CATHOLIC LEADERSHIP INSTITUTE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

CATHOLIC LEADERSHIP INSTITUTE
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YEARS ENDED JUNE 30, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Leadership Institute
Malvern, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Catholic Leadership Institute (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 Catholic Leadership Institute as of June 30, 2022 and 2021, and the changes in their net assets and their 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Leadership Institute 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 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.

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 Catholic Leadership Institute's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 Catholic Leadership Institute'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 Catholic Leadership Institute'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.

Board of Directors
Catholic Leadership Institute

Adopted Accounting Pronouncement

During the year ended June 30, 2022, Catholic Leadership Institute adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 21, 2022

CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 14,347,336	$ 9,539,902
Accounts Receivable, Net	134,591	39,240
Pledges Receivable, Net	2,924,418	2,517,585
Grants Receivable	929,500	578,744
Prepaid Expenses	215,952	226,481
Total Current Assets	18,551,797	12,901,952
PLEDGES RECEIVABLE, NET OF ALLOWANCE AND DISCOUNT	3,756,190	5,363,229
GRANTS RECEIVABLE, NET OF DISCOUNT	-	87,015
EQUIPMENT	29,162	-
Total Assets	$ 22,337,149	$ 18,352,196
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 99,672	$ 42,287
Accrued Expenses and Other Liabilities	329,509	266,690
Contract Liabilities	180,587	139,819
Refundable Advances	1,075,000	75,000
Total Liabilities	1,684,768	523,796
NET ASSETS		
Without Donor Restrictions	5,519,586	4,621,053
With Donor Restrictions	15,132,795	13,207,347
Total Net Assets	20,652,381	17,828,400
Total Liabilities and Net Assets	$ 22,337,149	$ 18,352,196

See accompanying Notes to Financial Statements.

CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Participant Fees, Net of Scholarships	$ 1,522,311	$ -	$ 1,522,311	$ 873,432	$ -	$ 873,432
Contributions	842,150	6,365,140	7,207,290	1,803,002	6,671,684	8,474,686
In-Kind Donations	48,807	-	48,807	4,456	-	4,456
Investment and Other Income (Loss)	37,785	-	37,785	(1,897)	-	(1,897)
Net Assets Released from Restrictions	4,439,692	(4,439,692)	-	2,447,057	(2,447,057)	-
Total Support and Revenue	6,890,745	1,925,448	8,816,193	5,126,050	4,224,627	9,350,677
EXPENSES						
Program Services	3,232,975	-	3,232,975	2,182,316	-	2,182,316
Management and General	726,570	-	726,570	564,541	-	564,541
Fundraising	2,032,667	-	2,032,667	1,253,292	-	1,253,292
Total Expenses	5,992,212	-	5,992,212	4,000,149	-	4,000,149
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	898,533	1,925,448	2,823,981	1,125,901	4,224,627	5,350,528
OTHER INCOME						
Paycheck Protection Program Loan Forgiveness	-	-	-	419,577	-	419,577
CHANGE IN NET ASSETS	898,533	1,925,448	2,823,981	1,545,478	4,224,627	5,770,105
Net Assets - Beginning of Year	4,621,053	13,207,347	17,828,400	3,075,575	8,982,720	12,058,295
NET ASSETS - END OF YEAR	$ 5,519,586	$ 15,132,795	$ 20,652,381	$ 4,621,053	$ 13,207,347	$ 17,828,400

See accompanying Notes to Financial Statements.

CATHOLIC LEADERSHIP INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total Expenses
Payroll	$ 1,814,098	$ 371,013	$ 930,077	$ 3,115,188
Payroll Taxes	136,655	22,521	64,812	223,988
Employee Benefits	115,270	43,640	60,269	219,179
Insurance	-	26,464	-	26,464
Program Expenses	9,583	-	-	9,583
Program Materials	154,676	-	-	154,676
Program Development/Quality	35,607	-	-	35,607
Bishop's Program	18,149	18,326	66,081	102,556
Staff Training	-	-	36,493	36,493
Travel	213,179	-	318,373	531,552
Technology	217,981	63,201	28,202	309,384
Communications and Stewardship	34,737	11,238	83,330	129,305
Major Donor Event	-	-	330,144	330,144
Bad Debt Expense	-	90,857	-	90,857
Office and General	57,098	12,806	20,291	90,195
Supplies	39,379	10,967	17,269	67,615
Professional Fees	319,533	30,433	47,924	397,890
Rent	67,030	18,671	29,402	115,103
Depreciation	-	6,433	-	6,433
Total Functional Expenses	$ 3,232,975	$ 726,570	$ 2,032,667	$ 5,992,212

See accompanying Notes to Financial Statements.

CATHOLIC LEADERSHIP INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total Expenses
Payroll	$ 1,225,503	$ 283,392	$ 785,744	$ 2,294,639
Payroll Taxes	86,309	18,914	47,237	152,460
Employee Benefits	127,199	27,054	45,825	200,078
Insurance	-	32,588	-	32,588
Program Expenses	29,751	-	-	29,751
Program Materials	135,694	-	-	135,694
Program Development/Quality	262,342	-	-	262,342
Bishop's Program	17,795	-	-	17,795
Staff Training	9,319	1,964	5,302	16,585
Travel	10,971	-	4,023	14,994
Technology	128,422	14,949	45,758	189,129
Communications and Stewardship	-	-	83,933	83,933
Major Donor Event	-	-	146,144	146,144
Administrative	-	6,936	-	6,936
Bad Debt Expense	-	20,948	-	20,948
Office and General	11,863	2,634	7,111	21,608
Supplies	22,104	4,908	13,250	40,262
Professional Fees	53,834	136,664	32,272	222,770
Rent	61,210	13,590	36,693	111,493
Total Functional Expenses	$ 2,182,316	$ 564,541	$ 1,253,292	$ 4,000,149

See accompanying Notes to Financial Statements.

CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 2,823,981	$ 5,770,105
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	6,433	-
Bad Debt Expense	90,857	20,948
Paycheck Protection Program Loan Forgiveness	-	(419,577)
(Increase) Decrease in Assets:		
Accounts Receivable	(95,351)	(36,943)
Pledges Receivable	1,109,349	(2,644,593)
Grants Receivable	(263,741)	(171,233)
Prepaid Expenses	10,529	(78,066)
Increase (Decrease) in Liabilities:		
Accounts Payable	57,385	(13,433)
Accrued Expenses	62,819	47,137
Contract Liabilities	40,768	(92,675)
Refundable Advances	1,000,000	-
Net Cash Provided by Operating Activities	4,843,029	2,381,670
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Equipment	(35,595)	-
Net Cash Used by Investing Activities	(35,595)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,807,434	2,381,670
Cash and Cash Equivalents - Beginning of Year	9,539,902	7,158,232
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 14,347,336	$ 9,539,902
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid During the Year	$ -	$ 381

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Catholic Leadership Institute (the Institute) is a nonprofit corporation organized in 1991 under the Commonwealth of Pennsylvania nonprofit laws. The Institute provides bishops, priests, religious, deacons, and laity in the Roman Catholic Church with world-class, pastoral, leadership formation, and consulting services that strengthen their confidence and competence in ministry, enabling them to articulate a vision for their local church, to call forth the gifts of those they lead, and to create more vibrant faith communities rooted in Jesus Christ. The Institute offers multi-day, multi-year leadership formation and consulting services in over 120 dioceses throughout the United States and Canada. Programs and initiatives include the following:

Next Generation Parish: This is a four-year pilot program with a cohort of six parishes within a diocese which accompanies pastors, religious, and lay leaders in defining models of the next generation parish for today and the future.

Custom Training: Customized training or planning solution to meet the needs of the diocese or parish. This may include the Disciple Maker Index survey which measures, tracks, and draws correlations among 75 factors that influence the spiritual development of the parish.

Consulting: Consulting services are unique and varied and are structured to facilitate strong, collaborative relationships between key staff and team members. These services emphasize a common vision for future ministry, respectful communication, and unified support for accompanying decisions.

Standard Training: Leadership formation and skill building training for priests, bishops, religious, lay leaders, and seminarians.

Bishops Training: Annual training offered to bishops on relevant topics providing skill building and coaching as they envision a strong future for their local churches and respond to the leadership challenges they encounter.

Called for More: A service which revolutionizes the preparation, support, and development of priests for transitions for new assignments with a comprehensive decision platform that transforms priest placement.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed written restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Institute had no net assets held in perpetuity or board-designated net assets as of June 30, 2022 and 2021.

Contributions With Donor Restrictions and Without Donor Restrictions

Contributions received, including unconditional promises to give, are evaluated using the decision tree in ASC 958-605-55-1A to determine the applicable accounting model.

A decision tree is also used to determine whether grants and contributions received are conditional or unconditional. Both, barriers and right of return/release, need to exist in order to designate a contribution as conditional. Once designated, a refundable advance is created which reflects the unrecognized revenue. When the conditions are met, the amount recognized is reclassed out of refundable advance to their respective revenue accounts.

Contributions, including unconditional promises to give, are recorded as those with donor restrictions or without donor restrictions depending on the existence of donor-imposed restrictions, typically limiting purpose or timing of the grant or contribution. Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which these grants and contributions are recognized.

Contributed assets are valued at the fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Institute reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consulting Services Revenue

The majority of the Institute's contracts have elements of both, an exchange and nonexchange revenue transactions. The exchange portion of a contract is considered to be a portion funded by an engaging party. The nonexchange portion of a contract is considered to be a portion funded by donations solicited and obtained from various third parties. Consequently, the Institute bifurcates a contract revenue and accounts for a nonexchange portion as described in Contribution with Donor Restrictions and Without Donor Restrictions section of this note.

For the contract revenue that is considered an exchange transaction, the Institute considers all the services and deliverables provided to constitute one performance obligation as they are all interdependent one on another and performed in a logical order. The value of this portion of a contract is fixed as presented in the contract. As the result, the Institute satisfies this performance obligation over the term of a contract. In identifying a reasonable method of recognizing revenue over the life of a contract, the Institute determined that percentage of completion method measured on the basis of efforts extended is the best available measure of the progress on the contracts. For some of the contracts, the Institute will bill the engaging party on a pre-set schedule and will record a deferred revenue (as a contract liability) for the payment received in advance of satisfying a portion of the performance obligation. For other contracts, a portion of the performance obligation may be satisfied before payment is received and as the result, the Institute records a contract receivable.

The Institute has recognized the exchange portion of consulting service revenue of $1,291,787 and $693,912 for the years ended June 30, 2022 and 2021, respectively, under Participant Fees, Net of Scholarships on the statement of activities.

Training Services Revenue

The Institute recognizes revenue for training services provided to the engaging party. The performance obligation of delivering the training sessions is satisfied over time of the delivery and the corresponding revenue is recognized over that time. All amounts received prior to the training session taking place are deferred and recorded as contract liability until the training session takes place.

The Institute has recognized training services revenues of $230,524 and $179,520 for the years ended June 30, 2022 and 2021, respectively, under Participant Fees, Net of Scholarships on the statement of activities.

Cash and Cash Equivalents

For purposes of reporting, the Institute considers all highly liquid debt instruments with an initial maturity of one year or less and any money market fund that invests in government or corporate securities to be cash equivalents. Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank may exceed FDIC insurable limits. The Institute has not experienced any losses in these accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Program revenues include all amounts that are billed or are billable to contracts for training programs and consulting services. Revenues are recognized as services are performed based on the terms of the contract. The Institute provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Accounts receivable are individually analyzed for collectability and when all collection possibilities are exhausted or the receivable is greater than 180 days and the client has not communicated a revised payment date in agreement with management, the accounts are written off against the allowance. The allowance was $4,000 and $4,000 at June 30, 2022 and 2021, respectively.

Pledges Receivable

Pledges receivable are recorded as with donor restrictions or without donor restrictions based on the presence or absence of donor-imposed restrictions. Pledges to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible pledge receivables is provided based upon management’s judgment, including such factors as collection history, type of pledge, and nature of fundraising activity. As of both the years ended June 30, 2022 and 2021, the allowance percentage was 2.5%. Pledge payments are individually analyzed for collectability. Pledge payments lapsed 90 days from expected payment date on an account with no activity in over 12 months are written off against the allowance when all collection possibilities have been exhausted and the donor has not communicated a revised payment date in agreement with management. The allowance was $183,790 and $128,433 as of June 30, 2022 and 2021, respectively.

In addition, as of June 30, 2022, the Institute has promises to give totaling $1,839,579 that do not meet the criteria for recognition and are not included in the accompanying financial statements. These promises to give are subject to conditions which have not been met as of June 30, 2022.

Equipment

Acquisitions of equipment in excess of $2,500 are capitalized. Equipment is carried at cost, less accumulated depreciation. Depreciation of equipment is computed using the straight-line method over the estimated useful asset lives between 3 and 5 years. Expenditures for repairs and maintenance are charged to expense as incurred, while major renewals and betterments are capitalized.

Deferred Rent

Rent expense is recognized on a straight-line basis over the life of the lease. The difference between the rent expense recognized and rental payments as stipulated in the lease is reflected as deferred rent and is included in accrued expenses and other liabilities on the statements of financial position at June 30, 2022 and 2021.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Institute. Donated fixed assets are recognized as contributions in the period received. As more fully described in Note 10, the Institute received in-kind contributions in the amount of $48,807 and $4,456 for the years ending June 30, 2022 and 2021, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. The financial statements report certain categories of expenses that are attributable to one or more areas of the Institute. Those expenses include staff training, technology, postage, phone, office equipment, depreciation, rent, professional fees, and supplies. These costs are allocated based on the full-time equivalent staff (FTEs) for each of the areas: program, fundraising, and management and general.

Income Taxes

The Institute is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

The Institute follows the income tax standard for uncertain tax positions. This standard has no impact on Catholic Leadership Institute's financial statements, as management has not taken any uncertain tax positions. The Institute has not been audited by any taxing authority in recent years. Therefore, all years are subject to examination by the Internal Revenue Service in the event that the Institute's tax-exempt status is challenged.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

In fiscal year 2022, the Institute adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure. See Note 10 for additional disclosure.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through December 21, 2022, the date the financial statements were available to be issued.

NOTE 2 PLEDGES RECEIVABLE

Pledges that are expected to be collected are recorded at their net realizable value. As of June 30, pledges receivable consisted of:

	2022	2021
Current:		
Pledges Receivable	$ 3,000,206	$ 2,556,404
Less: Allowance for Doubtful Accounts	(75,788)	(38,819)
Net Current Pledges Receivable	$ 2,924,418	$ 2,517,585
Long-Term:		
Pledges Receivable	$ 4,275,441	$ 5,901,364
Less: Allowance for Doubtful Accounts	(108,002)	(89,614)
Less: Present Value Discount	(411,249)	(448,521)
Net Long-Term Pledges Receivable	$ 3,756,190	$ 5,363,229

Pledges receivable as of June 30, 2022 are due to be collected as follows:

Year Ending June 30,	Amount
2023	$ 3,000,206
2024	2,377,408
2025	1,747,783
2026	93,250
2027	57,000
Total	$ 7,275,647

As of June 30, 2022 and 2021, included in the above pledges are $1,694,543 and $355,500, respectively, from current board members and employees.

NOTE 3 GRANTS RECEIVABLE

Grants that are expected to be collected are recorded at their net realizable value. As of June 30, grants receivable consisted of:

	2022	2021
Current:		
Grants Receivable	$ 929,500	$ 578,744
Long-Term:		
Grants Receivable	-	91,000
Less: Present Value Discount	-	(3,985)
Net Long-Term Grants Receivable	$ -	$ 87,015

Grants receivable as of June 30, 2022 are due to be collected as follows:

Year Ending June 30,	Amount
2023	$ 929,500

NOTE 4 LINE OF CREDIT

Catholic Leadership Institute had an available line of credit in the amount of $500,000 as of June 30, 2022. This line of credit is secured by the assets of Catholic Leadership Institute. Interest on this line is charged at 1% above the prime lending rate (5.75% at June 30, 2022). There was no outstanding balance on the line of credit at June 30, 2022 and 2021, nor has the Institute drawn down funds during the years ended June 30, 2022 and 2021. This line is subject to renewal on February 1, 2023.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	2022	2021
Subject to Expenditure for Specific Purpose:		
Program Activities:		
Next Generation Diocese	$ 7,020,469	$ 4,887,019
Next Generation Parish	4,354,334	4,032,287
Custom Training	247,238	266,741
Standard Training	56,215	17,940
Priest Placement	648,507	193,018
Bishops Training	-	4,000
Total	12,326,763	9,401,005
Development Activities:		
Product Development/Research	290,603	316,995
Total	290,603	316,995
Subject to the Passage of Time:		
For Periods after June 30, 2022 and 2021	2,515,429	3,489,347
Total	2,515,429	3,489,347
Total Net Assets with Donor Restrictions	$ 15,132,795	$ 13,207,347

NOTE 6 OPERATING LEASES

Catholic Leadership Institute leases office space and equipment under separate operating lease agreements. The office space lease is a seven-year lease which continues through June 2027. The office equipment leases are five-year leases which continue through fiscal 2025. The total rent expense from space rentals and equipment amounted to $120,992 and $125,620 for the years ended June 30, 2022 and 2021, respectively.

The following is a schedule of minimum future rental payments as of June 30, 2022 required under the operating leases:

Year Ending June 30,	Amount
2023	$ 119,963
2024	121,037
2025	122,754
2026	123,205
2027	125,556
Total	$ 612,515

NOTE 7 CONTRACT LIABILITIES

The following table provides information about changes in the contract liabilities for the years ended June 30, 2022 and 2021:

	2022	2021
Contract Liability, Beginning of the Year	$ 139,819	$ 232,494
Revenue Recognized That Was Included in Contract Liability, Beginning of the Year	(77,076)	(142,351)
Increase in Contract Liability Due to Cash Received During the Year	117,844	49,676
Contract Liability, End of Year	$ 180,587	$ 139,819

NOTE 8 LIQUIDITY

Catholic Leadership Institute's financial assets available for general expenditure within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash and Cash Equivalents	$ 14,347,336	9,539,902
Accounts Receivable, Net	134,591	39,240
Current Pledges Receivable, Net of Allowance	2,924,418	2,517,585
Grants Receivable	929,500	578,744
Net Assets With Donor Restrictions	(9,947,034)	(6,682,277)
Total	$ 8,388,811	$ 5,993,194

NOTE 8 LIQUIDITY (CONTINUED)

The Institute has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet four and a half to six months of normal operating expenses, which are, on average, approximately $500,000/month. As part of its liquidity management, the Institute invests in various short-term investments including corporate or government money market mutual funds. As more fully described in Note 4, the Institute also has a committed line of credit in the amount of $500,000 which it could draw upon in the event of an unanticipated liquidity need.

NOTE 9 DEFERRED COMPENSATION

The Institute maintains a nonqualified deferred compensation plan established under Section 457(f) of the Internal Revenue Code for the CEO, where each year, the plan amount is calculated and half is deferred and half is paid out in the following year. The terms of the plan are outlined in the CEO's contract. During the years ended June 30, 2022 and 2021, the Institute paid out $-0- and $19,240 respectively. As of both the years ended June 30, 2022 and 2021, the Institute has $57,331 of total deferred compensation. This amount will be paid out in full during fiscal year 2023 due to a new contract with the CEO.

NOTE 10 IN-KIND DONATIONS

Donated goods and services for the fiscal years ended June 30, 2022 and 2021, included in the financial statements, were as follows:

	2022	2021
Furniture, Fixtures, and Equipment	$ 27,925	$ -
Donated Royalties and Other Services	20,882	4,456
Total	$ 48,807	$ 4,456

There were no donor restrictions associated with these donated goods and services. The Institute values donated goods and services using the fair market value of services rendered or goods received. These donated goods and services were utilized during the years ended June 30, 2022 and 2021, primarily for operations, training and consulting services.