



FRANCISCAN MOUNTAIN RETREAT, INC.

REPORT ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2023



FRANCISCAN MOUNTAIN RETREAT, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Franciscan Mountain Retreat, Inc.

We have reviewed the accompanying financial statements of *Franciscan Mountain Retreat, Inc.* (a non-profit organization) which comprise the statement of financial position as of May 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of *Franciscan Mountain Retreat, Inc.* and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

The accompanying financial statements include the 2022 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 in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended May 31, 2022, from which the summarized information was derived.

Bysiek CPA, PLLC

BYSIEK CPA, PLLC
SEPTEMBER 30, 2023
OLEAN, NY

As of May 31,

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 999,782	\$ 1,089,060
Pledges receivable	65	10,669
Accounts receivable	7,120	7,635
Total current assets	1,006,967	1,107,364
Property and equipment, net	749,927	806,126
Other assets		
Investments	4,363,116	4,298,361
Total other assets	4,363,116	4,298,361
Total assets	\$ 6,120,010	\$ 6,211,851
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ -	\$ 62,714
Total current liabilities	-	62,714
Net assets		
Without donor restrictions		
Board-designated	\$ 531,977	\$ 515,150
Property and equipment	749,927	806,126
Other	4,560,709	4,553,933
Total without donor restrictions	5,842,612	5,875,208
With donor restrictions	277,398	273,929
Total net assets	6,120,010	6,149,137
Total liabilities and net assets	\$ 6,120,010	\$ 6,211,851

FRANCISCAN MOUNTAIN RETREAT, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

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For the Year Ended May 31,

	2023			2022	
	Without Donor Restrictions		With Donor	Total	Total
	Operating	Board-designated	Restrictions		
Support and revenue					
Contributions	\$ 400,708	\$ -	\$ 33,014	\$ 433,722	\$ 563,266
SBU operating	90,000	-	-	90,000	90,000
Overnights	30,404	-	-	30,404	33,754
Special events	15,679	15,679	-	31,358	21,367
Dividends and interest	75,923	-	-	75,923	56,987
Other sources	5,882	-	-	5,882	17,613
Net assets released from restrictions	29,545	-	(29,545)	-	-
Total support and revenue	648,141	15,679	3,469	667,289	782,987
Expenses					
Program services	640,634	-	-	640,634	562,291
Management and general	36,537	-	-	36,537	27,643
Fundraising	43,599	-	-	43,599	36,295
Total expenses	720,770	-	-	720,770	626,228
Excess of support and revenue over expenses	(72,629)	15,679	3,469	(53,481)	156,759
Other changes in net assets					
Gains (losses) on investments	(2,756)	27,110	-	24,354	(336,656)
Transfers	25,962	(25,962)	-	-	-
Total other changes in net assets	23,206	1,148	-	24,354	(336,656)
Change in net assets	(49,423)	16,827	3,469	(29,127)	(179,897)
Net assets, beginning of year	5,360,059	515,150	273,929	6,149,137	6,329,034
Net assets, end of year	\$ 5,310,636	\$ 531,977	\$ 277,398	\$ 6,120,010	\$ 6,149,137

See accompanying notes and independent accountant's review report

FRANCISCAN MOUNTAIN RETREAT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended May 31,

	2023				2022	
	Program service	Management and general	Fundraising	Total	Total	
Salaries and wages	\$ 193,097	\$ 10,728	\$ 10,728	\$ 214,552	\$	179,512
Payroll taxes	15,956	886	886	17,729		14,910
Employee benefits	25,869	1,437	1,437	28,743		29,760
Friar stipends	81,000	4,500	4,500	90,000		90,000
Contracted services	39,010	-	-	39,010		47,105
Occupancy	34,221	1,901	1,901	38,023		31,927
Advertising and promotion	6,066	337	337	6,740		7,421
Professional fees	7,547	419	419	8,385		10,529
Programming	11,293	-	-	11,293		7,865
Printing	10,588	-	2,647	13,235		14,998
Postage and shipping	3,839	-	960	4,799		7,302
Supplies	5,662	-	1,415	7,077		8,228
Information technology	8,161	-	2,040	10,201		12,732
Repairs and maintenance	29,528	1,640	1,640	32,809		27,742
Utilities	25,982	1,443	1,443	28,869		26,308
Property taxes	5,728	318	318	6,364		6,581
Travel and entertainment	34,018	7,290	7,290	48,597		12,930
Depreciation	64,634	3,591	3,591	71,816		53,940
Insurance	27,478	1,527	1,527	30,531		26,577
Donations	1,610	-	-	1,610		1,003
Miscellaneous	9,348	519	519	10,387		8,858
	<u>\$ 640,634</u>	<u>\$ 36,537</u>	<u>\$ 43,599</u>	<u>\$ 720,770</u>	<u>\$</u>	<u>626,228</u>

See accompanying notes and independent accountant's review report

<i>For the Year Ended May 31,</i>	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (29,127)	\$ (179,897)
Depreciation expense	71,816	53,940
(Gains) losses on investments	(24,354)	336,656
Forgiveness of Paycheck Protection Program loan	-	(17,300)
Restricted contributions	(33,014)	(85,162)
Adjustments to reconcile change in net assets to net change in cash provided by operating activities:		
Change in:		
Pledges receivable	10,605	35,162
Accounts receivable	515	215
Accounts payable	(62,714)	62,714
Net cash provided by (used in) operating activities	(66,274)	206,328
Cash flows from investing activities		
Purchases of investments	(40,401)	(45,450)
Purchases of capital assets	(15,617)	(97,472)
Net cash used in investing activities	(56,018)	(142,922)
Cash flows from financing activities		
Restricted contributions	33,014	85,162
Net cash provided by financing activities	33,014	85,162
Net change in cash and cash equivalents	(89,278)	148,567
Cash, beginning of year	1,089,060	940,492
Cash, end of year	\$ 999,782	\$ 1,089,060

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Nature of Operations

Franciscan Mountain Retreat, Inc. is a not-for-profit corporation rooted in the Catholic and Franciscan tradition. Grounded in the Gospel of Jesus Christ and inspired by the lives of Saints Francis and Clare of Assisi, the Mountain offers a contemplative place of retreat and hosts a variety of programs that offer spiritual renewal and a celebration of prayer, work, and leisure.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Thus, revenues are recognized when earned, and expenses are recognized when incurred.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification Topic 958, *Financial Statements of Not-for-Profit Organizations*. The Organization adopted FASB Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements for Not-for-Profit Entities*. The unrestricted net asset class has been renamed *Net Assets Without Donor Restrictions*. The temporarily and permanently restricted net asset classes have been consolidated under the name *Net Assets With Donor Restrictions*. Board-designated net assets, which are reported as a component of *Net Assets Without Donor Restrictions*, include amounts on deposit in the Organization's building maintenance fund, along with funds designated for a future land purchase.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization's deposits were not in excess of FDIC insurance at as of May 31, 2023.

F. Investments

Investments with readily determinable fair values are valued at their fair values using quoted market prices or the funds' statements of financial position. Gains and losses on investments are reflected as other changes in net assets in the Statements of Activities.

G. Reclassifications

Certain accounts in the prior year have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements.

H. In-kind Contributions

A number of unpaid volunteers have made contributions to *Franciscan Mountain Retreat, Inc.* and its programs. The value of this contributed time is reflected in these statements when it meets the criteria for recognition under FASB ASC Topic 958 and is susceptible to objective measurement and valuation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

I. Property, Equipment, and Depreciation

Equipment and improvements to the building and grounds are recorded at historical cost. Donations of property and equipment are recorded as unrestricted contributions at their estimated fair value at the date of the donation. All expenditures above \$1,000 that materially prolong the useful lives of assets are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets ranging from 5 to 39 years.

J. Support and Revenue

Franciscan Mountain Retreat, Inc. receives its revenue from a variety of sources, including contributions and fees for services. Guests who stay overnight, or for an extended period of time in one of the Organization's buildings, are asked to pay small stipends. The Organization also receives an annual allotment from St. Bonaventure University for services provided to students and the surrounding communities. Additionally, contributions solicited from donors and grants received constitute non-exchange transactions, requiring application of the contribution accounting model, according to the provisions of ASU 2018-08. A contribution is recognized as revenue when a donor makes an unconditional promise to give. Contributions restricted by the donor/grantor are reported as increases in net assets with donor restrictions. When a restriction expires, these amounts are reported in the as net assets released from restrictions.

K. Functional Expenses

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Expenses that are readily identifiable to a specific program or supporting service are charged directly to that service. Expenses attributable to more than one program or supporting service are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and occupancy expenses, which are allocated based on estimated usage, square footage, or employment related expenses, which when not directly related to a program, are allocated based on estimates of time and effort.

L. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision has been made for income taxes in the accompanying financial statements. Tax returns remaining open for examination by taxing authorities include those for the previous three years.

M. Liquidity Management

The Organization regularly reviews its financial position and operations, including the liquidity required to meet general expenditures, liabilities, and obligations that may come due. Financial assets available for meeting such expenditures in the next fiscal year, including cash and cash equivalents, receivables and investments, totaled approximately \$5,400,000.

N. Subsequent Events

Management has evaluated events and transactions through the date of this report.

NOTE 2: INVESTMENTS

Investments are classified internally as follows:

As of May 31:	2023	2023
	Market Value	Cost
Regular endowment	\$ 2,906,942	\$ 2,772,410
Sustainability	1,121,555	1,042,911
Building maintenance	334,619	311,303
Total	<u>\$ 4,363,116</u>	<u>\$ 4,126,624</u>

As of May 31:	2022	2022
	Market Value	Cost
Regular endowment	\$ 2,954,167	\$ 2,806,376
Sustainability	1,075,444	1,006,242
Building maintenance	268,750	246,968
Total	<u>\$ 4,298,361</u>	<u>\$ 4,059,586</u>

The sustainability fund is composed of amounts raised to ensure viability of the Organization’s ministry programs in the future. The building maintenance fund includes board-designated amounts set aside to provide for future capital expansion and maintenance needs. The regular endowment is a quasi-endowment including amounts that have been contributed to the Organization in prior years and set aside to fund the long-term needs of the Organization. The following summarizes investment returns and their classification in the Statements of Activities:

For the Year Ending May 31,	2023	2022
Interest and dividends	\$ 83,895	\$ 64,873
Investment management fees	(7,972)	(7,886)
Gains (losses) on investments	24,354	(336,656)
Net overall investment return	<u>\$ 100,277</u>	<u>\$ (279,669)</u>

NOTE 3: FAIR VALUE MEASUREMENTS

The Organization’s investment accounts are held by Merrill Lynch Wealth Management and Bank of America, are reported at fair value in the accompanying Statement of Financial Position. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent resources, while unobservable inputs reflect the Organization’s market assumptions. These types of inputs create the following fair value hierarchy: Level 1 inputs consist of quoted prices for identical instruments in active markets, Level 2 inputs consist of quoted prices in active markets for similar assets or liabilities or quoted prices in inactive markets for identical or similar assets or liabilities and model-derived valuations whose significant inputs are observable. Level 3 consists of instruments whose significant inputs are unobservable. The Organization uses appropriate valuation techniques based on available inputs to measure the fair value of its investments.

NOTE 3: FAIR VALUE MEASUREMENTS (CON'T)**May 31, 2023**

Description	Level 1		Total
Fixed income	\$	1,238,408	\$ 1,238,408
Equities		2,941,483	2,941,483
Money market		183,225	183,225
Total	\$	4,363,116	\$ 4,363,116

May 31, 2022

Description	Level 1		Total
Fixed income	\$	1,258,371	\$ 1,258,371
Equities		2,951,399	2,951,399
Money market		88,591	88,591
Total	\$	4,298,361	\$ 4,298,361

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	Balance 5/31/2022	Additions	Disposals	Balance 5/31/2023
Building and improvements	\$ 1,375,444	\$ 15,600	\$ -	\$ 1,391,044
Land	116,451	-	-	116,451
Vehicles	294,714	-	-	294,714
Furniture and equipment	36,338	-	-	36,338
Wireless infrastructure	17,194	-	-	17,194
Solar panels	73,846	16	-	73,862
Sub-total	1,913,987	15,616	-	1,929,604
Accumulated depreciation	(1,107,861)	(71,816)	-	(1,179,677)
Total	\$ 806,126	\$ (56,199)	\$ -	\$ 749,927

Depreciation expense was approximately \$71,000 and \$54,000 for the years ending May 31, 2023 and 2022, respectively.

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributions from donors earmarked for specific purposes. Net assets without donor restrictions include those designated by the board for particular uses in the future. Nets include the following as of May 31, 2023:

With donor restrictions (purpose restricted)	\$ 277,398
Without donor restrictions:	
Board-designated	531,977
Property and equipment	754,264
Undesignated	<u>4,560,709</u>
	<u>5,846,949</u>
Total net assets	<u>\$6,124,347</u>