

THE BROTHERHOOD OF SAINT GREGORY

A NOT-FOR-PROFIT ORGANIZATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023 & 2022

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

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

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

December 31,	2023	2022
Assets:		
Cash and Cash Equivalents	151,407	156,134
Investments	764,633	666,689
Total Assets	\$ 916,040	\$ 822,823
Liabilities:		
	-	-
Total Liabilities	-	-
Net Assets		
Unrestricted	916,040	822,823
Temporarily restricted	-	-
Permanently restricted	-	-
Total Net Assets	916,040	822,823
Total Liabilities and Net Assets	\$ 916,040	\$ 822,823

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,	2023	2022
Revenue		
Member Tithes - Current Year	121,612	118,705
Member Tithes - Prior Year	1,506	1,498
Associates Contributions	-	-
Pledgeling Found.-App Donations	1,005	833
Undesignated Donations	280	850
Annual Convocation	-	-
Publications	-	(599)
Investment Income	36,652	32,883
Unrealized Gain/(Loss)	67,944	(191,942)
Total Revenue	228,999	(37,772)
Expenses:		
Program Services:		
Br John E. Nidecker Education Fund	2,502	2,500
NAECC Participation	1,178	200
Publications	2,080	-
Postulant and Novices Program	-	-
Education Program	-	-
Minister General Discretionary	40	-
Outreach Grants	29,060	28,700
Convocation and Council	75,800	43,269
Vocation Program	-	1,143
Golden Jubilee Committee Expense	-	-
Total Program Services	110,660	75,812
Management and General:		
Habit Parts	1,713	944
Insurance	3,700	3,480
Office Expenses	9,349	8,288
Public Relations/Advertising	1,938	1,611
Provincial Expense	8,413	5,906
Reconciliation Discrepancies	9	8
Total Management and General	25,122	20,237
Total Expenses	135,782	96,049
Excess/(Deficit) of Revenue over Expenses	93,217	(133,821)
Net Assets-Unrestricted, Beginning of Year,	822,823	956,645
Net Assets-Unrestricted, End of Year	916,040	822,823

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.

Income Taxes

The Brotherhood follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Brotherhood is exempt from federal income tax under IRC section 502(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the Internal Revenue Code. The Brotherhood processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it was nexus, and to identify and evaluate other matters that may be considered tax positions. At December 31 2023, and 2022, The Brotherhood has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

1. ORGANIZATION, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES:

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, 2023 and 2022 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.

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;

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 & 2022

1. ORGANIZATION, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES:

Investments (continued)

- 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, 2023. 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, 2023

	Level 1	Level 2	Level 3	Total
Trust Fund		<u>\$764,633</u>		<u>\$764,633</u>
Total Assets at Fair Value		<u>\$764,633</u>		<u>\$764,633</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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 & 2022

1. ORGANIZATION, TAX STATUS AND SIGNIFICANT ACCOUNTING POLICIES:

Investments (continued)

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, 2023 and 2022.

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, \$764,633 and \$666,689, 2023 and 2022, respectively) are not insured.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date of December 31, 2023 and through the accountant's report date and date of issuance, July 17, 2024. 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, 2023 and 2022, cash and cash equivalents totaled \$151,407 and \$156,134, 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, 2023 & 2022, The Brotherhood's participation was 29,795.746 & 28,575.448 shares, respectively. On a quarterly basis, DFMS distributes income to participants. These distributions have been reflected in these financial statements as *Investment Income*,

The initial investment in the DFMS Trust was made many years ago. From time to time the Brotherhood adds to the investment and withdrawals from the investment. In both 2023 and 2022, \$30,000 was contributed to the fund, adding 1,220.2980 and 1,201.8420 shares, respectively, translating to a cost per share of \$24.58 and \$24.96, respectively.

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Changes in market value are reflected on the Statement of Revenues, Expenses, and Changes in Net Assets, under the category, *Revenue*, classification, *Unrealized Gain or Loss* to adjust the valuation as of the end of each year, to the current market value as per the *Trust Fund Dividend Reports – Fourth Quarter*, (each year) as provided by the DFMS. For 2023 and 2022 the respective unrealized gain or (loss) were, \$67,346 and (\$191,942). In the preparer’s opinion, the performance of the fund is relatively consistent with the broader stock market, in general.

As of the end of 2023 and 2022, the respective valuation per share was \$25.662 and \$23.331, respectively.

3. REVENUE

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.

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