

**CATHOLIC LEADERSHIP INSTITUTE
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**



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**CATHOLIC LEADERSHIP INSTITUTE
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YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Leadership Institute
Wayne, Pennsylvania

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Catholic Leadership Institute

Opinion

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, 2021 and 2020, 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.

Change in Accounting Principle

As discussed in Note 1, to the financial statements, Catholic Leadership Institute adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 5, 2021

**CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 9,539,902	\$ 7,158,232
Accounts Receivable, Net	39,240	2,297
Pledges Receivable, Net	2,517,585	1,615,103
Grants Receivable	578,744	375,000
Prepaid Expenses	226,481	148,415
Total Current Assets	12,901,952	9,299,047
PLEDGES RECEIVABLE, NET OF ALLOWANCE AND DISCOUNT	5,363,229	3,642,066
GRANTS RECEIVABLE, NET OF DISCOUNT	87,015	119,526
Total Assets	\$ 18,352,196	\$ 13,060,639
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 42,287	\$ 55,720
Accrued Expenses and Other Liabilities	266,690	219,553
Contract Liabilities	139,819	232,494
Refundable Advances	75,000	75,000
Total Current Liabilities	523,796	582,767
PAYCHECK PROTECTION PROGRAM LOAN	-	419,577
Total Liabilities	523,796	1,002,344
NET ASSETS		
Without Donor Restrictions	4,621,053	3,075,575
With Donor Restrictions	13,207,347	8,982,720
Total Net Assets	17,828,400	12,058,295
Total Liabilities and Net Assets	\$ 18,352,196	\$ 13,060,639

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Participant Fees, Net of Scholarships	\$ 873,432	\$ -	\$ 873,432	\$ 1,053,862	\$ -	\$ 1,053,862
Contributions	1,807,458	6,671,684	8,479,142	1,081,548	8,506,421	9,587,969
Investment and Other Income (Loss)	(1,897)	-	(1,897)	68,641	-	68,641
Net Assets Released from Restrictions	<u>2,447,057</u>	<u>(2,447,057)</u>	<u>-</u>	<u>3,074,383</u>	<u>(3,074,383)</u>	<u>-</u>
Total Support and Revenue	5,126,050	4,224,627	9,350,677	5,278,434	5,432,038	10,710,472
EXPENSES						
Program Services	2,182,316	-	2,182,316	2,837,204	-	2,837,204
Management and General	564,541	-	564,541	559,879	-	559,879
Fundraising	1,253,292	-	1,253,292	1,215,990	-	1,215,990
Total Expenses	<u>4,000,149</u>	<u>-</u>	<u>4,000,149</u>	<u>4,613,073</u>	<u>-</u>	<u>4,613,073</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	1,125,901	4,224,627	5,350,528	665,361	5,432,038	6,097,399
OTHER INCOME						
Paycheck Protection Program Loan Forgiveness	<u>419,577</u>	<u>-</u>	<u>419,577</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	1,545,478	4,224,627	5,770,105	665,361	5,432,038	6,097,399
Net Assets - Beginning of Year	<u>3,075,575</u>	<u>8,982,720</u>	<u>12,058,295</u>	<u>2,410,214</u>	<u>3,550,682</u>	<u>5,960,896</u>
NET ASSETS - END OF YEAR	<u>\$ 4,621,053</u>	<u>\$ 13,207,347</u>	<u>\$ 17,828,400</u>	<u>\$ 3,075,575</u>	<u>\$ 8,982,720</u>	<u>\$ 12,058,295</u>

See accompanying Notes to Financial Statements.

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

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
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
	<u>61,210</u>	<u>13,590</u>	<u>36,693</u>	<u>111,493</u>
Total	<u>\$ 2,182,316</u>	<u>\$ 564,541</u>	<u>\$ 1,253,292</u>	<u>\$ 4,000,149</u>

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll	\$ 1,232,652	\$ 319,941	\$ 796,461	\$ 2,349,054
Payroll Taxes	97,330	21,397	55,892	174,619
Employee Benefits	144,002	37,870	40,985	222,857
Insurance	-	29,469	-	29,469
Program Expenses	51,202	-	-	51,202
Program Materials	235,263	-	-	235,263
Program Development/Quality	529,194	-	-	529,194
Bishop's Program	114,079	-	-	114,079
Staff Training	36,602	491	921	38,014
Travel	191,544	-	73,800	265,344
Technology	19,555	-	29,097	48,652
Communications and Stewardship	-	-	89,821	89,821
Major Donor Event	-	-	39,600	39,600
Administrative	-	26,826	-	26,826
Bad Debt Expense	-	63,500	-	63,500
Office and General	11,437	2,936	5,504	19,877
Supplies	43,710	11,220	21,037	75,967
Professional Fees	49,606	25,430	23,875	98,911
Rent	80,873	20,759	38,923	140,555
Depreciation	155	40	74	269
	<u>155</u>	<u>40</u>	<u>74</u>	<u>269</u>
Total	<u>\$ 2,837,204</u>	<u>\$ 559,879</u>	<u>\$ 1,215,990</u>	<u>\$ 4,613,073</u>

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 5,770,105	\$ 6,097,399
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	-	269
Bad Debt Expense	20,948	63,500
Paycheck Protection Program Loan Forgiveness	(419,577)	-
(Increase) Decrease in Assets:		
Accounts Receivable	(36,943)	69,705
Pledges Receivable	(2,644,593)	(4,327,744)
Grants Receivable	(171,233)	(344,526)
Prepaid Expenses	(78,066)	(61,685)
Increase (Decrease) in Liabilities:		
Accounts Payable	(13,433)	(15,053)
Accrued Expenses	47,137	58,529
Contract Liabilities	(92,675)	-
Refundable Advances	-	45,829
Net Cash Provided by Operating Activities	2,381,670	1,586,223
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program Loan Proceeds	-	419,577
Net Cash Provided by Financing Activities	-	419,577
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,381,670	2,005,800
Cash and Cash Equivalents - Beginning of Year	7,158,232	5,152,432
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 9,539,902	\$ 7,158,232
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid During the Year	\$ 381	\$ 1,388

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 new service to revolutionize the way we prepare, support, and develop priests for transitions to 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, 2021 AND 2020**

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 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, 2021 and 2020.

Contributions With Donor Restrictions and Without Donor Restrictions

Contributions, including unconditional promises to give, received 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 deferred liability is created which reflects the unrecognized revenue. When the conditions are met, the amount recognized is reclassified out of deferred liability 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, 2021 AND 2020**

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 non-exchange 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 the 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 \$693,912 for the year ending June 30, 2021 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 \$179,520 for the year ending June 30, 2021 under Participant Fees, Net of Scholarships on the statement of activities.

Cash and Cash Equivalents

For purposes of reporting cash flows, 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, 2021 AND 2020**

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, 2021 and 2020, 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 fund-raising activity. 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 \$128,433 and \$136,800 as of June 30, 2021 and 2020, respectively.

In addition, as of June 30, 2021, the Institute has promises to give totaling \$457,824 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, 2021.

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 three and five 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 on the statements of financial position at June 30, 2021 and 2020.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

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. The Institute received donated services in the amount of \$4,456 and \$12,195 for the years ending June 30, 2021 and 2020, respectively, which consisted of waived royalty fees on the use of training materials.

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 organization. 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 May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

The Institute's financial statements reflect the application of ASC 606 guidance beginning July 1, 2020, using the modified retrospective approach. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the organization's reported historical revenue.

Risks and Uncertainties

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Institute, COVID-19 may impact various parts of its future operations and financial results. Management believes the Institute is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Subsequent Events

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through October 5, 2021, 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:	2021	2020
Pledges Receivable	\$ 2,556,404	\$ 1,653,999
Less: Allowance for Doubtful Accounts	(38,819)	(38,896)
Net Current Pledges Receivable	<u>\$ 2,517,585</u>	<u>\$ 1,615,103</u>
Long-Term:		
Pledges Receivable	\$ 5,901,364	\$ 4,163,269
Less: Allowance for Doubtful Accounts	(89,614)	(97,904)
Less: Present Value Discount	(448,521)	(423,299)
Net Long-Term Pledges Receivable	<u>\$ 5,363,229</u>	<u>\$ 3,642,066</u>

Pledges receivable as of June 30, 2021 are due to be collected as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 2,556,404
2023	2,400,904
2024	2,248,260
2025	1,138,200
2026	57,000
Thereafter	57,000
Total	<u>\$ 8,457,768</u>

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 PLEDGES RECEIVABLE (CONTINUED)

As of June 30, 2021 and 2020, included in the above pledges are \$355,500 and \$176,280, 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:

Current:	<u>2021</u>	<u>2020</u>
Grants Receivable	\$ 578,744	\$ 375,000
Long-Term:		
Grants Receivable	91,000	125,000
Less: Present Value Discount	<u>(3,985)</u>	<u>(5,474)</u>
Net Long-Term Grants Receivable	<u>\$ 87,015</u>	<u>\$ 119,526</u>

Grants receivable as of June 30, 2021 are due to be collected as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 578,744
2023	91,000
Total	<u>\$ 669,744</u>

NOTE 4 LINE OF CREDIT

Catholic Leadership Institute had an available line of credit in the amount of \$500,000 as of June 30, 2021. 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 (4.25% at June 30, 2021). There was no outstanding balance on the line of credit at June 30, 2021 and 2020, nor has the Institute drawn down funds during the years ended June 30, 2021 and 2020. This line is subject to renewal on February 1, 2022.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specific Purpose:		
Program Activities:		
Next Generation Diocese	\$ 4,887,019	\$ 1,057,923
Next Generation Parish	4,032,287	3,145,620
Custom Training	266,741	207,022
Standard Training	17,940	24,692
Priest Placement	193,018	272,937
Bishops Training	4,000	-
Total	<u>9,401,005</u>	<u>4,708,194</u>
Development Activities:		
Product Development/Research	316,995	124,176
Total	<u>316,995</u>	<u>124,176</u>
Subject to the Passage of Time:		
For Periods after June 30, 2021 and 2020	<u>3,489,347</u>	<u>4,150,350</u>
Total	<u>3,489,347</u>	<u>4,150,350</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 13,207,347</u></u>	<u><u>\$ 8,982,720</u></u>

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 \$125,620 and \$148,143 for the years ended June 30, 2021 and 2020, respectively.

The following is a schedule of minimum future rental payments as of June 30, 2021 required under the operating leases:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 119,692
2023	119,963
2024	121,036
2025	122,754
2026	123,205
Thereafter	125,556
Total	<u><u>\$ 732,206</u></u>

**CATHOLIC LEADERSHIP INSTITUTE
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JUNE 30, 2021 AND 2020**

NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Institute received a loan in the amount of \$419,577 to fund payroll, rent and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA).

The Institute follows ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. On June 1, 2021, the SBA processed the Institute's PPP Loan forgiveness application and notified the lender the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Institute was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in other income during the year ended June 30, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Institute's financial position.

NOTE 8 CONTRACT LIABILITIES

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

Contract Liability, Beginning of the Year	\$ 232,494
Revenue Recognized That Was Included in Contract Liability, Beginning of the Year	(142,351)
Increase in Contract Liability Due to Cash Received During the Year	49,676
Contract Liability, End of Year	<u>\$ 139,819</u>

NOTE 9 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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 9,539,902	7,158,232
Accounts Receivable, Net	39,240	2,297
Current Pledges Receivable, Net of Allowance	2,517,585	1,615,103
Grants Receivable	578,744	375,000
Net Assets With Donor Restrictions	<u>(6,682,277)</u>	<u>(4,042,519)</u>
Total	<u>\$ 5,993,194</u>	<u>\$ 5,108,113</u>

**CATHOLIC LEADERSHIP INSTITUTE
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NOTE 9 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 \$330,000/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 10 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, 2021 and 2020, the Institute paid out \$19,240 and \$17,600 respectively. As of the years ended June 30, 2021 and 2020, the Institute has \$57,331 and \$32,634 of total deferred compensation, respectively.

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