of students comprising the tuition receivable balance.

**Matignon High School, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

---

**15. RISK AND UNCERTAINTIES**

Management is currently evaluating the impact of the COVID-19 pandemic on the School and has concluded that while it is reasonably possible that the virus could have a negative effect on the School's financial position, and result of operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**16. SUBSEQUENT EVENTS**

The Company evaluated subsequent events through February 18, 2022, which is the date the financial statements were available to be issued. Based on this evaluation, the Company has determined that no additional events have occurred, other than those noted herein, which require recognition or disclosure in the financial statements.