

CATHOLIC LEADERSHIP INSTITUTE
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019



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**CATHOLIC LEADERSHIP INSTITUTE
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YEARS ENDED JUNE 30, 2020 AND 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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 Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
February 9, 2021

**CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,158,232	\$ 5,152,432
Accounts Receivable, Net	2,297	72,002
Pledges Receivable, Net	1,615,103	477,740
Grants Receivable	375,000	150,000
Prepaid Expenses	148,415	86,730
Total Current Assets	9,299,047	5,938,904
PLEDGES RECEIVABLE, NET OF ALLOWANCE AND DISCOUNT	3,642,066	515,185
GRANTS RECEIVABLE, NET OF DISCOUNT	119,526	-
EQUIPMENT	-	269
Total Assets	\$ 13,060,639	\$ 6,454,358
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 55,720	\$ 70,773
Accrued Expenses and Other Liabilities	219,553	161,024
Deferred Revenue	307,494	261,665
Total Current Liabilities	582,767	493,462
PAYCHECK PROTECTION PROGRAM LOAN	419,577	-
Total Liabilities	1,002,344	493,462
NET ASSETS		
Without Donor Restrictions	3,075,575	2,410,214
With Donor Restrictions	8,982,720	3,550,682
Total Net Assets	12,058,295	5,960,896
Total Liabilities and Net Assets	\$ 13,060,639	\$ 6,454,358

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Participant Fees, Net of Scholarships	\$ 1,053,862	\$ -	\$ 1,053,862	\$ 1,734,485	\$ -	\$ 1,734,485
Contributions	1,081,548	8,506,421	9,587,969	1,294,788	2,584,645	3,879,433
Investment and Other Income	68,641	-	68,641	62,782	-	62,782
Net Assets Released from Restrictions	3,074,383	(3,074,383)	-	1,602,827	(1,602,827)	-
Total Support and Revenue	<u>5,278,434</u>	<u>5,432,038</u>	<u>10,710,472</u>	<u>4,694,882</u>	<u>981,818</u>	<u>5,676,700</u>
EXPENSES						
Program Services	2,837,204	-	2,837,204	2,546,621	-	2,546,621
Management and General	559,879	-	559,879	441,232	-	441,232
Fundraising	1,215,990	-	1,215,990	1,086,095	-	1,086,095
Total Expenses	<u>4,613,073</u>	<u>-</u>	<u>4,613,073</u>	<u>4,073,948</u>	<u>-</u>	<u>4,073,948</u>
CHANGE IN NET ASSETS	665,361	5,432,038	6,097,399	620,934	981,818	1,602,752
Net Assets - Beginning of Year	<u>2,410,214</u>	<u>3,550,682</u>	<u>5,960,896</u>	<u>1,789,280</u>	<u>2,568,864</u>	<u>4,358,144</u>
NET ASSETS - END 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>

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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll	\$ 1,267,347	\$ 308,062	\$ 671,115	\$ 2,246,524
Payroll Taxes	101,474	22,866	50,616	174,956
Employee Benefits	111,730	41,179	34,323	187,232
Insurance	-	25,641	-	25,641
Program Expenses	69,016	-	-	69,016
Program Materials	331,616	-	-	331,616
Program Development/Quality	74,682	-	-	74,682
Bishop's Program	81,480	-	-	81,480
Staff Training	37,398	2,423	5,591	45,412
Travel	292,554	-	69,765	362,319
Technology	24,530	-	24,455	48,985
Communications and Stewardship	-	-	125,875	125,875
Administrative	-	40,340	-	40,340
Bad Debt Expense (Recovery)	-	(44,500)	-	(44,500)
Office and General	9,623	2,812	6,488	18,923
Supplies	25,346	7,404	17,087	49,837
Professional Fees	50,202	14,666	33,844	98,712
Rent	69,074	20,179	46,566	135,819
Depreciation	549	160	370	1,079
	<u>549</u>	<u>160</u>	<u>370</u>	<u>1,079</u>
Total	<u>\$ 2,546,621</u>	<u>\$ 441,232</u>	<u>\$ 1,086,095</u>	<u>\$ 4,073,948</u>

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 6,097,399	\$ 1,602,752
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	269	1,079
Bad Debt Expense (Recovery)	63,500	(44,500)
(Increase) Decrease in Assets:		
Accounts Receivable	69,705	(21,832)
Pledges Receivable	(4,327,744)	58,010
Grants Receivable	(344,526)	(150,000)
Prepaid Expenses	(61,685)	(20,729)
Increase (Decrease) in Liabilities:		
Accounts Payable	(15,053)	33,480
Accrued Expenses	58,529	32,619
Deferred Revenue	45,829	99,958
Net Cash Provided by Operating Activities	1,586,223	1,590,837
 CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of Paycheck Protection Program Loan	419,577	-
Net Cash Provided by Financing Activities	419,577	-
 NET INCREASE IN CASH AND CASH EQUIVALENTS	2,005,800	1,590,837
 Cash and Cash Equivalents - Beginning of Year	5,152,432	3,561,595
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,158,232	\$ 5,152,432
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid During the Year	\$ 1,388	\$ -

See accompanying Notes to Financial Statements.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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, 2020 AND 2019**

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, 2020 and 2019.

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, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 \$6,000 at June 30, 2020 and 2019, 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 \$136,800 and \$71,301 as of June 30, 2020 and 2019, respectively.

In addition, as of June 30, 2020, the Institute has promises to give totaling \$1,662,324 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, 2020.

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.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Revenues from certain fixed price agreements are recognized on the percentage of completion method, measured on the basis of efforts expended method. This method is used because management considers it to be the best available measure of progress on these agreements. Revenues are deferred when it is determined that actual extent of progress towards completion is less than estimated extent of progress for a specific agreement.

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, 2020 and 2019.

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 \$12,195 and \$34,044 for the years ending June 30, 2020 and 2019, 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 (FTE's) 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.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As of July 1, 2019, the Institute adopted the accounting guidance in FASB ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Institute's financial statements reflect the application of this guidance for the year ended June 30, 2020. No cumulative-effect adjustment to net assets was recorded because the adoption did not significantly impact the Institute's previously reported contribution 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 February 9, 2021, the date the financial statements were available to be issued.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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>2020</u>	<u>2019</u>
Pledges Receivable	\$ 1,653,999	\$ 509,705
Less: Allowance for Doubtful Accounts	(38,896)	(31,965)
Net Current Pledges Receivable	<u>\$ 1,615,103</u>	<u>\$ 477,740</u>
Long-Term:		
Pledges Receivable	\$ 4,163,269	\$ 627,251
Less: Allowance for Doubtful Accounts	(97,904)	(39,336)
Less: Present Value Discount	(423,299)	(72,730)
Net Long-Term Pledges Receivable	<u>\$ 3,642,066</u>	<u>\$ 515,185</u>

Pledges receivable as of June 30, 2020 are due to be collected as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,653,999
2022	1,396,404
2023	1,364,904
2024	1,199,760
2025	88,200
Thereafter	114,001
Total	<u>\$ 5,817,268</u>

As of June 30, 2020 and 2019, included in the above pledges are \$176,280 and \$196,140, 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>2020</u>	<u>2019</u>
Grants Receivable	\$ 375,000	\$ 150,000
Long-Term:		
Grants Receivable	125,000	-
Less: Present Value Discount	(5,474)	-
Net Long-Term Grants Receivable	<u>\$ 119,526</u>	<u>\$ -</u>

Grants receivable as of June 30, 2020 are due to be collected as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 375,000
2022	125,000
Total	<u>\$ 500,000</u>

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 4 LINE OF CREDIT

Catholic Leadership Institute had an available line of credit in the amount of \$500,000 as of June 30, 2020. 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, 2020). There was no outstanding balance on the line of credit at June 30, 2020 and 2019, nor has the Institute drawn down funds during the years ended June 30, 2020 and 2019. This line is subject to renewal on February 1, 2021.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specific Purpose:		
Program Activities:		
Next Generation Parish	\$ 3,145,617	\$ 1,726,239
Custom Training	207,022	273,633
Standard Training	24,692	27,584
Called for More	272,937	966,629
Bishops Training	-	48,498
Total	<u>3,650,268</u>	<u>3,042,583</u>
Development Activities:		
New Initiatives	124,176	46,808
CLI 20/20 Initiatives	1,057,926	-
Technology	-	6,690
Total	<u>1,182,102</u>	<u>53,498</u>
Subject to the Passage of Time:		
For Periods after June 30, 2020 and 2019	<u>4,150,350</u>	<u>454,601</u>
Total	<u>4,150,350</u>	<u>454,601</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 8,982,720</u></u>	<u><u>\$ 3,550,682</u></u>

NOTE 6 OPERATING LEASES

Catholic Leadership Institute leases office space and equipment under separate operating lease agreements. The office space agreement was a four-year lease beginning in April 2010 and expired December 2019. The new seven-year office space lease began in January 2020 and runs 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 \$148,143 and \$141,851 for the years ended June 30, 2020 and 2019, respectively.

**CATHOLIC LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 6 OPERATING LEASES (CONTINUED)

The following is a schedule of minimum future rental payments as of June 30, 2020 required under the operating leases:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 118,001
2022	119,692
2023	119,963
2024	121,036
2025	122,754
Thereafter	248,761
Total	<u>\$ 850,207</u>

NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Institute received a loan from WSFS Bank in the amount of \$419,577 to fund payroll 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. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Institute fails to apply for forgiveness within 10 months after the covered period, the payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

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:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 7,158,232	5,152,432
Accounts Receivable, Net	2,297	72,002
Current Pledges Receivable, Net of Allowance	1,615,103	477,740
Grants Receivable	375,000	150,000
Net Assets With Donor Restrictions	(4,042,519)	(3,550,682)
Total	<u>\$ 5,108,113</u>	<u>\$ 2,301,492</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 \$380,000/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.

