



Financial Statements

June 30, 2025 and 2024

Saint John Paul II Catholic Academy, Inc.

Table of Contents

June 30, 2025 and 2024

	<u>Pages</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 19

Independent Auditor's Report

To the Board of Trustees of
Saint John Paul II Catholic Academy, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Saint John Paul II Catholic Academy, Inc. (the Academy), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Saint John Paul II Catholic Academy, Inc. as of June 30, 2025 and 2024, 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 Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial 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 Academy's ability to continue as a going concern within one year after the date 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 GAAS 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 GAAS, 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 Academy'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 Academy'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.

AAFCPAs, Inc.

Westborough, Massachusetts
November 4, 2025

Saint John Paul II Catholic Academy, Inc.

Statements of Financial Position

As of June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,269,959	\$ 3,025,116
Grants receivable	225,514	417,062
Accounts receivable	67,922	82,846
Prepaid expenses	38,856	44,547
Total current assets	<u>3,602,251</u>	<u>3,569,571</u>
Contributions Receivable - Right-of-Use Assets	2,294,962	2,383,230
Operating Lease Right-of-Use Assets	85,005	131,692
Investments	171,036	166,459
Property and Equipment, net	22,135,693	22,920,921
Total assets	<u><u>\$ 28,288,947</u></u>	<u><u>\$ 29,171,873</u></u>
Liabilities and Net Assets		
Liabilities:		
 Current liabilities:		
Accounts payable	\$ 179,685	\$ 452,580
Accrued expenses	797,032	613,089
Current portion of operating lease liability	48,050	46,867
Deferred revenue	52,889	44,908
Total current liabilities	<u>1,077,656</u>	<u>1,157,444</u>
Operating Lease Liabilities, net	38,955	86,825
Total liabilities	<u><u>1,116,611</u></u>	<u><u>1,244,269</u></u>
Net Assets:		
 Without donor restrictions:		
Operating	24,345,297	25,194,536
Board Designated	171,036	166,459
Total without donor restrictions	<u>24,516,333</u>	<u>25,360,995</u>
With donor restrictions	2,656,003	2,566,609
Total net assets	<u><u>27,172,336</u></u>	<u><u>27,927,604</u></u>
Total liabilities and net assets	<u><u>\$ 28,288,947</u></u>	<u><u>\$ 29,171,873</u></u>

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

Saint John Paul II Catholic Academy, Inc.
Statements of Activities and Changes in Net Assets
For the years ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues:						
Grants, contracts and contributions	\$ 7,143,489	\$ 364,041	\$ 7,507,530	\$ 6,538,091	\$ 173,010	\$ 6,711,101
Tuition and fees, net of financial aid	6,057,231	-	6,057,231	5,599,221	-	5,599,221
In-kind rent	649,200	-	649,200	649,200	-	649,200
Other income	95,323	-	95,323	65,917	-	65,917
Special events	57,156	-	57,156	71,625	-	71,625
Net assets released from time restrictions	88,268	(88,268)	-	88,268	(88,268)	-
Net assets released from program restrictions	186,379	(186,379)	-	251,003	(251,003)	-
Total operating revenues	14,277,046	89,394	14,366,440	13,263,325	(166,261)	13,097,064
Expenses:						
Programs:						
Instruction and related	9,132,387	-	9,132,387	8,486,603	-	8,486,603
Summer and extended day	2,328,674	-	2,328,674	1,992,467	-	1,992,467
Total programs	11,461,061	-	11,461,061	10,479,070	-	10,479,070
Supporting services:						
General and administrative	2,869,316	-	2,869,316	2,575,396	-	2,575,396
Fundraising	803,117	-	803,117	714,539	-	714,539
Total supporting services	3,672,433	-	3,672,433	3,289,935	-	3,289,935
Total operating expenses	15,133,494	-	15,133,494	13,769,005	-	13,769,005
Changes in net assets from operations	(856,448)	89,394	(767,054)	(505,680)	(166,261)	(671,941)
Nonoperating Revenue:						
Investment income	11,786	-	11,786	20,855	-	20,855
Total changes in net assets	(844,662)	89,394	(755,268)	(484,825)	(166,261)	(651,086)
Net Assets:						
Beginning of year	25,360,995	2,566,609	27,927,604	25,845,820	2,732,870	28,578,690
End of year	\$ 24,516,333	\$ 2,656,003	\$ 27,172,336	\$ 25,360,995	\$ 2,566,609	\$ 27,927,604

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

Saint John Paul II Catholic Academy, Inc.
Statement of Functional Expenses
For the year ended June 30, 2025
(With Summarized Comparative Totals for the year ended June 30, 2024)

	Programs				Supporting Services				2025 Total Expenses	2024 Total Expenses
	Instruction and Related	Summer and Extended Day	Total Programs	General and Administrative	Fundraising	Total Supporting Services				
Personnel and Related:										
Salaries	\$ 4,526,090	\$ 1,932,387	\$ 6,458,477	\$ 1,309,380	\$ 499,708	\$ 1,809,088	\$ 8,267,565	\$ 7,115,063		
Payroll taxes and fringe benefits	1,170,978	88,967	1,259,945	172,931	105,703	278,634	1,538,579	1,331,876		
Contractual services	15,198	3,257	18,455	2,170	1,086	3,256	21,711	19,116		
Total personnel and related	5,712,266	2,024,611	7,736,877	1,484,481	606,497	2,090,978	9,827,855	8,466,055		
Occupancy:										
Depreciation	763,973	95,497	859,470	95,496	-	95,496	954,966	984,469		
Rent	449,562	-	449,562	449,560	-	449,560	899,122	900,640		
Repairs and maintenance	331,014	81,762	412,776	327,047	81,762	408,809	821,585	767,270		
Utilities	123,730	30,933	154,663	123,730	30,933	154,663	309,326	316,972		
Insurance	35,823	8,956	44,779	35,822	8,956	44,778	89,557	83,204		
Total occupancy	1,704,102	217,148	1,921,250	1,031,655	121,651	1,153,306	3,074,556	3,052,555		
Other:										
Instructional supplies and equipment	1,181,456	68,981	1,250,437	-	-	-	1,250,437	1,213,976		
Software and technology	192,214	-	192,214	208,232	-	208,232	400,446	470,445		
Training	200,757	-	200,757	-	-	-	200,757	122,052		
Office supplies	27,803	6,951	34,754	27,802	6,951	34,753	69,507	101,650		
Special events	-	-	-	-	60,780	60,780	60,780	68,262		
Field trips	48,007	4,174	52,181	-	-	-	52,181	57,690		
Professional fees	-	-	-	63,498	-	63,498	63,498	52,215		
Equipment rental	20,158	5,039	25,197	20,158	5,039	25,197	50,394	45,803		
Credit losses	-	-	-	15,440	-	15,440	15,440	40,952		
Dues and subscriptions	26,069	-	26,069	-	-	-	26,069	33,705		
Miscellaneous	12,754	1,567	14,321	17,239	-	17,239	31,560	31,038		
Advertising and marketing	5,989	-	5,989	-	1,996	1,996	7,985	11,771		
Printing and postage	812	203	1,015	811	203	1,014	2,029	836		
Total other	1,716,019	86,915	1,802,934	353,180	74,969	428,149	2,231,083	2,250,395		
Total expenses	\$ 9,132,387	\$ 2,328,674	\$ 11,461,061	\$ 2,869,316	\$ 803,117	\$ 3,672,433	\$ 15,133,494	\$ 13,769,005		

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

Saint John Paul II Catholic Academy, Inc.

Statement of Functional Expenses

For the year ended June 30, 2024

	Programs			Supporting Services			Total Expenses
	Instruction and Related	Summer and Extended Day	Total Programs	General and Administrative	Fundraising	Total Supporting Services	
Personnel and Related:							
Salaries	\$ 4,086,354	\$ 1,609,423	\$ 5,695,777	\$ 998,146	\$ 421,140	\$ 1,419,286	\$ 7,115,063
Payroll taxes and fringe benefits	1,018,084	76,002	1,094,086	147,582	90,208	237,790	1,331,876
Contractual services	13,381	2,867	16,248	1,912	956	2,868	19,116
Total personnel and related	5,117,819	1,688,292	6,806,111	1,147,640	512,304	1,659,944	8,466,055
Occupancy:							
Depreciation	787,575	98,447	886,022	98,447	-	98,447	984,469
Rent	450,320	-	450,320	450,320	-	450,320	900,640
Repairs and maintenance	310,171	76,183	386,354	304,733	76,183	380,916	767,270
Utilities	126,789	31,697	158,486	126,789	31,697	158,486	316,972
Insurance	33,282	8,320	41,602	33,282	8,320	41,602	83,204
Total occupancy	1,708,137	214,647	1,922,784	1,013,571	116,200	1,129,771	3,052,555
Other:							
Instructional supplies and equipment	1,145,444	68,532	1,213,976	-	-	-	1,213,976
Software and technology	225,814	-	225,814	244,631	-	244,631	470,445
Training	122,052	-	122,052	-	-	-	122,052
Office supplies	40,660	10,165	50,825	40,660	10,165	50,825	101,650
Special events	-	-	-	-	68,262	68,262	68,262
Field trips	53,075	4,615	57,690	-	-	-	57,690
Professional fees	-	-	-	52,215	-	52,215	52,215
Equipment rental	18,321	4,580	22,901	18,321	4,581	22,902	45,803
Credit losses	-	-	-	40,952	-	40,952	40,952
Dues and subscriptions	33,705	-	33,705	-	-	-	33,705
Miscellaneous	12,414	1,552	13,966	17,072	-	17,072	31,038
Advertising and marketing	8,828	-	8,828	-	2,943	2,943	11,771
Printing and postage	334	84	418	334	84	418	836
Total other	1,660,647	89,528	1,750,175	414,185	86,035	500,220	2,250,395
Total expenses	\$ 8,486,603	\$ 1,992,467	\$ 10,479,070	\$ 2,575,396	\$ 714,539	\$ 3,289,935	\$ 13,769,005

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

Saint John Paul II Catholic Academy, Inc.

Statements of Cash Flows

For the years ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Changes in net assets	\$ (755,268)	\$ (651,086)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	954,966	984,469
Credit losses	15,440	40,952
Unrealized gain on investments	(11,480)	(20,855)
Contribution receivable - right-of-use assets	88,268	88,268
Non-cash lease expenses	49,748	85,748
Changes in operating assets and liabilities:		
Grants receivable	191,548	(251,558)
Accounts receivable	(516)	-
Prepaid expenses	5,691	10,940
Accounts payable	(218,395)	289,096
Accrued expenses	183,943	16,312
Operating lease liability	(49,748)	(84,748)
Deferred revenue	7,981	27,396
Net cash provided by operating activities	<u>462,178</u>	<u>534,934</u>
Cash Flows from Investing Activities:		
Interest and dividends earned on investments	6,903	-
Acquisition of property and equipment	<u>(224,238)</u>	<u>(549,564)</u>
Net cash used in investing activities	<u>(217,335)</u>	<u>(549,564)</u>
Net Change in Cash	244,843	(14,630)
Cash:		
Beginning of year	3,025,116	3,039,746
End of year	<u>\$ 3,269,959</u>	<u>\$ 3,025,116</u>
Supplemental Disclosure of Non-Cash Transactions:		
Property and equipment in accounts payable	<u>\$ -</u>	<u>\$ 54,500</u>

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

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

1. Nature of Operations

Saint John Paul II Catholic Academy, Inc. (the Academy) was incorporated on May 9, 2008, as a Massachusetts not-for-profit corporation. The Academy operates grades pre-kindergarten up to eighth grade at three campuses located in Dorchester, Massachusetts. The Academy was formed to establish and operate a Catholic school to enhance intellectual and spiritual development of students in accordance with the teachings of Jesus Christ and the Roman Catholic Church. In April 2014, the Academy changed its name from Pope John Paul II Catholic Academy.

The Academy is included in the United States Conference of Catholic Bishops Group Ruling and in the Official Catholic Directory and, is therefore exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and is not required to file informational or income tax returns. Accordingly, no provision for income taxes is included in these financial statements. The Academy's management has reviewed the tax positions as of June 30, 2025 and 2024, and determined that no provision for income tax is required in these financial statements. Donors may deduct contributions made to the Academy within IRC requirements.

2. Significant Accounting Policies

Basis of Accounting

The Academy prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Leases

In accordance with ASU 2016-02, *Leases (Topic 842)*, the Academy determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Academy determines such assets are leased because the Academy has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Academy determines it does not have the right to control and direct the use of the identified asset. The Academy's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Academy separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its buildings, equipment, and parking spaces. The Academy has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Leases (Continued)

Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Academy determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Academy uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Academy uses a risk-free rate based on the information available at the commencement date, to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that the Academy is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Academy has elected not to record leases with an initial term of twelve months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Grants Receivable

Unconditional promises to give are reported as grants receivable at net realizable value on the date the promise is verifiably committed. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value, and those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. All grants receivable are expected to be collected within one year.

Allowance for Uncollectable Grants Receivable

The Academy receives contributions and grants from various donors. An allowance for uncollectible accounts, if any, is based on management's best estimate of amounts that may become uncollectible. All uncollectible amounts are sent to a collection agency. There was no allowance for doubtful accounts as of June 30, 2025 and 2024.

Accounts Receivable

Accounts receivable represent student tuition receivable recognized when the right to consideration is unconditional and only the passage of time is required before the payment of that consideration is due. Accounts receivable from student tuition was \$47,125 at July 1, 2023.

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Allowance for Credit Losses

At each statement of financial position date, the Academy recognizes an expected allowance for credit losses. On a quarterly basis, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded.

The allowance estimate is derived from a review of the Academy's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Academy. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability.

The Academy writes off receivables when there is information that indicates the family is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as income in the year the recovery is realized. There was no allowance for credit losses as of June 30, 2025 and 2024.

Investments

The Academy's investments are carried at fair value. Changes in fair value are reflected in the accompanying statements of activities and changes in net assets as net realized and unrealized gain or loss on investments. Interest and dividend income are recorded when earned or declared.

Investments represent the Academy's unit holdings in the Common Investment Fund, Roman Catholic Archbishop of Boston (the Common Investment Fund), a separate related organization established to provide a common investment pool in which the Academy and other related organizations may participate. The Common Investment Fund invests nearly all of its funds in the RCAB Collective Investment Partnership (the Investment Partnership); the underlying investments of which are primarily equity and fixed-income securities (U.S. Government and agency securities, asset-backed securities and corporate bonds) owned either directly or indirectly through mutual funds and private investment entities.

The fair value of the Investment Partnership's investments in actively traded domestic securities is determined by State Street Corporation. Securities listed on a securities exchange for which market quotations are readily available are valued at the last sales price or official closing price on each business day, or, if there is no such reported sale or official closing price, at the most recent quoted bid price. Securities which are primarily traded on foreign exchanges are generally valued at the preceding closing values of such securities on their respective exchanges and those values are then translated into U.S. dollars at the current exchange rate. Investments in traded foreign securities are valued by State Street Corporation at the mean between bid and asked prices. For those securities, whose prices are not available through independent pricing services, bid price quotations are obtained by State Street Corporation from principal market makers in those securities or at fair value as determined in good faith by management.

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Investments (Continued)

Investment holdings of private investment entities that are not actively traded are valued by the managers of these entities at the net asset value per share. In accordance with such guidance, the Investment Partnership has the ability to measure the fair value of an investment in an investee based on the investee's net asset value per share or its equivalent.

Property and Equipment

Property and equipment are recorded at cost when purchased or constructed and at fair value when donated (see Note 4). The Academy capitalizes assets with an individual cost in excess of \$5,000 and similar group purchases in excess of \$5,000 and a useful life of at least one year. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Leasehold improvements	40 years or life of lease
Furniture and equipment	3 - 5 years
Furniture and fixtures	5 years

Net Assets

The Academy's net assets include the following:

Net assets without donor restrictions are as follows:

Operating net assets are those net resources that bear no external restrictions and are generally available for use by the Academy; as well as reflect the net book value of the Academy's property, equipment, and ROU assets, net of any related operating lease liabilities.

Board designated net assets consist of net assets which are invested by the Board of Trustees to function as an endowment. The funds are held by the Catholic Community Fund (CCF). These funds may only be used with the approval of the Board of Trustees (see Note 9).

Net assets with donor restrictions represent amounts received or committed by donors with time or purpose restrictions that have not yet been met.

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Net Assets (Continued)

Net assets with donor restrictions consist of the following at June 30:

	2025	2024
Time - use of long-lived assets (see Note 5)	\$ 2,294,962	\$ 2,383,230
Program - scholarships	361,041	183,379
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	\$ 2,656,003	\$ 2,566,609

Revenue Recognition

The Academy generally measures revenue for qualifying exchange transactions based on the amount of consideration the Academy expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Academy satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Academy evaluates its revenue contracts with customers based on the five-step model under FASB Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts and Customers (Topic 606)* (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

The Academy recognizes revenue from student tuition during the year in which the related services are provided to students. The performance obligation of delivering educational services is satisfied through academic instruction delivered continually throughout the academic year; therefore, the revenue is recognized ratably over the course of the academic year which coincides with the fiscal year. Payment for tuition is required before the start of the academic year. Summer program and tuition deposits received in advance of services provided are recorded as deferred revenue. There was no deferred revenue as of July 1, 2023. Financial aid is granted on a financial need basis and is netted against gross tuition and fees. Tuition discounts are awarded to the children of employees who meet specified criteria. Fees are recognized at a point in time when students register for enrollment.

In accordance with ASC Subtopic 958-605, *Revenue Recognition (Topic 958)*, the Academy must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. If the condition and restriction are met in the same period, they are reported as contributions without donor restrictions. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Academy should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Grants and contributions are recorded as revenue when received or unconditionally pledged. The Academy reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor's time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions as net assets released from restrictions. Donor restricted grants and contributions received and satisfied in the same period are included in net assets without donor restrictions.

Contract revenue is recorded as the services are provided. Special event revenue is recorded in the period in which the event takes place.

All other income and revenue are recognized when earned.

In-Kind Rent and Services

The Academy received in-kind rent during fiscal years 2025 and 2024. This rent is reflected in the accompanying financial statements based upon the estimated value assigned by the donating agency and is reflected as in-kind rent in the accompanying statements of activities and changes in net assets. The related in-kind expense is included in rent in the accompanying statements of functional expenses based upon the estimated value assigned by management (see Note 5).

The Academy received additional volunteer services from individuals in various aspects of its programs for the years ended June 30, 2025 and 2024. The value of these services is not reflected in the accompanying financial statements, since the value assigned to these services by the donating volunteers does not meet the recognition criteria under U.S. GAAP.

Expense Allocation

Expenses related directly to a program or function are distributed to that program or function, while other expenses are allocated to programs or functions based upon management's estimate of the percentage attributable to each program or function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and payroll taxes and fringe benefits, which are allocated based on an estimate of time and level of effort spent on the Academy's program and supporting functions. Occupancy costs are allocated based on square footage for individual programs and functions.

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating revenue relates to investment activity.

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Advertising and Marketing Costs

The Academy expenses advertising and marketing costs as incurred.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

Fair Value Measurements

The Academy follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Academy would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Academy uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Academy. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2: Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3: Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Investments

Interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred or based on market value changes during the period (see Note 9). Investments consist exclusively of a Board designated endowment. Accordingly, investments have been classified as non-current assets in the accompanying statements of financial position regardless of maturity or liquidity. Investments are held by the CCF. Investments are not insured and are subject to ongoing market fluctuations.

Subsequent Events

Subsequent events have been evaluated through November 4, 2025, which is the date the financial statements were available to be issued. There were no such events that met the criteria for recognition or disclosure in the financial statements.

3. Related Party Transactions

Under the Academy's by-laws, the members of the Board of Trustees will be constituted as follows: one member is appointed by the Roman Catholic Archbishop of Boston (RCAB), a Corporation Sole; one member is appointed by the Fund for Catholic Schools (FCS); one of the members shall be the Superintendent of Schools of the RCAB (ex officio); one of the members shall be the Executive Director of FCS (ex officio); and one member shall be elected by the affirmative vote of at least three of the other four members. All members must receive the prior approval of the RCAB.

FCS and RCAB also provide a significant portion of the Academy's grant and funding support, as well as other services to the Academy (see Notes 5, 6, 7, 8 and 9).

4. Property and Equipment

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

	2025	2024
Leasehold improvements	\$ 33,066,934	\$ 32,957,334
Furniture and equipment	3,288,421	3,228,283
Vehicle	80,309	80,309
	36,435,664	36,265,926
Less - accumulated depreciation	(14,299,971)	(13,345,005)
	<u>\$ 22,135,693</u>	<u>\$ 22,920,921</u>

Depreciation expense related to property and equipment was \$954,966 and \$984,469 for the years ended June 30, 2025 and 2024, respectively.

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

5. Lease Commitments

The Academy had a lease agreement for regional office space through April 2025. The lease required monthly payments of approximately \$3,800. During fiscal year 2025, this lease was extended for one additional year through April 2026. The monthly lease payment aggregates to \$4,000 per the terms of the extension.

In June 2011, the Academy entered into two fifty-year lease agreements with two parishes to operate two campuses, both of which are to expire in May 2061. Rent of \$1 is due annually through May 2061 (lease maturity). The leases have been reflected in the accompanying financial statements at the fair value of the building based upon the assessed value. The value of the building is reflected as contribution receivable - ROU assets of \$2,294,962 and \$2,383,230 as of June 30, 2025 and 2024, respectively, and within net assets with donor restrictions, and is being recognized over the life of the leased buildings (see Note 2). Amortization of the ROU assets for the next five years is \$88,268 per year.

Additionally, the Academy occupies space as a tenant-at-will at two additional parishes at no charge (see Note 2). The fair value of this rent totaling \$649,200 is included in in-kind rent in the accompanying statements of activities and changes in net assets for the years ended June 30, 2025 and 2024, and in rent in the accompanying statements of functional expenses for the years then ended.

The Academy leases certain program and storage spaces under tenant-at-will arrangements. The monthly lease payments under these agreements range from \$500 to \$12,900.

The Academy also leases office equipment under an operating lease which was renewed in March 2022 and expires in June 2027. Under this agreement, the Academy is required to make monthly payments of approximately \$4,146.

The following summarizes lease costs and other information relative to operating leases as of and for the years ended June 30:

	2025	2024
Lease Costs:		
Operating lease cost	\$ 95,748	\$ 79,743
Short-term lease cost	764,650	774,085
Variable lease cost	309,951	321,319
 Total lease costs (included in rent and utilities in the accompanying statements of functional expenses)	 \$ 1,170,349	 \$ 1,175,147
 Other Information:		
Cash paid for amounts included in measuring operating lease liabilities	\$ 49,748	\$ 84,748

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

5. Lease Commitments (Continued)

	2025	2024
Weighted-average remaining lease term (years)	1.75	2.75
Weighted-average discount rate (percentage)	2.88	2.88

Maturities of lease liabilities are as follows as of June 30, 2025:

Year Ending June 30,	Operating Lease
2026	\$ 49,748
2027	37,311
Total future undiscounted lease payments	87,059
Less - present value discount	2,054
Present value of lease liabilities	\$ 85,005

6. Notes Payable

During fiscal year 2010, the Academy and FCS jointly and severally with the Revolving Loan Fund of the Corporation Sole, consolidated four construction notes into a new demand note. During fiscal year 2010, FCS also assumed jointly and severally, responsibility with the Academy of an operating demand note with the Revolving Loan Fund of the Corporation Sole. These notes were used to provide funding to the Academy and were paid upon the receipt of certain contribution receivables received by FCS. These notes were consolidated into one note. The Academy did not record this note in the accompanying financial statements as FCS had assumed responsibility to pay the full amount.

This note was a non-interest bearing and is payable over a ten-year term through October 2027.

During fiscal year 2024, FCS paid down \$378,900 of principal on the notes. The balance on the note payable was \$1,171,889 at June 30, 2024. This balance was paid in its entirety by FCS during fiscal year 2025.

7. Pension Plan

The Academy participated with other organizations affiliated with the Archdiocese in Boston in a noncontributory, defined-benefit multi-employer pension plan (the Pension Plan) covering substantially all lay employees. In July 2014, the Board of Trustees voted to withdraw from the Pension Plan and transferred the funds to a life insurance company. The Academy has no liability relating to the Plan and is no longer considered a participating employer.

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

7. Pension Plan (Continued)

The Academy participates with other organizations affiliated with the Archdiocese in Boston in a 401(k) defined contribution plan. Under the plan, the Academy contributes a maximum of 4% of eligible employee wages. Pension expense was \$203,386 and \$144,308 for the years ended June 30, 2025 and 2024, respectively, and is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

8. Concentrations

Credit Risks

The Academy maintains its cash balances in Massachusetts banks, which are insured within the limits of the Federal Deposit Insurance Corporation. At certain times during the year, cash balances exceeded the insured amounts. The Academy has not experienced any losses in such accounts. The Academy believes it is not exposed to any significant credit risk on its operating cash.

The Academy also deposits funds with the Revolving Loan Fund (see Note 6). Funds deposited within the Revolving Loan Fund are uninsured. The Academy had deposits totaling \$1,128,910 and \$511,365 with the Revolving Loan Fund at June 30, 2025 and 2024, respectively.

Economic Dependency

At June 30, 2025 and 2024, 68% and 83%, respectively, of accounts and grants receivables were due from one government agency. For the years ended June 30, 2025 and 2024, 19% of operating revenue was derived from FCS and the Campaign for Catholic Schools.

9. Endowment Funds

The Academy is the beneficiary of an endowment fund established by FCS. The Academy receives distributions from this fund for operating purposes and awards scholarships and financial aid to eligible students at the discretion of FCS. FCS retains variance power over these funds and, accordingly, the assets have not been recorded in the accompanying statements of financial position. There were no contributions made in fiscal years 2025 and 2024. The balance of these funds was \$5,384,210 and \$3,521,778 at June 30, 2025 and 2024, respectively.

The Academy receives distributions from these funds for scholarships. The Academy received distributions aggregating to \$475,869 and \$60,466 during fiscal years 2025 and 2024, respectively.

The Academy has received bequests which the Board of Trustees designated for a scholarship endowment to be held at CCF (see Note 2). The balance of these funds was \$171,036 and \$166,459 at June 30, 2025 and 2024, respectively.

Saint John Paul II Catholic Academy, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

10. Liquidity and Availability of Financial Assets

The Academy's financial assets available within one year from the statements of financial position date at June 30, 2025 and 2024, for general operating expenses are as follows:

	2025	2024
Cash	\$ 3,269,959	\$ 3,025,116
Grants receivable	225,514	417,062
Accounts receivables	67,922	82,846
	<hr/> 3,563,395	<hr/> 3,525,024
Less - net assets with donor restrictions, excluding contributed use of long-lived assets	(361,041)	(183,379)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,202,354	\$ 3,341,645
	<hr/>	<hr/>

The Academy has \$3,202,354 and \$3,341,645 of financial assets available within one year of June 30, 2025 and 2024, respectively, to meet cash needs for general expenditures. 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 statements of financial position date. The Academy is supported by tuition and fees paid in advance in addition to support from FCS and RCAB (see Note 3).