CATHOLIC ANSWERS, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Answers, Inc.
El Cajon, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Catholic Answers, Inc. (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 Answers, Inc. as of June 30, 2024 and 2023, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 Answers, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Answers, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Board of Directors
Catholic Answers, Inc.

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 Answers, Inc.'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 Answers, Inc.'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

Irvine, California
January 22, 2025

CATHOLIC ANSWERS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,078,855	$ 579,896
Accounts Receivable, Less Allowance for Credit Loss	228,478	126,111
Inventories	499,873	632,467
Investments	1,585,822	1,522,900
Prepaid Expenses and Other Current Assets	268,634	292,400
Total Current Assets	3,661,662	3,153,774
PROPERTY AND EQUIPMENT, NET	89,162	111,525
DEPOSITS AND OTHER ASSETS	14,150	14,150
RIGHT OF USE ASSET - OPERATING	329,384	558,834
Total Assets	$ 4,094,358	$ 3,838,283
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 210,320	$ 237,198
Accrued Expenses	589,447	548,474
Deferred Revenue	147,817	143,579
Lease Liability - Operating, Current Portion	202,655	182,894
Total Current Liabilities	1,150,239	1,112,145
LONG-TERM LIABILITIES		
Lease Liability - Operating, Less Current Portion	138,157	385,262
Total Long-Term Liabilities	138,157	385,262
Total Liabilities	1,288,396	1,497,407
NET ASSETS		
Net Assets Without Donor Restrictions, Undesignated	2,776,948	2,312,890
Net Assets With Donor Restrictions, Restricted by Purpose or Time	29,014	27,986
Total Net Assets	2,805,962	2,340,876
Total Liabilities and Net Assets	$ 4,094,358	$ 3,838,283

See accompanying Notes to Financial Statements.

CATHOLIC ANSWERS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Support:		
Contributions	$ 7,629,763	$ 6,801,330
Product Sales	1,833,400	1,468,322
Magazine Subscription Revenue	-	19,394
Seminar Fee Revenue	149,330	121,479
Event Revenue	214,721	182,652
Other Program Revenue	52,961	31,577
Investment Income	75,857	37,611
Contributed Goods and Services	173,422	176,355
Net Assets Released from Donor Restrictions	13,972	12,264
Other Income	110,000	78,200
Total Revenues and Support Without Donor Restrictions	10,253,426	8,929,184
EXPENSES		
Program Services Expenses:		
Product Development and Sales	2,850,166	2,683,890
Special Projects	407,398	525,215
Events	723,919	601,921
Radio and Studios	1,791,189	1,783,090
Apologetics and Evangelization	643,918	633,557
Magazine	401,489	588,205
Website	876,661	746,140
Total Program Services Expenses	7,694,740	7,562,018
Supporting Services Expenses:		
Management and General	556,765	532,798
Fundraising	1,537,863	1,347,929
Total Supporting Services Expenses	2,094,628	1,880,727
Total Expenses	9,789,368	9,442,745
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	464,058	(513,561)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	15,000	-
Net Assets Released from Donor Restrictions	(13,972)	(12,264)
Change in Net Assets With Donor Restrictions	1,028	(12,264)
CHANGE IN NET ASSETS	465,086	(525,825)
Net Assets - Beginning of Year	2,340,876	2,866,701
NET ASSETS - END OF YEAR	$ 2,805,962	$ 2,340,876

See accompanying Notes to Financial Statements.

CATHOLIC ANSWERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
EXPENSES					
Personnel Costs:					
Salaries and Wages	$ 3,077,134	$ 364,108	$ 716,377	$ 1,080,485	$ 4,157,619
Retirement Plan	90,051	9,896	20,755	30,651	120,702
Other Employee Benefits	563,022	62,020	130,505	192,525	755,547
Payroll Taxes	239,670	26,337	55,233	81,570	321,240
Total Personnel Costs	3,969,877	462,361	922,870	1,385,231	5,355,108
Printing and Postage	409,645	119	354,626	354,745	764,390
Information Technology	478,491	15,714	77,230	92,944	571,435
Cost of Sales	548,169	-	-	-	548,169
Professional Fees	482,371	39,556	25,848	65,404	547,775
Office Expenses	494,944	4,281	44,332	48,613	543,557
Travel and Events	451,820	983	38,571	39,554	491,374
Occupancy	289,406	28,334	59,493	87,827	377,233
Advertising and Promotion	295,090	108	1,854	1,962	297,052
Royalties	215,880	-	-	-	215,880
Depreciation	43,622	4,790	10,034	14,824	58,446
Other Expenses	7,736	-	-	-	7,736
Licenses and Dues	3,628	65	2,042	2,107	5,735
Insurance	4,061	454	963	1,417	5,478
Total Program and Supporting Services Including Depreciation	$ 7,694,740	$ 556,765	$ 1,537,863	$ 2,094,628	$ 9,789,368

See accompanying Notes to Financial Statements.

CATHOLIC ANSWERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
EXPENSES					
Personnel Costs:					
Salaries and Wages	$ 3,119,592	$ 339,251	$ 625,198	$ 964,449	$ 4,084,041
Retirement Plan	87,571	9,160	17,585	26,745	114,316
Other Employee Benefits	561,241	58,769	113,051	171,820	733,061
Payroll Taxes	239,359	25,041	48,111	73,152	312,511
Total Personnel Costs	4,007,763	432,221	803,945	1,236,166	5,243,929
Printing and Postage	481,103	258	312,326	312,584	793,687
Information Technology	380,609	14,604	63,260	77,864	458,473
Cost of Sales	416,409	-	-	-	416,409
Professional Fees	536,761	41,476	17,716	59,192	595,953
Office Expenses	561,751	5,865	43,289	49,154	610,905
Travel and Events	328,315	2,487	36,030	38,517	366,832
Occupancy	307,033	28,245	54,019	82,264	389,297
Advertising and Promotion	276,259	136	1,062	1,198	277,457
Royalties	191,189	-	-	-	191,189
Depreciation	52,440	5,428	9,962	15,390	67,830
Other Expenses	-	-	405	405	405
Licenses and Dues	3,815	114	1,977	2,091	5,906
Insurance	18,571	1,964	3,938	5,902	24,473
Total Program and Supporting Services Including Depreciation	$ 7,562,018	$ 532,798	$ 1,347,929	$ 1,880,727	$ 9,442,745

See accompanying Notes to Financial Statements.

CATHOLIC ANSWERS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 465,086	$ (525,825)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Credit Loss Expense (Recovery)	2,829	(8,273)
Depreciation and Amortization	58,446	67,830
Realized and Unrealized Gain on Investments	(33,155)	(22,765)
Noncash Lease Expense - Operating	2,106	9,322
Change in Operating Assets and Liabilities:		
Accounts Receivable	(105,196)	77,321
Inventories	132,594	(167,758)
Prepaid Expenses and Other Current Assets	23,766	(18,872)
Accounts Payable	(26,878)	(115,453)
Accrued Expenses	40,973	39,281
Deferred Revenue	4,238	1,258
Deferred Rent	-	(10,096)
Net Cash Provided (Used) by Operating Activities	564,809	(674,030)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(36,083)	(28,778)
Sale of Investments	1,591,805	986,000
Purchase of Investments	(1,621,572)	(1,000,699)
Net Cash Used by Investing Activities	(65,850)	(43,477)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	498,959	(717,507)
Cash and Cash Equivalents - Beginning of Year	579,896	1,297,403
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,078,855	$ 579,896
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Right of Use Asset - Operating	$ -	$ 748,113

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The financial statements reflect the financial results of Catholic Answers, Inc. (CA or the Organization), a nonprofit California corporation. CA was organized in 1982 and is an apostolate dedicated to serving Christ by bringing the fullness of Catholic truth to the world. The Organization, among other things, sells religious books, booklets, and audio and video products throughout the world. The Organization also hosts the Catholic.com website, conducts seminars, publishes magazines, conducts pilgrimages, and produces a radio show and podcasts heard throughout the world.

Basis of Accounting

The Organization's financial statements are prepared on the accrual basis of accounting.

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 amounts of revenues and expenses during the reporting period. Accordingly, actual amounts may differ from these estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded when products are sold or services are rendered, and are presented in the statements of financial position net of an allowance for expected credit losses. Credit terms for payment of products and services are extended to customers in the normal course of business and no collateral is required.

The Organization uses a combination of historical loss information based on the aging of receivables, current economic conditions, and forward-looking information to determine expected credit losses for receivables and believes that the composition of trade receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit loss and a credit to accounts receivable. The allowance for credit losses was $4,234 and $2,794 as of June 30, 2024 and 2023, respectively.

Significant inputs and assumptions used in the estimation of credit losses may include:

- Historical loss experience
- Current economic conditions
- Economic indicators

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist of books, booklets, and audio and video products that are stated at the lower of cost or net realizable value using the first-in, first-out method (FIFO).

Investments

Investments consist of U.S. treasury securities with readily determinable fair values and are measured at fair value in the statements of financial position. Net investment gain or loss is reported in the statements of activities and consists of interest income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurements

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

There were no changes in the valuation methodology used by the Organization.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Acquisitions of property and equipment greater than $5,000 with useful lives greater than one year are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Donated property is recorded at fair market value on the date received. Leasehold improvements are amortized over the shorter of the useful life of the asset or the lease term.

Leases

The Organization leases office space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statements of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s 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 Organization uses a federal 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 Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The Organization 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.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The Organization records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve through a board-designated endowment. No such endowments existed as of June 30, 2024 or 2023.

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, purpose 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.

Contributions

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. The gifts are reported as net assets with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets are released and reported as an increase in net assets without donor restriction. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as net assets released from donor restrictions support in that period.

Conditional promises to give are those that include a barrier that must be overcome and either a right of return of assets received by the Organization or a right of release of the donor's obligation to transfer assets to the Organization. Conditional promises to give are not recognized as contributions until such time as the conditions upon which they depend are substantially met or explicitly waived by the donor. Proceeds received from conditional contributions are recorded as deferred revenue until such time that the conditional barriers to revenue recognition have been overcome. As of June 30, 2024, there were no conditional promises to give with conditions that have not been met.

Contributions of donated noncash assets and professional services are recorded as revenue and expense at their fair market value when received. Contributions of services are recognized when received if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended June 30, 2024 and 2023, the Organization recognized $173,422 and $176,355 of donated advertising, respectively. The fair value of these services is based on the estimated advertising rates as provided by the donor.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization's revenue streams under contracts with customers are comprised of product sales, magazine subscriptions, seminar fees and event revenue. The Organization's revenue is recognized when a performance obligation is satisfied, either over a period of time or at a point in time. The Organization's contracts include no significant financing components nor variable considerations.

There are no rights of return for any revenue streams. Payments on contracts with customers are typically due upon receipt by the customer. There are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts from customers.

All other revenues are recognized as the corresponding performance obligations are satisfied as follows:

Product Sales

Product sales are recognized at a point in time when products are shipped.

Magazine Subscriptions

There are no distinct performance obligations, and the subscriber benefits are considered a bundled group of performance obligations that are delivered to subscribers throughout the subscription period. Accordingly, magazine subscriptions are recognized monthly over the subscription period. Magazine subscriptions paid in advance of the subscription period are recorded as deferred revenue. The subscription period is either one or two years. During the year ended June 30, 2022, the Organization no longer offered subscriptions.

Seminar Fees and Event Revenue

Seminar fees and event revenues are related to specific events. The Organization evaluates the performance obligations and to the extent that the Organization provides services, the income is recognized at a point in time in the period when the event is held.

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods or services:

	2024	2023
Recognized Over Time:		
Magazine Subscriptions	$ -	$ 19,394
Recognized at Point in Time:		
Product Sales	$ 1,833,400	$ 1,468,322
Seminar Fees	149,330	121,479
Event Revenue	214,721	182,652
Other Program Revenue	52,961	31,577
Total	$ 2,250,412	$ 1,823,424

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Organization's contract assets consist of the following:

	2024	2023	2022
Product Sales	$ 228,478	$ 126,111	$ 195,159

The Organization's contract liabilities consist of the following:

	2024	Beginning 2023	Ending 2023
Deferred Revenue:			
Magazine Subscriptions	$ -	$ -	$ 19,394
Events	137,777	134,680	103,215
Other Program Revenue	10,040	8,899	19,712
Total Deferred Revenue	$ 147,817	$ 143,579	$ 142,321

Advertising

Advertising costs are expensed as incurred. For the years ended June 30, 2024 and 2023, advertising costs of $297,053 and $277,457, respectively, were allocated to various expense categories.

Shipping and Handling

Costs for shipping and handling were allocated to program expenses in the "Printing and Postage" category and were $192,381 and $132,606 for the years ended June 30, 2024 and 2023, respectively.

Functional Allocation of Expense

The costs of program and supporting services activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, employee benefits, occupancy, transportation, office expenses, professional services, information technology, depreciation, advertising and mailing expenses. Allocations are made primarily based on time and effort.

Income Tax Status

CA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the Revenue and Taxation Code of California. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax provisions that are material to the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

The Organization has adopted Accounting Standards Update (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 Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

Concentrations of Credit Risk

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured deposit limits. The risk associated with these deposits is considered low as they are held in highly rated financial institutions. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk.

The Organization had two customers that represented approximately 75% and 84% of total accounts receivable as of June 30, 2024 and 2023, respectively.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

Subsequent events have been evaluated through January 22, 2025, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2024	2023
Cash and Cash Equivalents	$ 1,078,855	$ 579,896
Accounts Receivable, Net	228,478	126,111
Investments	1,585,822	1,522,900
Less: Net Assets with Donor Restrictions	(29,014)	(27,986)
Total	$ 2,864,141	$ 2,200,921

The Organization's liquid assets are mainly cash and cash equivalents and current investments; any future investment is expected to be invested in highly liquid investments. As a part of its liquidity management, the Organization's management performs and routinely reviews budgets to anticipate cash flows. Excess cash is used to purchase treasury bills with tiered maturities that can be utilized to fund liquidity needs.

NOTE 3 INVESTMENTS

Investments consist of U.S. Treasury Securities and other interest-bearing securities. Investment income consists of the following for the years ended June 30:

	2024	2023
Interest Income	$ 42,702	$ 14,846
Realized Gain (Loss)	15,437	(11,019)
Unrealized Gain	17,718	33,784
Total	$ 75,857	$ 37,611

The following table presents investments of the Organization measured at fair value on a recurring basis and were recorded based on the fair value hierarchy at June 30:

	2024			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	$ 1,581,723	$ -	$ -	$ 1,581,723
Cash	-	-	-	4,099
Total	$ 1,581,723	$ -	$ -	$ 1,585,822

	2023			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	$ 989,899	$ -	$ -	$ 989,899
Cash	-	-	-	533,001
Total	$ 989,899	$ -	$ -	$ 1,522,900

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2024	2023
Leasehold Improvements	$ 420,703	$ 420,703
Computers and Peripherals	318,899	396,066
Furniture and Fixtures	38,946	139,662
Subtotal	778,548	956,431
Less: Accumulated Depreciation and Amortization	689,386	844,906
Total	$ 89,162	$ 111,525

Depreciation and amortization expense was $58,446 and $67,830 for the years ended June 30, 2024 and 2023, respectively.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2024	2023
Subject to Expenditure for Specific Purpose:		
Radio Studio Redesign	$ -	$ 4,736
Chapel Project	23,250	23,250
Local Lectures	5,764	-
Total	$ 29,014	$ 27,986

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2024	2023
Purpose or Period Restrictions Accomplished:		
Radio Studio Redesign	$ 4,736	$ 12,264
Local Lectures	9,236	-
Total	$ 13,972	$ 12,264

NOTE 6 COMMITMENTS

Leases

The Organization leases facility space under a long-term, non-cancelable lease agreement. The lease has a maturity date of March 2026. The lease provides for increases in future minimum annual rent payments based on the schedule defined within the lease agreement.

The following tables provide quantitative information concerning the Organization's leases for the years ended June 30:

	2024	2023
Right of Use Asset	$ 748,113	$ 748,113
Right of Use Amortization	(418,729)	(189,279)
	$ 329,384	$ 558,834
Operating Lease Costs	$ 205,761	$ 203,452
Short Term Lease Costs	20,060	27,544
Total Lease Costs	$ 225,821	$ 230,996

NOTE 6 COMMITMENTS (CONTINUED)

Leases (Continued)

The following tables provide quantitative information concerning the Organization's operating lease for the years ended June 30:

	2024	2023
Cash Paid for Amounts Included in the Measurement of Lease Liability:		
Operating Cash Flows from Operating Leases	$ 200,400	$ 204,226
Right of Use Asset Obtained in Exchange for New Lease Liability - Operating	-	748,113
Weighted Average Remaining Lease Term - Operating	1.8 years	2.8 years
Weighted Average Discount Rate - Operating	3.00%	3.00%

A maturity analysis of annual undiscounted cash flows for lease liabilities is as follows:

Year Ending June 30,	Amount
2025	$ 208,020
2026	141,880
Total Lease Payments	349,900
Less: Interest	(9,088)
Present Value of Lease Liabilities	$ 340,812

Hotel Commitments

The Organization has entered into several agreements with hotels for room accommodations for its annual convention through fiscal year 2025. These agreements indicate the Organization is potentially liable for liquidated damages resulting from all unsold rooms and convention space in the event of cancellation. At June 30, 2024, the Organization's maximum commitment was approximately $141,575.

NOTE 7 RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan which covers employees aged 21 or older. Employees may defer salaries into the plan up to the maximum allowed by the Internal Revenue Code. For the years ended June 30, 2024 and 2023, the Organization contributed $120,703 and $114,316, respectively.

NOTE 8 INCENTIVE PLAN

CA has an incentive plan, which provides bonuses to employees based upon profits, hours worked, and other criteria. CA has reserved the right to amend or terminate this plan at any time. There was incentive plan expense of $25,272 and $9,529 for the years ended June 30, 2024 and 2023, respectively.

NOTE 9 RELATED PARTY TRANSACTIONS

A member of the Organization's management team provides consulting services and incurs expenses on behalf of the Shrine of Our Lady of Guadalupe (Shrine), an entity that is affiliated with the Organization through a related party relationship. Total amounts received for the years ended June 30, 2024 and 2023 on behalf of the related party were $60,000 and $77,000, respectively. Total amount receivable from the Shrine as of June 30, 2024 and 2023 was $6,000.

NOTE 10 SHARED SERVICES

During the year ended June 30, 2024, the Organization's entered into a shared services agreement with a third party for an employee to provide certain services based on the terms of the agreement. Total amount recognized as revenue for the year ended June 30, 2024 was $50,000. Total amount receivable as of June 30, 2024 was $4,167.

NOTE 11 CONTINGENCIES

The Organization may, from time to time, be involved in various legal and administrative proceedings and claims arising in the ordinary course of business. The ultimate resolution of such claims, if any, would not, in the opinion of management, have a material effect on the Organization's financial position or statement of activities.