

The Labouré Society, Inc. and Subsidiary
CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended
December 31, 2023



The Labouré Society, Inc. and Subsidiary

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For the Year Ended December 31, 2023

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Independent Auditors' Report

To the Board of Directors
The Labouré Society, Inc. and Subsidiary
Eagan, Minnesota

Opinion

We have audited the consolidated financial statements of The Labouré Society, Inc. and Subsidiary (a nonprofit corporation), which comprise the consolidated statement of financial position as of December 31, 2023, the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Labouré Society, Inc. and Subsidiary as of December 31, 2023, and the results of its operations and its cash flows for the year 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 (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 Organization 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Organization'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 Organization'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.

Report on Summarized Comparative Information

We have previously audited The Labouré Society, Inc.'s 2022 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



BGM CPA, LLC
Certified Public Accountants

Minneapolis, Minnesota
July 10, 2024

The Labouré Society, Inc. and Subsidiary
Statement of Financial Position
December 31, 2023 (With Comparative Totals for 2022)

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 747,424	\$ 637,346
Certificates of Deposit	1,499,073	740,000
Marketable Securities	1,181,364	3,833,209
Prepaid Expenses	<u>12,178</u>	<u>26,917</u>
 Total Current Assets	 <u>\$ 3,440,039</u>	 <u>\$ 5,237,472</u>
PROPERTY AND EQUIPMENT		
Property and Equipment	\$ 61,901	\$ 61,901
Construction in Process-Website	46,875	-
Accumulated Depreciation	<u>(44,667)</u>	<u>(32,568)</u>
 Net Property and Equipment	 <u>\$ 64,109</u>	 <u>\$ 29,333</u>
LONG-TERM ASSETS		
Right of Use Asset - Operating Lease	\$ 41,454	\$ 62,667
Certificates of Deposit	<u>2,350,876</u>	<u>-</u>
 Total Long-Term Assets	 <u>\$ 2,392,330</u>	 <u>\$ 62,667</u>
 TOTAL ASSETS	 <u>\$ 5,896,478</u>	 <u>\$ 5,329,472</u>

See Independent Auditors' Report and Notes to the Financial Statements

The Labouré Society, Inc. and Subsidiary
Statement of Financial Position
December 31, 2023 (With Comparative Totals for 2022)

<u>LIABILITIES AND NET ASSETS</u>	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 16,879	\$ 12,654
Accrued Liabilities	16,734	15,981
Operating Lease Obligation, Current Portion	21,213	21,213
Aspirant Awards, Current Portion	<u>1,040,669</u>	<u>749,935</u>
Total Current Liabilities	<u>\$ 1,095,495</u>	<u>\$ 799,783</u>
LONG-TERM LIABILITIES		
Operating Lease Obligation, Net of Current Portion	\$ 20,241	\$ 41,454
Aspirant Awards, Net of Current Portion	<u>2,397,975</u>	<u>2,453,914</u>
Total Long-Term Liabilities	<u>\$ 2,418,216</u>	<u>\$ 2,495,368</u>
NET ASSETS		
Without Donor Restrictions	<u>\$ 2,382,767</u>	<u>\$ 2,034,321</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,896,478</u>	 <u>\$ 5,329,472</u>

See Independent Auditors' Report and Notes to the Financial Statements

The Labouré Society, Inc. and Subsidiary

Statement of Activities

For the Year Ended December 31, 2023 (With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
SUPPORT AND REVENUE				
Support				
Contributions	\$ 2,711,264	\$ -	\$ 2,711,264	\$ 2,343,654
Net Assets Released from Restrictions	-	-	-	-
Total Support	<u>\$ 2,711,264</u>	<u>\$ -</u>	<u>\$ 2,711,264</u>	<u>\$ 2,343,654</u>
Revenue				
Interest Income	\$ 179,989	\$ -	\$ 179,989	\$ 53,820
Other Income	11,280	-	11,280	75
Total Revenue	<u>\$ 191,269</u>	<u>\$ -</u>	<u>\$ 191,269</u>	<u>\$ 53,895</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 2,902,533</u>	<u>\$ -</u>	<u>\$ 2,902,533</u>	<u>\$ 2,397,548</u>
EXPENSES				
Program Services	\$ 2,062,995	\$ -	\$ 2,062,995	\$ 1,849,310
Management and General	81,364	-	81,364	86,307
Fundraising	409,728	-	409,728	373,972
TOTAL EXPENSES	<u>\$ 2,554,087</u>	<u>\$ -</u>	<u>\$ 2,554,087</u>	<u>\$ 2,309,589</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 348,446</u>	<u>\$ -</u>	<u>\$ 348,446</u>	<u>\$ 87,959</u>
NET ASSETS - Beginning of Year	<u>2,034,321</u>	<u>-</u>	<u>2,034,321</u>	<u>1,946,362</u>
NET ASSETS - End of Year	<u>\$ 2,382,767</u>	<u>\$ -</u>	<u>\$ 2,382,767</u>	<u>\$ 2,034,321</u>

See Independent Auditors' Report and Notes to the Financial Statements

The Labouré Society, Inc. and Subsidiary

Statement of Functional Expenses

For the Year Ended December 31, 2023 (With Comparative Totals for 2022)

	Program Services	Management and General	Fundraising	2023 Totals	2022 Totals
Salaries, Taxes, and Benefits	\$ 617,531	\$ 47,845	\$ 329,741	\$ 995,117	\$ 1,089,037
Advertising and Promotion	36,739	-	13,205	49,944	60,993
Bank Fees	-	4,072	-	4,072	-
Consulting Expense	158,219	-	3,229	161,448	138,965
Depreciation	12,099	-	-	12,099	10,795
Dues and Subscriptions	44,817	6,402	12,805	64,024	33,423
Facility Rental	30,920	2,949	13,700	47,569	47,216
Aspirant Awards	873,452	-	-	873,452	577,171
Insurance	20,145	5,036	-	25,181	10,238
Office Expense	93,262	3,799	22,980	120,041	95,882
Professional Services	17,067	1,628	7,562	26,257	22,363
Telecommunications	31,397	3,925	3,925	39,247	38,261
Board of Directors	-	4,943	-	4,943	1,015
Travel	27,992	765	2,143	30,900	75,461
Aspirant Training	99,357	-	438	99,795	108,769
Total Expenses	\$ 2,062,995	\$ 81,364	\$ 409,728	\$ 2,554,087	\$ 2,309,589

See Independent Auditors' Report and Notes to the Financial Statements

The Labouré Society, Inc. and Subsidiary
Statement of Cash Flows

For the Year Ended December 31, 2023 (With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 348,446	\$ 87,959
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	12,099	10,795
(Increase) Decrease in Cash Surrender Value of Aspirant Awards	1,011,487	745,555
Aspirant Forfeitures	(137,858)	(110,590)
(Increase) Decrease in Operating Assets		
Prepaid Expenses	14,740	(16,066)
Increase (Decrease) in Operating Assets and Liabilities		
Accounts Payable	4,225	(16,639)
Accrued Wages	752	2,493
	<u>1,253,891</u>	<u>703,507</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,253,891	\$ 703,507
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	\$ (46,875)	\$ (11,177)
(Purchase) Proceeds Marketable Securities	2,651,845	(3,833,209)
(Purchase) Proceeds Certificates of Deposit	<u>(3,109,949)</u>	<u>494,032</u>
	<u>(504,979)</u>	<u>(3,350,354)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ (504,979)	\$ (3,350,354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Aspirant Awards	<u>(638,834)</u>	<u>(705,533)</u>
	<u>(638,834)</u>	<u>(705,533)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ (638,834)	\$ (705,533)
INCREASE (DECREASE) IN CASH	\$ 110,078	\$ (3,352,380)
CASH - Beginning of Year	<u>637,346</u>	<u>3,989,726</u>
CASH - End of Year	<u>\$ 747,424</u>	<u>\$ 637,346</u>

See Independent Auditors' Report and Notes to the Financial Statements

The Labouré Society, Inc. and Subsidiary
Notes to the Financial Statements
December 31, 2023

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Labouré Society, Inc. and Subsidiary (the Organization) exists to provide financial assistance and spiritual support to men and women, who must resolve student loans in order to pursue their vocation to priesthood and/or religious life in the Catholic Church.

The Labouré Fund, LLC, whose sole member is The Labouré Society, Inc. was formed, to engage in, advance, support, promote and administer the charitable, educational and religious causes and projects of The Labouré Society, Inc., principally by managing the funds dedicated by the Society to Aspirant awards.

Basis of Consolidation

The accompanying consolidated financial statements include accounts of The Labouré Society, Inc. and The Labouré Fund, LLC. All material intercompany transactions have been eliminated in consolidation.

Tax Status

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. During the year ended December 31, 2023, the Organization had no unrelated business income.

The Financial Accounting Standards Board (FASB) issued guidance on accounting for uncertainty in income taxes. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for the years before 2020. Interest and penalties are classified as expense as incurred.

Revenue Recognition

The Organization adopted FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. The Organization recognizes revenue in accordance with ASC Topic 606, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions are recorded when received and recognized as support in the period received, in accordance with FASB Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Revenue Recognition - Contributions*. If donor-imposed restrictions accompany the contribution, the amount is recorded as donations with restrictions until the donor-imposed restrictions expire or are fulfilled, unless the restrictions expire or are fulfilled in the same calendar year the contribution is received, in which case the contribution is recorded as donations without restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled.

Contributed Services

Contributed services (donated services) have been reflected in the accompanying financial statements as part of consulting services provided in the amount of \$150,975 for the year ended December 31, 2023.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

The Organization 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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Fair Value Measurement

The estimated fair values of the Organization's short-term financial instruments, including receivables and payables arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

Marketable Securities

The Organization's marketable securities are all classified as available-for-sale securities and as such are recorded at their fair value at December 31, 2023. Unrealized gains and losses are recognized in net income. The cost of marketable securities sold is based on specific identification.

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Expenditures for property and equipment are capitalized at cost. Donated assets to be used in the Organization are capitalized at their fair market value on the date of the donation.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets which have been determined to be three to seven years.

Financial Statement Presentation

In accordance with U.S. generally accepted accounting principles, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Statement of Cash Flows

For the statement of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. At times, cash and equivalents may be in excess of FDIC insurance limits. No taxes or interest were paid for the year ended December 31, 2023.

Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon time and effort studies.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

The Organization expenses all advertising costs as incurred.

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted the standard as of January 1, 2022, current period adjustment approach and the transition method. Under this method, The Organization applied the new leasing rules on the date of the adoption and recognized the cumulative effect of initially applying the standard as an adjustment to the January 1, 2022 opening balance sheet, rather than at the earliest comparative period presented in the financial statements. Prior periods presented are in accordance with the previous lease guidance under FASB ASC Topic 840, Leases (FASB ASC Topic 840).

The Organization elected the “package of practical expedients” under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the “hindsight” practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (1) explicitly or implicitly identified assets have been deployed in the contract and (2) the Entity obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Entity also considers whether its service arrangements include the right to control the use of an asset.

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease or January 1, 2022, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date or remaining term for leases existing upon the adoption of Topic 842.

As a result of adopting FASB ASC Topic 842 on January 1, 2022, right-of-use (ROU) assets of \$82,949, corresponding lease liabilities of \$82,949 for the Organization's existing operating lease portfolio on its balance sheet was recognized. There was no material impact to the consolidated statements of activities or consolidated statements of cash flows and no cumulative adjustment to net assets as a result of adopting FASB ASC Topic 842. Please refer to Note 4 – Lease Agreement for information regarding leases as of December 31, 2023, as accounted for under FASB ASC Topic 842.

Reclassifications

Certain reclassifications have been made in the 2022 financial statements to conform to the classifications used in 2023.

Subsequent Events

The Organization has evaluated subsequent events through July 10, 2024, the date the financial statements were available to be issued.

NOTE 2: LIQUIDITY

The Organization has \$3,427,861 of financial assets available within one year of the date of the statement of financial position to meet cash needs for general expenditure, consisting of cash of \$747,424, certificates of deposit of \$1,499,073 and marketable securities of \$1,181,364. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization regularly monitors liquidity required to meet its operational needs.

The Labouré Society, Inc. and Subsidiary
Notes to the Financial Statements
December 31, 2023

NOTE 3: MARKETABLE SECURITIES

Investments are reported at aggregate fair value based on quoted market prices for those investments. Changes in fair value, including unrealized gains and losses, are included in net income. The specific identification cost basis is used to determine realized gain or loss of securities.

Following is a summary of cost and fair value of available-for-sale marketable securities:

	2023		
	Cost	Net Unrealized Gains	Market Value
U.S. Treasuries	<u>\$ 1,162,225</u>	<u>\$ 19,139</u>	<u>\$ 1,181,364</u>
	<u>\$ 1,162,225</u>	<u>\$ 19,139</u>	<u>\$ 1,181,364</u>

Following is a summary of the unrealized gain or (loss) on securities available-for-sale:

	2023
Gross Unrealized Gains	<u>\$ 19,139</u>
Unrealized Gain on Securities Available-for-Sale	<u>\$ 19,139</u>

The change in net unrealized gain (loss) on available-for-sale securities is reported in net income for the years ended December 31, 2023.

NOTE 4: FAIR VALUE OF FINANCIAL INVESTMENTS

Accounting Principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- 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.

The Labouré Society, Inc. and Subsidiary
Notes to the Financial Statements
December 31, 2023

NOTE 4: FAIR VALUE OF FINANCIAL INVESTMENTS (Continued)

Level 2. Inputs to the valuation methodology 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 asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within 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.

Following is a description of the valuation methodologies used for the Company's assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 or 2022.

U.S. Treasuries: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the 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.

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value as of December 31:

	2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
U.S. Treasuries	\$ 1,181,364	\$ -	\$ -	\$ 1,181,364
	<u>\$ 1,181,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181,364</u>

The Labouré Society, Inc. and Subsidiary
Notes to the Financial Statements
December 31, 2023

NOTE 5: LONG-TERM DEBT

Long-term debt at December 31, 2023 consisted of the following:

Aspirant Awards – Awarded to aspirants who have completed program requirements. Payments are remitted in monthly installments over a period of thirty-six months of active formation. The balance of the aspirants' awards are remitted on a thirty-seven month period or cancelled/paused immediately when the aspirant leaves formation. The term will not exceed thirty-seven months with 0% interest. Under normal policy the aspirants are allowed a twenty-four month grace period from the completion of their last class to their entrance into formation. The policy for exception circumstances allows for two twelve-month leave of absences (following entrance into formation and if required) to ensure canonical freedom of discernment, resolution of family issues, or the treatment of health concerns.	\$ 3,438,644
Less Current Portion	<u>1,040,669</u>
Long-Term Debt, Less Current Portion	<u><u>\$ 2,397,975</u></u>

Maturities of long-term debt at December 31, 2023 were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 1,040,669
2025	1,201,133
2026	759,564
2027	360,619
2028	<u>76,659</u>
Total	<u><u>\$ 3,438,644</u></u>

NOTE 6: LEASE AGREEMENT

The Organization has an operating lease for office space. At the commencement of the lease, the Organization records a right-of-use (ROU) asset and corresponding lease liability. Options to extend the lease are included as party of the ROU lease asset and liability when it is reasonably certain the Organization will exercise the option. Operating lease liabilities and their corresponding ROU assets are recorded based on the present value of the lease payments over the expected lease term. Where the interest rate implicit in lease contracts is not readily available, the appropriate incremental borrowing rate is used.

The Labouré Society, Inc. and Subsidiary
Notes to the Financial Statements
December 31, 2023

NOTE 6: LEASE AGREEMENT (Continued)

The lease as a remaining lease term of approximately 3 years.

Supplemental cash flow information and other information related to leases was as follows for the year ended December 31:

	<u>2023</u>
Cash Flows used for Operating Leases	\$ 47,569
Right-Of-Use Assets Obtained in Exchange for New Operating Liabilities	-
Weighted Average Remaining Lease Term - Operating Leases	2
Weighted Average Discount Rate - Operating Leases	4.50%

Maturities of lease liabilities are as follows:

<u>Year Ending December 31,</u>	<u>Operating Lease</u>
2024	\$ 23,511
2025	<u>19,593</u>
Total Undiscounted Cash Flows	43,104
Less: Present Value Discount	<u>(1,650)</u>
Total Lease Liabilities	<u>\$ 41,454</u>

NOTE 7: ADVERTISING

The Organization used advertising to promote its mission among the audiences it serves. The costs of advertising are expensed as incurred. For the year ended December 31, 2023, advertising expense totaled \$49,944.

NOTE 8: CONTINGENCIES

Substantially all support is received in the form of contributions from various individuals, corporations, and foundations; therefore, the continuation of the programs of the Organization is dependent upon future funding.