

**The Missionary Society
of St. James the Apostle**

**Financial Statements
December 31, 2024 and 2023**

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

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CERTIFIED PUBLIC ACCOUNTANTS – BUSINESS CONSULTANTS

To the Board of Directors
The Missionary Society of St. James the Apostle
Boston, Massachusetts

Independent Auditor's Report

Qualified Opinion

We have audited the accompanying financial statements of The Missionary Society of St. James the Apostle (the "Society"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the assets the Society receives from a foreign estate for which it is the beneficiary described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of The Missionary Society of St. James the Apostle as of December 31, 2024 and 2023, 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.

Basis for Qualified Opinion

The Society is unable to ascertain the Society's share of the assets that the Society may ultimately receive from a foreign estate of which it was the beneficiary because the Society is unable to determine whether it will be able to perfect legal title to the underlying assets. As discussed in Note 5 to the financial statements, the Society recognizes revenue and/or a receivable from the foreign estate when the amounts to be received are determined. Accordingly, no value has been assigned to these assets of the estate in the financial statements for the years ended December 31, 2024 and 2023. Management is not able to determine the effects of this departure from the accounting principles generally accepted in the United States of America on the financial position, change in net assets and cash flows.

We conducted our audits 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 Missionary Society of St. James the Apostle 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 qualified audit opinion.

Responsibilities of Management for the 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.

CERTIFIED PUBLIC ACCOUNTANTS – BUSINESS CONSULTANTS

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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 Missionary Society of St. James the Apostle'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 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 Missionary Society of St. James the Apostle'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 Missionary Society of St. James the Apostle'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.

E. J. Callahan & Associates, L.L.C.

May 29, 2025
Wakefield, Massachusetts

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,118,138	\$ 932,872
Investments, at fair value	14,837,645	13,309,618
Other receivables	13,959	22,372
Prepaid expenses	4,491	18,057
Total Current Assets	<u>15,974,233</u>	<u>14,282,919</u>
Noncurrent Assets:		
Property and equipment, net	<u>183,065</u>	<u>220,472</u>
Total noncurrent assets	<u>183,065</u>	<u>220,472</u>
Total Assets	<u>\$ 16,157,298</u>	<u>\$ 14,503,391</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 38,732	\$ 35,389
Accrued expenses and other liabilities	<u>2,726</u>	<u>3,021</u>
Total Current Liabilities	<u>41,458</u>	<u>38,410</u>
Net Assets:		
Without donor restrictions	16,074,754	14,418,433
With donor restrictions	<u>41,086</u>	<u>46,548</u>
Total Net Assets	<u>16,115,840</u>	<u>14,464,981</u>
Total Liabilities and Net Assets	<u>\$ 16,157,298</u>	<u>\$ 14,503,391</u>

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

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2024 and 2023

	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support:						
Net realized and unrealized gains (losses) on investment transactions	\$ 1,476,615	\$ (19,314)	\$ 1,457,301	\$ 1,939,482	\$ (10,191)	\$ 1,929,291
Bequests	283,876	-	283,876	356,668	-	356,668
Contributions	183,330	204,696	388,026	321,785	158,100	479,885
Rental income	474,881	-	474,881	303,282	-	303,282
Interest and dividends, net	52,118	-	52,118	70,715	-	70,715
Other income	13,895	-	13,895	99,200	-	99,200
Net assets released from restrictions	190,844	(190,844)	-	182,870	(182,870)	-
Total revenues, gains and other support	2,675,559	(5,462)	2,670,097	3,274,002	(34,961)	3,239,041
Functional expenses:						
Mission program services	817,916	-	817,916	1,060,831	-	1,060,831
Administrative and general	165,702	-	165,702	158,285	-	158,285
Fundraising	35,620	-	35,620	37,275	-	37,275
Total functional expenses	1,019,238	-	1,019,238	1,256,391	-	1,256,391
Change in net assets	1,656,321	(5,462)	1,650,859	2,017,611	(34,961)	1,982,650
Net assets, beginning of year	14,418,433	46,548	14,464,981	12,400,822	81,509	12,482,331
Net assets, end of year	\$ 16,074,754	\$ 41,086	\$ 16,115,840	\$ 14,418,433	\$ 46,548	\$ 14,464,981

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

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2024

	Mission Program Services	Administrative and General	Fundraising	Total
Peru mission expenses	\$ 450,240	\$ 56,918	\$ -	\$ 507,158
Salaries and wages	143,737	7,692	17,949	169,378
Employee benefits	34,839	1,864	4,351	41,054
Depreciation	31,745	5,662	-	37,407
Center house	31,717	1,697	3,961	37,375
Newsletter	31,613	-	5,639	37,252
Professional fees	-	32,096	-	32,096
Events	21,000	1,124	2,622	24,746
Rent	-	18,000	-	18,000
Insurance	11,532	2,057	-	13,589
Masses	11,025	-	-	11,025
Payroll taxes	8,791	470	1,098	10,359
Travel	9,831	-	-	9,831
Subscriptions	8,829	-	-	8,829
Telephone	5,481	978	-	6,459
Auto	4,152	741	-	4,893
Advertising	4,150	740	-	4,890
Bank fees	-	4,236	-	4,236
Utilities	3,404	607	-	4,011
Postage	2,577	-	-	2,577
Education	2,345	-	-	2,345
Supplies	-	1,864	-	1,864
Preaches	908	-	-	908
Taxes, other	-	393	-	393
Miscellaneous	-	28,563	-	28,563
	<u>\$ 817,916</u>	<u>\$ 165,702</u>	<u>\$ 35,620</u>	<u>\$ 1,019,238</u>

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

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2023

	Mission Program Services	Administrative and General	Fundraising	Total
Peru mission expenses	\$ 604,950	\$ 69,284	\$ -	\$ 674,234
Salaries and wages	163,934	7,764	19,854	191,552
Depreciation and amortization	83,905	14,135	-	98,040
Employee benefits	36,476	1,728	4,417	42,621
Newsletter	31,552	-	5,315	36,867
Center house	28,575	1,353	3,461	33,389
Events	25,882	1,226	3,134	30,242
Professional fees	-	23,750	-	23,750
Rent	-	19,500	-	19,500
Masses	17,790	-	-	17,790
Insurance	11,738	1,977	-	13,715
Auto	10,533	1,775	-	12,308
Payroll taxes	9,025	427	1,094	10,546
Advertising	8,481	1,429	-	9,910
Telephone	6,750	1,137	-	7,887
Subscriptions	7,133	-	-	7,133
Bank fees	-	5,432	-	5,432
Utilities	3,471	585	-	4,056
Travel	3,621	-	-	3,621
Postage	2,740	-	-	2,740
Education	2,364	-	-	2,364
Preaches	1,911	-	-	1,911
Supplies	-	1,670	-	1,670
Taxes, other	-	295	-	295
Miscellaneous	-	4,818	-	4,818
	<u>\$ 1,060,831</u>	<u>\$ 158,285</u>	<u>\$ 37,275</u>	<u>\$ 1,256,391</u>

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

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,650,859	\$ 1,982,650
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	37,407	98,040
Realized gains on sale of investments	(1,320)	(231,484)
Unrealized gains on investments	(1,470,687)	(1,710,275)
Increase (decrease) in cash resulting from a change in:		
Other receivables	8,413	(22,694)
Prepaid expenses	13,566	(5,019)
Accounts payable	3,343	4,263
Due to clergy and missions	-	(4,400)
Accrued expenses and other liabilities	(295)	3,021
Net Cash Provided by Operating Activities	<u>241,286</u>	<u>114,102</u>
Cash Flows From Investing Activities		
Purchases of investments	(56,020)	(37,142)
Purchases of property and equipment	-	(44,438)
Net Cash Used in Investing Activities	<u>(56,020)</u>	<u>(81,580)</u>
Net Change in Cash and Cash Equivalents	185,266	32,522
Cash and Cash Equivalents — Beginning of Year	<u>932,872</u>	<u>900,350</u>
Cash and Cash Equivalents — End of Year	<u><u>\$ 1,118,138</u></u>	<u><u>\$ 932,872</u></u>

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

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

Note 1 – Nature of Operations and Significant Accounting Policies

Nature of Operations

The Missionary Society of St. James the Apostle, ("the Society") is a Clerical Public Society of the Christian Faithful in accordance with (canon 298-320 1983 Code) and is legally incorporated in the Commonwealth of Massachusetts with the Roman Catholic Archbishop of Boston as its President. The members serve as diocesan priest volunteers sent to churches in Peru.

Significant Accounting Policies

A summary of the significant accounting policies followed by the Society in the preparation of the accompanying financial statements is set forth below:

Basis of Presentation – 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.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends, or the purpose of the restriction is accomplished, the net assets are restricted.

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 the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Society considers all highly liquid investments purchased with a maturity of three months or less at acquisition as cash and cash equivalents in the accompanying statement of financial position. The Society has interest bearing deposits in financial institutions that maintained federal insurance in full for all accounts and limited coverage up to \$250,000 per financial institution. The portion of the deposits in excess of this amount is not subject to such insurance and represents a credit risk to the Society. At times, balances held at each financial institution may exceed \$250,000, which represents a credit risk to the Society. At December 31, 2024 and 2023, deposits in excess of federally insured limits were \$233,284 and \$288,999, respectively.

Investments and Investment Income – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Investment income, realized and unrealized gains and losses from investments are reported as revenues, gains, and other support in the statements of activities. Investment related expenses are netted with investment income.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS – CONTINUED

December 31, 2024 and 2023

Note 1 – Nature of Operations and Significant Accounting Policies – Continued

Investments and Investment Income – Continued

Investment returns, net, are as follows at December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Net unrealized gains (losses) on investments	\$ 1,490,001	\$ (19,314)	\$ 1,470,687
Net realized gains on investments	1,320	-	1,320
Interest and dividends	52,118	-	52,118
Investment advisory fees	(14,706)	-	(14,706)
	<u>\$ 1,528,733</u>	<u>\$ (19,314)</u>	<u>\$ 1,509,419</u>

Investment returns, net, are as follows at December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Net unrealized gains (losses) on investments	\$ 1,720,466	\$ (10,191)	\$ 1,710,275
Net realized gains on investments	231,484	-	231,484
Interest and dividends	70,715	-	70,715
Investment advisory fees	(12,468)	-	(12,468)
	<u>\$ 2,010,197</u>	<u>\$ (10,191)</u>	<u>\$ 2,000,006</u>

Endowment Fund Investment and Spending Policies – The Society’s endowment funds consist principally of funds that are set aside as donor-restricted endowment funds for missions. Presently, its endowment only includes donor-restricted funds and does not include funds designated by the Board of Directors to function endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Society follows the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as adopted in the Commonwealth of Massachusetts and its own governing documents in the management and investment of its donor-restricted endowment funds. UPMIFA eliminated the concept of historic dollar value threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending. As required by UPMIFA, the Society’s policy is to follow the terms of their governing documents.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS – CONTINUED

December 31, 2024 and 2023

Note 1 – Nature of Operations and Significant Accounting Policies – Continued

Endowment Fund Investment and Spending Policies – Continued – Under accounting principles generally accepted in the United States of America, the Society is also required to include expanded disclosures for all donor-restricted endowment funds. See Note 10.

The Board of Directors of the Society has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Society classifies as net assets with donor restrictions (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. In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Society, and (7) the Society's investment policies.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Society has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Investment Return Objectives, Risk Parameters, and Strategies

Presently, the Society does not have an investment policy related to its endowment funds.

Spending Policy

Presently, the Society does not have a spending policy related to its endowment funds.

Other Receivables – The Society carries its other receivables at cost. On a periodic basis, the Society evaluates its receivables and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current conditions when deemed necessary. There was no allowance needed at December 31, 2024 and 2023.

Beneficiary in Wills and Estates – The Society is named as a beneficiary in numerous wills and estates. The Society deems these to be intentions to give and not unconditional promises to give. The Society recognizes contribution revenue and a receivable for its interest in the estate based upon a probate court having declared an individual will to be valid and the Society having the ability to determine the fair value of the estate.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS – CONTINUED

December 31, 2024 and 2023

Note 1 – Nature of Operations and Significant Accounting Policies – Continued

Property and Equipment – Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is 5 to 15 years. Leasehold improvements are amortized over the estimated useful life of the improvement. Additions, renewals, and betterments that significantly extend the life of the asset are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

Impairment of Long-Lived Assets – The Society reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of the undiscounted cash flows expected to result from use of the assets is less than the carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the years ended December 31, 2024 and 2023, there were no impairment losses recognized for the long-lived assets.

FASB ASC 842 New Accounting Guidance Implementation – As of January 1, 2022, the Society changed its accounting method for leases as a result of implementing the requirements in the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) 842, Leases, using the modified retrospective transition method.

The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases. The Society elected the package of practical expedients, which allowed, among other things, for no reassessing the lease classification or initial direct costs for existing leases. The Society has not elected the hindsight practical expedient.

The Society evaluated any leasing arrangements for recognition and implementation of ASC 842, and management determined there were no significant arrangements requiring revaluation.

Revenue Recognition – The Society records unconditional promises to give as revenue when the promise is received. Conditional promises to give are recognized as revenue when the condition is met. Contributions received are recorded as with or without donor restrictions depending on the existence and nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period have been reported as support increasing net assets without donor restrictions in the statements of activities. Contributions of assets other than cash are recorded at their face value on the date of the gift.

Income Tax Status – The Society is included in the annual United States Conference of Catholic Bishops Internal Revenue Service Group Ruling and is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”), and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The Society is required to assess uncertain tax positions and has determined that there were no such positions that are material to the financial statements. It is the Society’s policy to record estimated interest and penalties, if any, as part of general and administrative expenses.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS – CONTINUED

December 31, 2024 and 2023

Note 1 – Nature of Operations and Significant Accounting Policies – Continued

Functional Allocation of Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Advertising – Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2024 and 2023 totaled \$4,890 and \$9,910, respectively.

Leases – The Society calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Subsequent Events – Management has evaluated events and transactions subsequent to the date of the statements of financial position for potential recognition or disclosure in the financial statements through May 29, 2025, which is the date the financial statements were available for issuance.

Note 2 – Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC are described as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly. These may include quoted prices for similar securities.

Level 3 – inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

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.

The 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 December 31, 2024 and 2023.

The Society utilizes Level 1 inputs to measure the fair value for all of the marketable securities.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS – CONTINUED

December 31, 2024 and 2023

Note 2 – Fair Value Measurements – Continued

Included in investments are the Society’s unit holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the “Common Investment Fund”). This is a related organization established to provide a common investment pool in which the Society and other Catholic organizations may participate.

The estimated fair value of the Common Investment Fund is valued using the net asset value (“NAV”) as the practical expedient provided by the fund manager. The participants own units based upon a per-unit value at the time of purchase. It is the policy of the Common Investment Fund to distribute a dividend to its members on a quarterly basis of 1% of its net assets as of the previous quarter end. This policy is subject to change at the discretion of the Roman Catholic Archbishop of Boston.

The Common Investment Fund invests all of its funds in the Collective Investment Partnership, Roman Catholic Archbishop of Boston (the “Partnership”), the underlying investments of which include equity and fixed-income securities owned either directly or indirectly through mutual funds and separately managed accounts.

There are no unfunded commitments or redemption restrictions related to these investments at December 31, 2024 and 2023. Redemptions from funds with notification requirements of more than one day are permitted on a monthly basis.

The fair value of the Common Investment Fund’s investments in domestic and foreign securities listed on securities exchanges is valued at the last reported sale price. For those securities whose prices are not available through independent pricing services, bid price quotations are obtained by the investment custodian from principal market makers in those securities at fair value as determined in good faith by investment managers. Securities whose prices are not available through independent pricing services are recorded at fair value based on the net value (“NAV”) per share on the calculation date as reported by the individual investment managers.

Fair values of financial instruments measured on a recurring basis at December 31, 2024 are as follows:

	Level 1	Level 2	Level 3	Total
Stocks	\$ 3,331,452	\$ -	\$ -	\$ 3,331,452
Cash and cash equivalents	123,282	-	-	123,282
Dividends receivable	115,057	-	-	115,057
Corporate bonds	158	-	-	158
Common investment fund*				11,267,696
	<u>\$ 3,569,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,837,645</u>

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS – CONTINUED

December 31, 2024 and 2023

Note 2 – Fair Value Measurements – Continued

Fair values of financial instruments measured on a recurring basis at December 31, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Stocks	\$ 2,784,806	\$ -	\$ -	\$ 2,784,806
Cash and cash equivalents	137,325	-	-	137,325
Dividends receivable	95,744	-	-	95,744
Corporate bonds	328	-	-	328
Common investment fund*				10,291,415
	<u>\$ 3,018,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,309,618</u>

- * In accordance with ASC Subtopic 820-10, *Fair Value Measurement: Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Note 3 – Property and Equipment

Property and equipment consist of the following at December 31:

	2024	2023
Assets:		
Building improvements	\$ 688,292	\$ 688,292
Equipment	166,710	166,710
Leasehold improvements	161,803	161,803
Vehicles	38,990	38,990
	<u>1,055,795</u>	<u>1,055,795</u>
Accumulated depreciation and amortization	<u>(872,730)</u>	<u>(835,323)</u>
Net property and equipment	<u>\$ 183,065</u>	<u>\$ 220,472</u>

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS – CONTINUED

December 31, 2024 and 2023

Note 4 – Liquidity

The Society's financial assets available within one year of the statement of financial position date for general expenditures are as follows at December 31:

	2024	2023
Cash and cash equivalents	\$ 1,118,138	\$ 932,872
Investments, at fair value	14,837,645	13,309,618
Other receivables	13,959	22,372
	<u>15,969,742</u>	<u>14,264,862</u>
Less: assets with donor restrictions	<u>41,086</u>	<u>46,548</u>
Total assets available for general expenditure	<u>\$ 15,928,656</u>	<u>\$ 14,218,314</u>

Note 5 – Foreign Operations

As of December 31, 2024 and 2023, assets in other countries, including cash, totaled \$359,378 and \$127,318, and property and equipment, net of accumulated depreciation, amounted to \$150,217 and \$176,927, respectively. During the years ended December 31, 2024 and 2023, the Society recognized \$27,942 and \$223,417 in revenue from a foreign estate for which it is a beneficiary. This amount represents 10% and 63% of total bequests for the years ended December 31, 2024 and 2023, respectively. Total support and revenue received from foreign sources amounted to \$502,823 and \$526,699 for the years ended December 31, 2024 and 2023, respectively. Account balances relating to foreign operations are reflected in the financial statements in United States dollars.

Note 6 – Laity Employee 401(K) Plan

The Society participates with other organizations affiliated with the Archdiocese of Boston in a 401(k) defined contribution plan (the “Plan”), which is administered by TIAA-CREF. Eligible employees may elect to make retirement savings contributions to the Plan, which are matched by the Society up to 4% of employee compensation. The amount of the match for the years ended December 31, 2024 and 2023 was \$5,645 and \$4,998, respectively.

Note 7 – Laity Employee Pension Plan

The Society is a participant with other related Archdiocesan organizations in a pension plan covering certain laity employees, the Roman Catholic Archdiocese of Boston Pension Plan (the “Pension Plan”), that has been characterized for financial accounting purposes as a multiemployer pension plan, a noncontributory benefit plan established by the Roman Catholic Archbishop of Boston.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS – CONTINUED

December 31, 2024 and 2023

Note 7 – Laity Employee Pension Plan – Continued

The risks of participation in this multiemployer plan are different than single-employer plans in the following aspects:

- a. Assets contributed to the plan by a company may be used to provide benefits to participants of other companies,
- b. If a participating company discontinues contributions to a plan, other participating employers may have to cover any unfunded liability that may exist, and
- c. If the Society stops participating in its multiemployer pension plan, the Society may be required to pay that plan an amount based on the unfunded status of the plan, referred to as a withdrawal liability.

These aspects of multiemployer plan participation are consistent with the manner of administration of the Pension Plan. The aspects are not required by law but are part of the Pension Plan's administrative practices. Neither the financial accounting treatment of the Pension Plan, nor its administrative practices, nor this footnote shall be deemed a representation that the Pension Plan is subject to any laws that require the multiemployer attributes that are set forth above.

The Pension Plan is designed to provide retirement benefits for eligible laity employees of the Society. Effective December 31, 2011, per a vote of the Pension Plan Trustees, the Pension Plan was amended to freeze the accrual of additional benefits. Under the provisions of the amendment, employees hired after December 1, 2010, are not eligible to become participants in the Pension Plan. Employees with five or more years of service as of December 31, 2011 remain vested. Employees with at least one year of service as of December 31, 2011 will be allowed to continue to add year of service towards vesting after the freeze date.

Amounts charged to pension expense allocated to the Society are based on payroll cost and amounted to \$5,645 and \$5,200 for the years ended December 31, 2024 and 2023, respectively, and is included in employee benefits in the accompanying statement of functional expenses. The Society's employees comprise less than 1% of all laity employees covered under the Pension Plan.

The following table discloses the name and funded status of the Pension Plan as of June 30, 2024 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of June 30, 2024:

Legal Name and Plan Number	EIN/Plan Number	Actuarial Present Value of		Total Net Contributions	Funded Status
		Accumulated Plan Benefits	Fair Value of Plan Assets		
Roman Catholic Archdiocese of Boston Pension Plan, Number 001	04-2777359	\$ 55,264,016	\$ 40,323,913	\$ 7,435,720	73%

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS – CONTINUED

December 31, 2024 and 2023

Note 7 – Laity Employee Pension Plan – Continued

The following table discloses the name and funded status of the Pension Plan as of June 30, 2023 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of June 30, 2023:

Legal Name and Plan Number	EIN/Plan Number	Actuarial Present Value of Accumulated Plan Benefits	Fair Value of Plan Assets	Total Net Contributions	Funded Status
Roman Catholic Archdiocese of Boston Pension Plan, Number 001	04-2777359	\$ 74,824,225	\$ 54,662,381	\$ 5,373,212	73%

The Society reserves the right to discontinue contributions at any time and terminate participation in the Pension Plan. In the event of termination and discontinuance, the assets of the Pension Plan remaining after paying all administrative expenses of the Pension Plan will be allocated in accordance with the terms of the Roman Catholic Archdiocese of Boston Pension Plan for the purpose of paying benefits provided under the Pension Plan.

The accumulated benefit obligation net of the plan assets of the Pension Plan is not required to be and, therefore, is not reflected in the accompanying statements of financial position.

Note 8 – Laity Employee Health and Dental Benefit Plan

The Society participates with other organizations affiliated with the Archdiocese of Boston in a health and dental plan covering substantially all laity employees, known as the Roman Catholic Archdiocese of Boston Health Benefit Plan (the “Health Plan”). The Health Plan agreement provides that the participating employers make monthly contributions to the Health Plan of a specified amount for each class of employee. The Society’s contributions to the Health Plan amounted to \$34,547 and \$36,585 for the years ended December 31, 2024 and 2023, which is included in the employee benefits in the accompanying statement of functional expenses.

THE MISSIONARY SOCIETY OF ST. JAMES THE APOSTLE

NOTES TO FINANCIAL STATEMENTS – CONTINUED

December 31, 2024 and 2023

Note 9 – Net Assets with Donor Restrictions

At December 31, net assets with donor restrictions consists of funds received from donors that are restricted for the following purposes:

	2024	2023
Subject to expenditure for specified purpose:		
Gifts to priests in Peru	\$ 13,852	\$ -
Total subject to expenditure for specified purpose	<u>13,852</u>	<u>-</u>
Endowments:		
Subject to the Society's endowment spending policy and appropriation:		
Mission expenses	50,000	50,000
Subject to appropriation and expenditure when a specified event occurs:		
Mission expenses	<u>(22,766)</u>	<u>(3,452)</u>
Total endowments	<u>27,234</u>	<u>46,548</u>
Total Net Assets with Donor Restrictions	<u>\$ 41,086</u>	<u>\$ 46,548</u>

Note 10 – Endowment

Changes in endowment and net assets for the year ended December 31, 2024 is as follows:

	Without donor restrictions	With donor restrictions
Endowment net assets as of December 31, 2022	\$ -	\$ 56,739
Investment return, net	<u>-</u>	<u>(10,191)</u>
Endowment net assets as of December 31, 2023	-	46,548
Investment return, net	<u>-</u>	<u>(19,314)</u>
Endowment net assets as of December 31, 2024	<u>-</u>	<u>27,234</u>
	<u>\$ -</u>	<u>\$ 27,234</u>

The Society did not have any board-designated endowments during 2024.