

***MATER ECCLESIAE FUND FOR VOCATIONS, INC.***

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

DUNHAM, AUKAMP & RHODES, PLC  
Certified Public Accountants  
Chantilly, Virginia

***MATER ECCLESIAE FUND FOR VOCATIONS, INC.***

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7-11

# Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

4443 Brookfield Corporate Drive, Suite 110  
Chantilly, VA 20151

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
*Mater Ecclesiae* Fund for Vocations, Inc.  
Esmont, VA

### Opinion

We have audited the accompanying financial statements of *Mater Ecclesiae* Fund for Vocations, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Mater Ecclesiae* Fund for Vocations, Inc. as of December 31, 2023 and 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of *Mater Ecclesiae* Fund for Vocations, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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; 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 *Mater Ecclesiae* Fund for Vocations, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

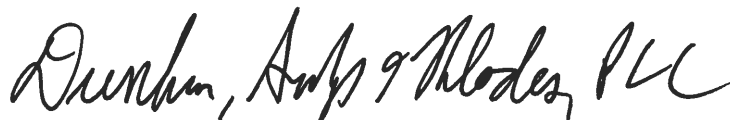
## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of *Mater Ecclesiae* Fund for Vocations, Inc.'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 *Mater Ecclesiae* Fund for Vocations, Inc.'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.



Certified Public Accountants  
Chantilly, Virginia

June 25, 2024

**MATER ECCLESIAE FUND FOR VOCATIONS, INC.**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31,**

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 1,324,625	\$ 1,022,106
Accounts receivable	-	1,887
Pledges receivable	20,000	-
Prepaid expenses	20,727	6,205
Total Current Assets	<u>1,365,352</u>	<u>1,030,198</u>
Property and Equipment		
Property and equipment	5,225	5,225
Less: Accumulated depreciation	<u>(4,243)</u>	<u>(3,224)</u>
Net Property and Equipment	<u>982</u>	<u>2,001</u>
 Total Assets	 <u><u>\$ 1,366,334</u></u>	 <u><u>\$ 1,032,199</u></u>
 Current Liabilities		
Accounts payable	\$ 18,075	\$ 10,179
Payroll liabilities	6,884	7,500
Contingent grant liability - See Note 2	-	-
Total Liabilities	<u>24,959</u>	<u>17,679</u>
 Net Assets		
Without donor restrictions	1,286,736	921,495
With donor restrictions	<u>54,639</u>	<u>93,025</u>
Total Net Assets	<u>1,341,375</u>	<u>1,014,520</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,366,334</u></u>	 <u><u>\$ 1,032,199</u></u>

See accompanying notes and independent auditor's report.

**MATER ECCLESIAE FUND FOR VOCATIONS, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31,**

	<b>2023</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>			
Contributions	\$ 927,040	\$ 76,551	\$ 1,003,591
Investment income	11,065	-	11,065
Net assets released from restrictions	114,937	(114,937)	-
Total Revenues	1,053,042	(38,386)	1,014,656
<b>Expenses</b>			
Program	538,104	-	538,104
Management and general	39,317	-	39,317
Fundraising	110,380	-	110,380
Total Expenses	687,801	-	687,801
Change in Net Assets	365,241	(38,386)	326,855
Net Assets, Beginning of Year	921,495	93,025	1,014,520
Net Assets, End of Year	\$ 1,286,736	\$ 54,639	\$ 1,341,375
<b>2022</b>			
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>			
Contributions	\$ 851,740	\$ 7,240	\$ 858,980
Investment income	2,392	-	2,392
Net assets released from restrictions	121,363	(121,363)	-
Total Revenues	975,495	(114,123)	861,372
<b>Expenses</b>			
Program	439,410	-	439,410
Management and general	40,106	-	40,106
Fundraising	62,895	-	62,895
Total Expenses	542,411	-	542,411
Change in Net Assets	433,084	(114,123)	318,961
Net Assets, Beginning of Year	488,411	207,148	695,559
Net Assets, End of Year	\$ 921,495	\$ 93,025	\$ 1,014,520

See accompanying notes and independent auditor's report.

**MATER ECCLESIAE FUND FOR VOCATIONS, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 326,855	\$ 318,961
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,019	1,045
(Gain) Loss on investments	(124)	459
Contributed securities	(31,698)	(22,890)
Changes in assets and liabilities:		
(Increase) Decrease in pledges receivable	(20,000)	18,425
Decrease (Increase) in accounts receivable	1,887	(183)
Increase in prepaid expense	(14,522)	(1,344)
Increase in accounts payable	7,896	7,700
Decrease in payroll liabilities	(616)	(17,872)
Net cash provided by operating activities	<u>270,697</u>	<u>304,301</u>
Cash Flows from Investing Activities		
Proceeds on sales of investments	<u>31,822</u>	<u>22,431</u>
Net cash provided by investing activities	<u>31,822</u>	<u>22,431</u>
Net change in cash and cash equivalents	302,519	326,732
Cash and Cash Equivalents		
Beginning of year	<u>1,022,106</u>	<u>695,374</u>
End of year	<u>\$ 1,324,625</u>	<u>\$ 1,022,106</u>

**MATER ECCLESIAE FUND FOR VOCATIONS, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31,**

<b>2023</b>					
Support Services					
	Program	Management and General	Fund- raising	Total Support Services	Total
Grants	\$ 199,659	\$ -	\$ -	\$ -	\$ 199,659
Salaries and benefits	155,262	8,258	41,148	49,406	204,668
Communications consultants	54,636	-	13,364	13,364	68,000
Printing and reproduction	42,425	312	24,290	24,602	67,027
Travel and conferences	37,049	1,124	2,760	3,884	40,933
Postage	16,814	2,066	10,770	12,836	29,650
Payroll taxes	11,325	590	2,952	3,542	14,867
Professional fees	-	14,777	-	14,777	14,777
Mailing list rental	8,695	-	5,797	5,797	14,492
Website and database	5,375	-	1,359	1,359	6,734
Supplies	2,776	1,890	156	2,046	4,822
Bank service charges	-	4,466	-	4,466	4,466
Publicity	-	-	4,320	4,320	4,320
Licenses and permits	-	3,187	-	3,187	3,187
Rent	1,960	140	700	840	2,800
Telephone and internet	1,064	639	120	759	1,823
Donor appreciation	319	-	1,279	1,279	1,598
Dues and subscriptions	685	380	370	750	1,435
Depreciation	-	1,019	-	1,019	1,019
Staff development	-	-	995	995	995
Miscellaneous	60	469	-	469	529
<b>Total Expenses</b>	<b>\$ 538,104</b>	<b>\$ 39,317</b>	<b>\$ 110,380</b>	<b>\$ 149,697</b>	<b>\$ 687,801</b>

<b>2022</b>					
Support Services					
	Program	Management and General	Fund- raising	Total Support Services	Total
Grants	\$ 180,737	\$ -	\$ -	\$ -	\$ 180,737
Salaries and benefits	161,572	8,353	43,309	51,662	213,234
Communications consultants	46,067	-	6,858	6,858	52,925
Printing and reproduction	9,954	913	3,683	4,596	14,550
Postage	10,761	577	3,074	3,651	14,412
Dues and subscriptions	-	14,147	-	14,147	14,147
Payroll taxes	7,572	1,264	1,631	2,895	10,467
Professional fees	8,504	-	-	-	8,504
Licenses and permits	3,838	1,037	1,424	2,461	6,299
Travel and conferences	2,826	1,441	825	2,266	5,092
Bank service charges	-	3,499	-	3,499	3,499
Telephone and internet	-	3,457	-	3,457	3,457
Website and database	3,196	-	75	75	3,271
Donor appreciation	2,026	273	497	770	2,796
<b>Total Expenses</b>	<b>\$ 439,410</b>	<b>\$ 40,106</b>	<b>\$ 62,895</b>	<b>\$ 103,001</b>	<b>\$ 542,411</b>

See accompanying notes and independent auditor's report.



# **MATER ECCLESIAE FUND FOR VOCATIONS, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 – Organization and Summary of Significant Accounting Policies**

The *Mater Ecclesiae* Fund for Vocations, Inc. (the Fund) is a nonprofit organization incorporated under the laws of the Commonwealth of Virginia in November 2006. The purpose of the Fund is to relieve individuals with vocations to the priesthood or religious life of the burden of their pre-existing student loans, and enable them to begin their formation immediately, rather than after the many years it would take them to repay the loans on their own. The Fund accomplishes its purpose by making the required payments on its grant recipients' student debts throughout their period of formation with the agreement that the debts will be fully paid by the fifth anniversary of ordination or final vows. The Fund's support comes primarily from contributions and grants.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

- (a) **Basis of Presentation** – The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expense is recognized when the obligation is incurred.
- (b) **Financial Statement Presentation** – The Fund is required to report information regarding its financial position and activities according to two classes of net assets; without donor restrictions and with donor restrictions.

Without donor restrictions – includes unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the general operation of the Fund.

With donor restrictions – includes revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Fund and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

- (c) **Support and Expenses** – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Fund reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reported in the statement of activity as net assets released from restrictions.
- (d) **Statements of Cash Flows** – The Fund considers substantially all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.
- (e) **Investments** – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

# **MATER ECCLESIAE FUND FOR VOCATIONS, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**(Continued)**

### **NOTE 1 – Organization and Summary of Accounting Policies (Continued)**

- (f) Accounts Receivable and Pledges Receivable – Accounts receivable and pledges receivable are presented at net realizable value. Management periodically reviews the status of receivable balances for collectability. Each receivable balance is assessed based on management’s knowledge of and relationship with the donor and the age of the receivable balance. No allowance for doubtful accounts was deemed necessary for the years ended December 31, 2023 and 2022.
- (g) Property and Equipment – Property and equipment in excess of \$500 are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets, generally five years. Expenditures for maintenance and repairs are charged against income as incurred; betterments that increase the value or materially extend the life of the related assets are capitalized.
- (h) Income Taxes – The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code on all income other than unrelated business income. Accordingly, no provision for income tax has been provided in the accompanying financial statements. The Fund has been determined not to be a private foundation as defined under Section 509(a).
- (i) Uncertain Tax Positions – As of December 31, 2023, the Fund had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended December 31, 2020 through 2022.
- (j) Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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.
- (k) Concentrations of Credit and Market Risk – Financial instruments that potentially expose the Fund to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at a high-quality financial institutions and credit exposure is limited at any one institution. The Fund occasionally maintains bank balances in excess of Federal Depositary Insurance Corporation limits. The Fund has not experienced any losses on its cash equivalents. The Fund’s investments do not represent a significant concentration of market risk.
- (l) Advertising Costs – Advertising costs are expensed as incurred.

**MATER ECCLESIAE FUND FOR VOCATIONS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(Continued)**

**NOTE 2 – Grants and Contingent Payables**

Payment on grants awarded by the Fund is contingent on the grant recipients remaining in formation for the priesthood or religious life. If the recipient leaves formation, grant payments cease immediately. It is not possible to determine if an individual grant recipient will persevere in formation or when he or she might leave. Therefore, no liability is recognized in the financial statements for future grant payments. Grant payments totaling \$199,659 and \$180,737 were made in the years ended December 31, 2023 and 2022, respectively.

The Fund awarded new grants in 2023 with an outstanding principal balance of \$742,688. Cumulatively, the Fund has awarded and is contingently liable for grants with a combined principal balance of \$1,301,074 as of December 31, 2023. Interest rates on the grants vary from approximately 3% to 12%. These grants are payable over the next ten years.

**NOTE 3 – Net Assets with Donor Restrictions**

Net assets were restricted for the following specific program services as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deo Gratias Fund	\$ -	\$90,138
A Midwest Teaching Sister	52,719	-
Abbey of St. Walburga	575	1,542
A Trappistine Novice	<u>1,345</u>	<u>1,345</u>
Total	<u>\$54,639</u>	<u>\$93,025</u>

The Deo Gratias Fund was established in 2020 for the purposes of awarding new grants and helping to pay off the balances of grant recipients who have made their final vows.

Funds have also been received to support the grant of an individual recipient, for her formation as a Trappistine nun. These contributions are not considered deductible for individual income tax.

Net assets restricted for the following specific program and support services were released from restrictions during the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deo Gratias Fund	\$ 90,138	\$ 115,665
Donor Acquisition	14,733	-
Members of the Following Communities		
Abbey of St. Walburga	967	458
A Midwest Teacher Sister	1,300	-
Carmel of Port Tobacco	1,200	1,200
Priestly Fraternity of St. Peter	640	540
Sister Servants of the Home of the Mother	-	300
Vita Consecrata Event	2,459	-
Advertising and Promotion	<u>3,500</u>	<u>3,200</u>
Total	<u>\$114,937</u>	<u>\$121,363</u>

# MATER ECCLESIAE FUND FOR VOCATIONS, INC.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 4 – Related Party Transactions

The Fund was established to continue the work of the *Mater Ecclesiae* Debt Relief Grant Program of the Fraser Family Foundation (FFF), a private foundation with several Board members in common with the Fund. In 2023 and 2022, the FFF contributed \$27,192 and \$20,300, respectively, to the Fund.

During the years ended December 31, 2023 and 2022, members of the Fund’s Board of Directors made contributions totaling \$162,700 and \$300,650, respectively.

### NOTE 5 – Investment Income

Investment income for the years ended December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$10,941	\$2,851
Gain (loss) on donated investments	<u>124</u>	<u>(459)</u>
Total	<u>\$11,065</u>	<u>\$2,392</u>

### NOTE 6 – Functional Allocation of Expenses

The Fund’s operating costs have been allocated between program, management and general, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenditures that require allocation are allocated on a personnel-cost basis or on an estimate of functional benefits.

### NOTE 7 – Allocation of Joint Costs

The Fund had a direct mailing campaign that included appeals for contributions, as well as program components. These activities included joint costs which have been allocated as follows:

	<u>2023</u>	<u>2022</u>
Public Education	\$34,287	\$ 9,799
Fundraising	<u>24,299</u>	<u>4,005</u>
Total	<u>\$58,577</u>	<u>\$13,804</u>

**MATER ECCLESIAE FUND FOR VOCATIONS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
(Concluded)**

**NOTE 8 – Liquidity and Availability of Financial Assets**

The Fund has \$1,289,986 and \$930,968 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures as of December 31, 2023 and 2022, respectively. The Fund monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Fund has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$142,000. The Fund has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$1,324,625	\$1,022,106
Accounts and pledges receivable	20,000	1,887
Less: Amounts with donor restrictions	<u>(54,639)</u>	<u>(93,025)</u>
Total	<u>\$1,289,986</u>	<u>\$ 930,968</u>

**NOTE 9 – Evaluation of Subsequent Events**

The Fund has evaluated subsequent events through June 25, 2024 the date on which the financial statements were available to be issued.

At a January 2024 meeting, the Board of Directors awarded grants to six individuals with an aggregate balance of \$120,097 and estimated 2024 payment obligations of \$8,702. Additionally, at its May 2024 annual meeting the Board of Directors awarded grants to seventeen individuals with an aggregate balance of \$579,463 and estimated 2024 payment obligations of \$32,888.