

**CATHOLIC LEADERSHIP INSTITUTE
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**



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**CATHOLIC LEADERSHIP INSTITUTE
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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, 2024 and 2023, 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, 2024 and 2023, 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 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
November 1, 2024

CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 12,918,567	\$ 14,098,165
Accounts Receivable, Net	234,032	306,737
Pledges Receivable, Net	4,839,250	3,481,497
Deposits	11,504	11,504
Prepaid Expenses	525,042	140,628
Total Current Assets	18,528,395	18,038,531
PLEDGES RECEIVABLE, NET OF ALLOWANCE AND DISCOUNT	4,017,895	4,092,996
RIGHT OF USE ASSET	353,205	466,865
EQUIPMENT	12,879	21,020
Total Assets	\$ 22,912,374	\$ 22,619,412
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 138,752	\$ 167,294
Accrued Expenses and Other Liabilities	603,371	291,622
Lease Liability, Current Portion	115,484	111,147
Contract Liabilities	198,443	51,696
Refundable Advances	75,000	75,000
Total Current Liabilities	1,131,050	696,759
LEASE LIABILITY, NET OF CURRENT PORTION	244,802	360,418
Total Liabilities	1,375,852	1,057,177
NET ASSETS		
Without Donor Restrictions	3,912,659	5,221,735
With Donor Restrictions	17,623,863	16,340,500
Total Net Assets	21,536,522	21,562,235
Total Liabilities and Net Assets	\$ 22,912,374	\$ 22,619,412

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Participant Fees, Net of Scholarships	\$ 795,118	\$ -	\$ 795,118	\$ 1,456,348	\$ -	\$ 1,456,348
Contributions	2,728,838	6,298,161	9,026,999	3,023,661	4,952,195	7,975,856
Investment and Other Income	671,219	-	671,219	440,322	-	440,322
Net Assets Released from Restrictions	5,014,798	(5,014,798)	-	3,744,490	(3,744,490)	-
Total Support and Revenue	<u>9,209,973</u>	<u>1,283,363</u>	<u>10,493,336</u>	<u>8,664,821</u>	<u>1,207,705</u>	<u>9,872,526</u>
EXPENSES						
Program Services	6,708,202	-	6,708,202	5,287,811	-	5,287,811
Management and General	1,320,576	-	1,320,576	1,048,920	-	1,048,920
Fundraising	2,490,271	-	2,490,271	2,625,941	-	2,625,941
Total Expenses	<u>10,519,049</u>	<u>-</u>	<u>10,519,049</u>	<u>8,962,672</u>	<u>-</u>	<u>8,962,672</u>
CHANGE IN NET ASSETS	(1,309,076)	1,283,363	(25,713)	(297,851)	1,207,705	909,854
Net Assets - Beginning of Year	<u>5,221,735</u>	<u>16,340,500</u>	<u>21,562,235</u>	<u>5,519,586</u>	<u>15,132,795</u>	<u>20,652,381</u>
NET ASSETS - END OF YEAR	<u>\$ 3,912,659</u>	<u>\$ 17,623,863</u>	<u>\$ 21,536,522</u>	<u>\$ 5,221,735</u>	<u>\$ 16,340,500</u>	<u>\$ 21,562,235</u>

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll	\$ 3,789,970	\$ 506,204	\$ 1,499,250	\$ 5,795,424
Payroll Taxes	302,998	31,649	96,062	430,709
Employee Benefits	179,059	60,040	115,212	354,311
Insurance	-	37,447	-	37,447
Program Expenses	594,266	-	-	594,266
Program Materials	191,509	-	-	191,509
Program Development/Quality	107,363	-	-	107,363
Clergy Forums	226,427	-	134,597	361,024
Staff Training	256,702	73,962	-	330,664
Travel	471,856	-	114,604	586,460
Technology	114,801	216,956	45,525	377,282
Communications and Stewardship	71,980	14,814	146,541	233,335
Major Donor Event	-	-	201,952	201,952
Credit Loss	-	96,530	-	96,530
Bad Debt Expense	-	79,000	-	79,000
Office and General	-	135,906	42,160	178,066
Supplies	45,288	12,613	19,860	77,761
Professional Fees	282,827	26,937	42,419	352,183
Rent	73,156	20,377	32,089	125,622
Depreciation	-	8,141	-	8,141
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 6,708,202</u>	<u>\$ 1,320,576</u>	<u>\$ 2,490,271</u>	<u>\$ 10,519,049</u>

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll	\$ 3,110,146	\$ 571,830	\$ 1,099,429	\$ 4,781,405
Payroll Taxes	237,808	41,588	71,070	350,466
Employee Benefits	169,683	59,277	68,709	297,669
Insurance	-	36,724	-	36,724
Program Expenses	114,329	-	-	114,329
Program Materials	149,408	-	-	149,408
Program Development/Quality	116,971	-	-	116,971
Bishop's Program	110,598	8,934	195,854	315,386
Staff Training	-	-	77,733	77,733
Travel	464,921	-	62,069	526,990
Technology	149,355	75,282	34,843	259,480
Communications and Stewardship	345,360	14,063	102,802	462,225
Major Donor Event	-	-	843,793	843,793
Credit Loss	-	13,000	-	13,000
Bad Debt Expense	-	29,210	-	29,210
Office and General	21,578	146,647	-	168,225
Supplies	40,215	11,200	17,636	69,051
Professional Fees	211,046	20,100	31,653	262,799
Rent	46,393	12,923	20,350	79,666
Depreciation	-	8,142	-	8,142
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 5,287,811</u>	<u>\$ 1,048,920</u>	<u>\$ 2,625,941</u>	<u>\$ 8,962,672</u>

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (25,713)	\$ 909,854
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation	8,141	8,142
Credit Loss	96,530	13,000
Bad Debt Expense	79,000	29,210
Increase (Decrease) in Assets:		
Accounts Receivable	(23,825)	(185,146)
Deposits	-	(11,504)
Pledges Receivable	(1,361,652)	(923,095)
Grants Receivable	-	929,500
Prepaid Expenses	(384,414)	75,324
Right of Use Asset	113,660	(466,865)
Increase (Decrease) in Liabilities:		
Accounts Payable	(28,542)	67,622
Accrued Expenses	311,749	(37,887)
Contract Liabilities	146,747	(128,891)
Refundable Advances	-	(1,000,000)
Lease Liability	(111,279)	471,565
Net Cash Used by Operating Activities	(1,179,598)	(249,171)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,179,598)	(249,171)
Cash and Cash Equivalents - Beginning of Year	14,098,165	14,347,336
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,918,567	\$ 14,098,165

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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 program 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.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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 \$100,000 and \$0 net assets held in perpetuity as of June 30, 2024 and 2023, respectively.

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 reclassified 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.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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 \$499,174 and \$1,219,251 for the years ended June 30, 2024 and 2023, 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 \$295,944 and \$237,097 for the years ended June 30, 2024 and 2023, 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.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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 credit losses 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 for credit loss was \$24,000 and \$17,000 at June 30, 2024 and 2023, 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. The present value discount applied in fiscal year 2024 was 7.3% and in 2023 was 7.4%, which is based on the two-year Treasury rate at the mid-point of the fiscal year, plus an additional 3%.

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. The allowance percentage was 3.25% and 2.5% for the years ended June 30, 2024 and June 30, 2023, respectively. 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 \$280,000 and \$201,000 as of June 30, 2024 and 2023, respectively.

In addition, as of June 30, 2024, the Institute has promises to give totaling \$994,700 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, 2024.

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.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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. The Institute did not receive any in-kind contributions for the years ended June 30, 2024 or June 30, 2023.

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

The Institute has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Institute adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Institute's financial statements but did change how the allowance for credit losses is determined. Adoption of this standard did not result in a material impact on the financial statements.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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 November 1, 2024, 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:

Current:	<u>2024</u>	<u>2023</u>
Pledges Receivable	\$ 4,976,401	\$ 3,567,417
Less: Allowance for Doubtful Accounts	(137,151)	(85,920)
Net Current Pledges Receivable	<u>\$ 4,839,250</u>	<u>\$ 3,481,497</u>
Long-Term:		
Pledges Receivable	\$ 5,183,097	\$ 4,778,146
Less: Allowance for Doubtful Accounts	(142,848)	(115,080)
Less: Present Value Discount	(1,022,354)	(570,070)
Net Long-Term Pledges Receivable	<u>\$ 4,017,895</u>	<u>\$ 4,092,996</u>

Pledges receivable as of June 30, 2024 are due to be collected as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 4,976,400
2026	2,073,200
2027	1,452,898
2028	987,000
2029	250,000
Thereafter	420,000
Total	<u>\$ 10,159,498</u>

As of June 30, 2024 and 2023, included in the above pledges are \$1,451,032 and \$1,967,158, respectively, from current board members and employees.

NOTE 3 LINE OF CREDIT

Catholic Leadership Institute had an available line of credit in the amount of \$500,000 as of June 30, 2024. 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 (8.5% at June 30, 2024). There was no outstanding balance on the line of credit at June 30, 2024 or 2023, nor has the Institute drawn down funds during the years ended June 30, 2024 and 2023. Per the terms of the line of credit, the obligation is a demand note. As such this revolving line of credit will remain available as long as Catholic Leadership Institute complies with the terms of the note and the related loan documents.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specific Purpose:		
Program Activities:		
Next Generation Diocese	\$ 4,844,337	\$ 2,917,658
Next Generation Parish	3,276,667	7,778,486
Philadelphia Strategic Planning	7,317,668	2,800,000
Custom Training	9,575	108,205
Standard Training	75,043	57,955
Priest Placement	780,434	890,883
Bishops Training	25,000	-
Total	<u>16,328,724</u>	<u>14,553,187</u>
Development Activities:		
Product Development/Research	346,313	346,313
Total	<u>346,313</u>	<u>346,313</u>
Subject to the Passage of Time:		
For Periods after June 30, 2024 and 2023	848,826	1,441,000
Total	<u>848,826</u>	<u>1,441,000</u>
Permanently Restricted:		
Endowment	100,000	-
Total	<u>100,000</u>	<u>-</u>
Total Net Assets with Donor Restrictions	<u>\$ 17,623,863</u>	<u>\$ 16,340,500</u>

NOTE 5 CONTRACT ASSETS AND LIABILITIES

The following table provides information about changes in the contract assets for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Contract Asset, Beginning of Year	\$ 306,737	\$ 134,591
Cash Received That was Included in		
Contract Asset, Beginning of Year	(225,348)	(59,887)
Increase in Contract Asset Due to receivable		
Recognized During the Year (uncollected at FYE)	152,643	232,033
Contract Asset, End of Year	<u>\$ 234,032</u>	<u>\$ 306,737</u>

The following table provides information about changes in the contract liabilities for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Contract Liability, Beginning of Year	\$ 51,696	\$ 180,587
Revenue Recognized That was Included in		
Contract Liability, Beginning of Year	(50,694)	(159,996)
Increase in Contract Liability Due to Cash		
Received During the Year	197,441	31,105
Contract Liability, End of Year	<u>\$ 198,443</u>	<u>\$ 51,696</u>

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NOTE 6 LIQUIDITY

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

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 12,918,567	\$ 14,098,165
Accounts Receivable, Net	234,032	306,737
Current Pledges Receivable, Net of Allowance	4,839,250	3,481,497
Net Assets With Donor Restrictions, Included in Amounts Above	<u>(13,396,228)</u>	<u>(11,050,662)</u>
Total	<u>\$ 4,595,621</u>	<u>\$ 6,835,737</u>

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 \$880,000/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 3, the Institute also has a revolving line of credit in the amount of \$500,000 which it could draw upon in the event of an unanticipated liquidity need.

NOTE 7 LEASES

The Institute determines if an arrangement is a lease at inception. Operating leases are included as right-of-use (ROU) assets and lease liability in the statement of financial position.

ROU assets represent the Institutes' right to use an underlying asset for the lease term and lease liabilities represent the Institutes' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Institute uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Institute will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

ROU assets as of June 30, 2024 and 2023, consisted of one operating lease for the Institute's office space.

The Institute has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

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NOTE 7 LEASES (CONTINUED)

The following table provides quantitative information concerning the Institute's leases, as of June 30:

	<u>2024</u>	<u>2023</u>
Lease Costs:		
Operating Lease Costs	<u>\$ 125,622</u>	<u>\$ 79,666</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	<u>\$ 118,504</u>	<u>\$ 116,154</u>
Other Information:		
Weighted-Average Remaining Lease Term	3 Years	4 Years
Weighted-Average Discount Rate	1.75%	1.75%

The Institute classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 120,855
2026	123,205
2027	<u>125,556</u>
Total Lease Payments	369,616
Less: Interest	<u>(9,330)</u>
Present Value of Lease Liabilities	<u>\$ 360,286</u>



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