

 **THE BROTHERHOOD OF SAINT GREGORY**

A NOT-FOR-PROFIT ORGANIZATION

COMPILED FINANCIAL STATEMENTS

DECEMBER 31, 2021 & 2020

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The Brotherhood of St. Gregory, Inc.
(a Not-for-Profit Organization)

CONTENTS
December 31, 2021 & 2020

	Page
Independent Accountants' Compilation Report	1
Financial Statements:	
Statements of Assets, Liabilities and Net Assets - Modified Cash Basis	2
Statements of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis	3
Notes to Financial Statements	4-8

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors:
THE BROTHERHOOD OF ST. GREGORY, INC

Management is responsible for the accompanying financial statements of The Brotherhood of St. Gregory, Inc., (a not-for-profit organization) which comprise the statement of net assets, liabilities and net assets – modified cash basis, as of December 31, 2021 and 2020, and the related statements of revenues, expenses, and changes in net assets – modified cash basis, for the years' then ended, and the related note to the financial statements and for determining the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on this financial statement.

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Keith Boyer, Certified Public Accountant, LLC

Keith Boyer Certified Public Accountant, LLC

White Plains, NY
May 12, 2022

THE BROTHERHOOD OF ST. GREGORY, INC
(A Not-for-Profit Organization)

**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS**

December 31,	2021	2020
Assets:		
Cash and Cash Equivalents	128,013	100,611
Investments	828,631	758,814
Total Assets	\$ 956,644	\$ 859,425
Liabilities:		
	-	-
Total Liabilities	-	-
Net Assets		
Unrestricted	956,644	859,425
Temporarily restricted	-	-
Permanently restricted	-	-
Total Net Assets	956,644	859,425
Total Liabilities and Net Assets	\$ 956,644	\$ 859,425

See accompanying notes and independent accountants' compilation report.

THE BROTHERHOOD OF ST. GREGORY, INC
(A Not-for-Profit Organization)

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS**

Year ended December 31,	2021	2020
Revenue		
Member Tithes - Current Year	121,493	108,633
Member Tithes - Prior Year	5,732	2,166
Associates Contributions	-	-
Pledgeling Found.-App Donations	923	450
Undesignated Donations	50	74
Annual Convocation	-	-
Publications	-	-
Investment Income	29,269	26,255
Unrealized Gain/(Loss)	39,820	91,225
Total Revenue	197,287	228,803
Expenses:		
Program Services:		
Br John E. Nidecker Education Fund	748	3,360
NAECC Participation	150	150
Publications	3,106	3,476
Postulant and Novices Program	109	150
Education Program	-	-
Minister General Discretionary	-	-
Outreach Grants	33,490	15,354
Convocation and Council	46,348	34,120
Vocation Program	0	0
Golden Jubilee Committee Expense	0	0
Total Program Services	83,951	56,610
Management and General:		
Habit Parts	(79)	159
Insurance	3,360	3,453
Office Expenses	6,675	5,790
Public Relations/Advertising	733	1,609
Provincial Expense	5,427	2,978
Total Management and General	16,116	13,989
Total Expenses	100,067	70,599
Excess/(Deficit) of Revenue over Expenses	97,220	158,204
Net Assets-Unrestricted, Beginning of Year,	859,425	701,221
Net Assets-Unrestricted, End of Year	956,644	859,425

See accompanying notes and independent accountants' compilation report.

1. ORGANIZATION, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Brotherhood of Saint Gregory, Inc, (the Brotherhood), is a Christian Community of the Episcopal Church, whose members follow a common rule and serve the church on parochial, diocesan, and national levels. Members – clergy and lay, without regard to marital status – live individually, in small groups, or with their families. They support themselves and the community through their secular or church-related work, making use of their God-given talents in the world while not being of the world. The trust that all labor and life can be sanctified is summed in the community's motto: *Sole Deo Gloria*, To God Alone the Glory.

Richard Thomas Biernacki, the present Minister General, founded the Brotherhood on Holy Cross Day 1969.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the modified cash basis of accounting income is recognized when received, expenses are recognized when paid. Assets are recognized when received and reduced when paid out, or impaired. The carrying value of *Investment Income* reflects distributions actually received from the investments not the proportionate earnings of the DFMS portfolio, which is discussed further in the Note below entitled *Investments*.

New Accounting Standard

FASB (Financial Accounting Standards Board), Accounting Standards Codification (ASC) 606, requires entities to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. As defined in the FASB ASC Master Glossary a contribution is an unconditional transfer of cash, or other assets, as well as unconditional promise to give, to an entity or a reduction, settlement, or cancellation of its liabilities in a voluntary nonreciprocal transfer by the member. As such *Member Tithes* are contributions as there is no transfer of good and services for value.

Any revenue related to the revenue recognition standard is de-minimis, i.e., purchase of habit parts or sale of publications.

Tax Status

The Brotherhood is exempt from Federal Income Tax under Section 501 (a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The Brotherhood adopted the accounting standard for uncertainty in income taxes, which prescribes a minimum recognition threshold, and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of the accounting standards did not have an impact on the Brotherhood's financial statements.

In assessing the realizability of tax benefits, management considers whether it is more likely than not that, some portion or all of any tax position will not be realized. The ultimate realization of such tax positions is dependent upon the generation of future income. Management considers projected future income, and tax planning strategies in making this assessment. Based upon the level of historical income and projections for future income, management believes it is more likely than not that, the Brotherhood will realize all tax benefits. Management believes that its tax-exempt status would be sustained upon examination.

1. ORGANIZATION, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES:

Tax Status (continued)

If applicable, the Brotherhood would classify interest and penalties on underpayments of income tax as miscellaneous expenses.

The Brotherhood does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the fiscal year ended December 31, 2021. However, The Brotherhood is subject to regular audit by tax authorities. The Brotherhood believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

The Brotherhood files income tax returns in the United States Federal and New York State jurisdictions. With few exceptions, the Brotherhood is no longer subject to U.S. federal or state income tax examinations by tax authorities for fiscal years before 2017.

Basis of Presentation

The Brotherhood reports its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

These classes are defined as follows:

Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by The Brotherhood is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of The Brotherhood.

Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by The Brotherhood is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of The Brotherhood pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities. However, if a restriction is fulfilled in the same time period in which the contribution is received, The Brotherhood reports the support as unrestricted.

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

As of December 31, 2021 and 2020 there were no *Permanently or Temporarily Restricted* net assets.

Investments

The Brotherhood carries its investments at fair value. In accordance with accounting standards, investments have been measured at fair value determined by quoted market prices and realized and unrealized gains and losses are reported in the statement of activities. Income from investments is considered unrestricted net assets unless restricted by a donor. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1. ORGANIZATION, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES:

Investments (continued)

The *Fair Value Measurements* topic of the FASB ASC 820 (Financial Accounting Standards Board/Accounting Standards Codification) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair market value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs, (Level 3). The three levels of fair value hierarchy are described below:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2- Inputs to the valuation methodology that are observable for the asset or liability, either directly or indirectly, include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2020. The Brotherhood's investments consist of trust fund investments held by the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America, (DFMS) which are considered Level 2 inputs.

Investments/Fair Value Measurement

Assets at Fair Value as of December 31, 2021

	Level 1	Level 2	Level 3	Total
Trust Fund		<u>\$828,631</u>		<u>\$828,631</u>
Total Assets at Fair Value		<u>\$828,631</u>		<u>\$828,631</u>

1. ORGANIZATION, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES:

Investments/Fair Value Measurement (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could affect the Foundation's statement of financial position and statement of activities.

The Brotherhood adopted the provisions of the fair value measurements standard for certain non-financial assets and liabilities. Under this standard, the Brotherhood reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the entity recognizes an impairment loss. No impairment losses were recognized for the year ended December 31, 2021 and 2020.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles of the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

Concentration of Credit Risk

Financial instruments that potentially subject the Brotherhood to concentrations of credit risk consist principally of cash deposits. The Federal Deposit Insurance Corporation (FDIC) up to \$250,000 insures accounts at each institution. At no time during the year did the balance exceed the insured limits.

Assets held with the DMFS, (fair value, \$826,631 and \$758,814, 2021 and 2020, respectively) are not insured.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date of December 31, 2021 and through the accountant's report date and date of issuance, May 12, 2022. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles in the United States of America. Management has determined that there are no unrecognized subsequent events that require additional disclosure.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less. As of December 31, 2021 and 2020, cash and cash equivalents totaled \$128,013 and \$100,611, respectively.

2. INVESTMENTS:

The Brotherhood participates in a trust fund maintained by the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America, (DFMS). As of December 31, 2021 & 2020, The Brotherhood's participation was 27,373.606 & 26,352.825 shares, respectively. On a quarterly basis, DFMS distributes funds to participants. These distributions, have been reflected in these financial statements as *Investment Income*.

Member Tithes are discretionary contributions received from members of the Brotherhood. Economic conditions, the number of participating members and personal circumstances will affect and has affected the revenue of the organization. Members agree, on an annual basis to

3. REVENUE

All members take a vow, as a condition of membership, to tithe at least 5% of their income to the Brotherhood. The tithe is the minimum standard of Christian giving consistent with the Episcopal Church. Member's are expected to contribute a monthly payment of at least 5% of monthly income.

GLOSSARY:

AICPA	American Institute of Certified Public Accountants
ASC	Accounting Standards Codification
FASB	Financial Accounting Standards Board