Financial Statements
June 30, 2024 and 2023

Catholic Education Arizona

EideBailly

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Independent Auditor's Report

The Board of Directors
Catholic Education Arizona
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Catholic Education Arizona, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Catholic Education Arizona as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Education Arizona and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Education Arizona's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of 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 auditor's 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 Education Arizona'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 Education Arizona'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.

Eide Bailly LLP

Phoenix, Arizona
December 19, 2024

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 36,695,705	$ 29,451,670
Investments	3,807,102	6,998,202
Contributions receivable	460,000	-
Scholarship refunds receivable	17,116	465,917
Prepaid expenses and other assets	15,418	12,037
Total current assets	40,995,341	36,927,826
Property and Equipment		
Furniture and equipment	48,497	48,497
Computer equipment	56,663	49,209
Leasehold improvements	107,941	107,941
	213,101	205,647
Less accumulated depreciation	(159,936)	(127,137)
Total property and equipment	53,165	78,510
Investments, Less Current	-	601,052
Operating Lease Right of Use Asset	71,763	135,156
Total assets	$ 41,120,269	$ 37,742,544
Liabilities and Net Assets		
Current Liabilities		
Scholarship awards payable	$ 34,651,327	$ 33,259,375
Accounts payable and accrued expenses	59,056	41,507
Current maturities of operating lease liability	89,315	88,550
Total current liabilities	34,799,698	33,389,432
Operating Lease Liability, Less Current Maturities	14,771	104,086
Total liabilities	34,814,469	33,493,518
Net Assets		
Without donor restrictions		
Undesignated	5,154,745	3,648,011
Designated by the Board for Changing Lives Division	310,000	-
	5,464,745	3,648,011
With donor restrictions	841,055	601,015
Total net assets	6,305,800	4,249,026
Total liabilities and net assets	$ 41,120,269	$ 37,742,544

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support, and Gains			
Contributions - individual	$ 9,433,052	$ -	$ 9,433,052
Contributions - corporate	12,842,431	-	12,842,431
Contributions - Changing Lives	-	565,040	565,040
Contributions - Other	278,755	-	278,755
Net investment return	1,612,217	-	1,612,217
Net assets released from restrictions	325,000	(325,000)	-
Total revenue, support, and gains	24,491,455	240,040	24,731,495
Expenses			
Program services	20,793,703	-	20,793,703
Supporting services expenses			
Management and general	1,068,386	-	1,068,386
Fundraising	812,632	-	812,632
Total supporting services expenses	1,881,018	-	1,881,018
Total expenses	22,674,721	-	22,674,721
Change in Net Assets	1,816,734	240,040	2,056,774
Net Assets, Beginning of Year	3,648,011	601,015	4,249,026
Net Assets, End of Year	$ 5,464,745	$ 841,055	$ 6,305,800

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support, and Gains			
Contributions - individual	$ 9,813,854	$ -	$ 9,813,854
Contributions - corporate	14,424,525	-	14,424,525
Contributions - Changing Lives	-	586,825	586,825
Contributions - Other	297,870	-	297,870
Net investment return	686,656	14,190	700,846
Total revenue, support, and gains	25,222,905	601,015	25,823,920
Expenses			
Program services	22,603,053	-	22,603,053
Supporting services expenses			
Management and general	1,015,307	-	1,015,307
Fundraising	680,409	-	680,409
Total supporting services expenses	1,695,716	-	1,695,716
Total expenses	24,298,769	-	24,298,769
Change in Net Assets	924,136	601,015	1,525,151
Net Assets, Beginning of Year	2,723,875	-	2,723,875
Net Assets, End of Year	$ 3,648,011	$ 601,015	$ 4,249,026

	2024			
	Program Services	Management and General	Fundraising	Total
Scholarship Awards				
Individual	$ 5,252,344	$ -	$ -	$ 5,252,344
Switcher	3,235,603	-	-	3,235,603
Corporate	10,653,688	-	-	10,653,688
Disabled/Displaced	904,500	-	-	904,500
Employer matching awards	164,371	-	-	164,371
Discretionary awards	1,100	-	-	1,100
Total scholarship awards	20,211,606	-	-	20,211,606
Other Expenses				
Compensation, other salaries and wages, and benefits	310,215	392,700	446,709	1,149,624
Pension plan contributions	33,613	34,632	33,613	101,858
Payroll taxes	24,384	25,106	24,384	73,874
Professional services	92,464	11,857	57,156	161,477
Legal fees	-	3,161	-	3,161
Accounting fees	11,384	15,695	20,006	47,085
Advertising and promotion	24,168	205,801	67,404	297,373
Office expenses	57	43,427	122	43,606
Information technology	6,143	6,633	9,175	21,951
Rent	24,850	24,850	24,846	74,546
Travel	-	5,464	662	6,126
Conventions and meetings	71	32,723	-	32,794
Depreciation and amortization	22,263	5,272	5,262	32,797
Insurance	6,777	6,826	6,780	20,383
Printing	3,382	13,474	52,439	69,295
Credit card fees	-	149,944	-	149,944
Continuing professional education	-	1,116	-	1,116
Postage and delivery	1,253	12,760	15,431	29,444
Miscellaneous expenses	21,073	76,945	48,643	146,661
Total other expenses	582,097	1,068,386	812,632	2,463,115
Total expenses	$ 20,793,703	$ 1,068,386	$ 812,632	$ 22,674,721

	2023			
	Program Services	Management and General	Fundraising	Total
Scholarship Awards				
Individual	$ 5,390,471	$ -	$ -	$ 5,390,471
Switcher	3,440,730	-	-	3,440,730
Corporate	12,063,792	-	-	12,063,792
Disabled/Displaced	918,281	-	-	918,281
Employer matching awards	164,512	-	-	164,512
Discretionary awards	50,000	-	-	50,000
Total scholarship awards	22,027,786	-	-	22,027,786
Other Expenses				
Compensation, other salaries and wages, and benefits	321,437	378,824	321,437	1,021,698
Pension plan contributions	30,492	31,416	30,492	92,400
Payroll taxes	20,946	21,580	20,946	63,472
Professional services	87,156	1,120	59,676	147,952
Legal Fees	-	6,036	-	6,036
Accounting fees	7,467	7,467	7,467	22,401
Advertising and promotion	32,010	150,981	82,968	265,959
Office expenses	52	44,544	-	44,596
Information technology	4,873	4,873	19,614	29,360
Rent	22,570	22,570	22,569	67,709
Travel	-	8,259	525	8,784
Conventions and meetings	-	25,194	-	25,194
Depreciation and amortization	11,978	11,979	11,978	35,935
Insurance	4,843	4,843	4,842	14,528
Printing	140	4,892	3,808	8,840
Credit card fees	-	169,435	-	169,435
Continuing professional education	-	10,131	-	10,131
Postage and delivery	1,394	2,220	3,806	7,420
Miscellaneous expenses	29,909	108,943	90,281	229,133
Total other expenses	575,267	1,015,307	680,409	2,270,983
Total expenses	$ 22,603,053	$ 1,015,307	$ 680,409	$ 24,298,769

	2024	2023
Operating Activities		
Change in net assets	$ 2,056,774	$ 1,525,151
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	32,797	35,935
Realized and unrealized gain on investments	(60,144)	(14,227)
Contributions restricted to endowment	-	(251,825)
Changes in operating assets and liabilities		
Scholarship refunds receivable	448,801	(292,495)
Contributions receivable	(460,000)	-
Prepaid expenses and other assets	(3,381)	(242)
Operating lease assets and liabilities	(25,157)	(13,363)
Scholarship awards payable	1,391,952	3,714,158
Accounts payable and accrued expenses	17,549	6,063
Net Cash from Operating Activities	3,399,191	4,709,155
Investing Activities		
Purchases of property and equipment	(7,452)	(5,312)
Purchases of investments	(210,153)	(4,558,383)
Sales of investments	4,062,449	329,032
Net Cash from (used for) Investing Activities	3,844,844	(4,234,663)
Financing Activities		
Collections of contributions restricted to endowment	-	251,825
Net Change in Cash and Cash Equivalents	7,244,035	726,317
Cash and Cash Equivalents, Beginning of Year	29,451,670	28,725,353
Cash and Cash Equivalents, End of Year	$ 36,695,705	$ 29,451,670

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Catholic Education Arizona (the Organization) was founded in 1998 and provides educational scholarships and tuition grants to eligible families to use at any qualified Catholic school in the State of Arizona. The Organization is a school tuition organization as defined in Arizona Revised Statute 43-1089, and as such, must allocate at least 90% of its qualifying annual revenue for educational scholarships or tuition grants.

Cash and Cash Equivalents

The Organization maintains its available cash at multiple financial institutions. Deposits at each financial institution are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insurance bank, for each account ownership category. At June 30, 2024 and 2023, the Organization had approximately $3,771,000 and $831,000, respectively, in cash accounts in excess of FDIC limits.

For purposes of the statements of cash flows, the Organization considers all highly-liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents held within the investment portfolio are excluded from this definition.

Contributions Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2024 and 2023, there was no allowance. All contributions receivable are expected to be collected within one year.

Property and Equipment

Property and equipment are stated at historical cost, or if donated, at the fair market value at the date of the gift. It is the Organization's policy to capitalize property and equipment with a useful life greater than one year and a cost or fair market value in excess of $500. Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from three to ten years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation and amortization is removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Organization has determined that for the years ended June 30, 2024 and 2023 there were no indicators of asset impairment.

Right of Use Leased Assets and Liabilities

Right of use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right of use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right of use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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. The governing board has designated, from net assets without donor restrictions, $310,000 of net assets for the Changing Lives program.

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. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at June 30, 2024 and 2023, conditional contributions approximating $0 and $425,000, respectively, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

Scholarship Awards

Annually, the Organization's board of directors approves the scholarship amounts funded by individual and corporate contributions qualifying for the state tax credit that will be paid in the succeeding year. Scholarship awards were $20,046,135 and $21,813,274 for the years ended June 30, 2024 and 2023, respectively, which represents 90% of total scholarship contributions for both years. Scholarship awards are allocated as contributions are received during the year and paid out to the schools in the following year resulting in scholarship awards payable.

In addition, the Organization’s board of directors approved discretionary scholarships in the amount of $165,471 and $214,512 for the years ended June 30, 2024 and 2023, respectively. Funds for these discretionary scholarships are used from the remaining 10% of contributions received in past years, as well as other contributions received.

At times, the Organization is not the first to award scholarships to students resulting in an overfunded award recipient. Thus, the Organization is refunded any amounts awarded in excess of recipient’s tuition limit. Receivables from scholarship refunds were $17,116 and $465,917 as of June 30, 2024 and 2023, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation, other salaries and wages, and benefits, payroll taxes, pension plan contributions, professional services, accounting fees, advertising and promotion, office expenses, information technology, rent, depreciation and amortization, insurance, printing, postage and delivery, and miscellaneous expenses, which are allocated based on a defined allocation plan as determined by management.

Advertising Costs

The Organization uses various forms of advertising to solicit contributions and promote its programs among the public. Advertising costs are expensed as incurred. Advertising expenses were $60,592 and $74,823 for the years ended June 30, 2024 and 2023, respectively.

Income Taxes

The Organization is organized as an Arizona non-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contributions deduction under Section 170, and has been determined not to be a private foundation under Sections 509(a)(3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS.

In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that it has appropriate support for any tax positions taken affecting the Organization's annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Subsequent Events

The Organization has evaluated subsequent events through December 19, 2024, the date that these financial statements were available to be issued.

Note 2 - Liquidity and Availability

The Organization’s financial assets at June 30, 2024 and 2023 available to meet cash needs for general expenditures within 12 months of the statement of financial position date are as follows, which are free of internal and external restrictions:

	2024	2023
Cash and cash equivalents	$ 36,695,705	$ 29,451,670
Investments	3,807,102	7,599,254
Contributions receivable	460,000	-
Scholarship refunds receivable	17,116	465,917
	40,979,923	37,516,841
Less net assets with donor restrictions	(841,055)	(601,015)
Less net assets - board designated	(310,000)	-
	$ 39,828,868	$ 36,915,826

The Organization manages its exposure to liquidity risk by regularly monitoring the liquidity required to meet its operating needs. The Organization has contractual commitments to fund scholarships for 90% of qualifying contributions received as a result of the Organization’s Student Tuition Organization status. Awards payable from the Organization were $34,651,327 and $33,259,375 for the years ended June 30, 2024 and 2023, respectively. The Organization prepares an annual budget to manage liquidity and to determine general expenditures over the next 12 months and anticipates collecting revenue sufficient to cover general expenditures during that period.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset.

A portion of investment assets are classified within Level 1 because they comprise open-end exchange traded funds with readily determinable fair values based on daily redemption values. The Organization also invests in certificates of deposit traded in the financial markets. Those certificates of deposit are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2.

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2024:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market accounts	$ 365,092	$ -	$ -	$ -
Certificates of deposit	3,008,956	-	3,008,956	-
Exchange-traded funds	433,054	433,054	-	-
	$ 3,807,102	$ 433,054	$ 3,008,956	$ -

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2023:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market accounts	$ 363,607	$ -	$ -	$ -
Certificates of deposit	6,998,202	-	6,998,202	-
Exchange-traded funds	237,445	237,445	-	-
	$ 7,599,254	$ 237,445	$ 6,998,202	$ -

Note 4 - Operating Leases

The Organization leases office space and equipment for various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2026. The Organization includes in the determination of the right of use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recorded on straight-line basis. The Organization elected the practical expedient to not separate lease and non-lease components for building and equipment leases.

Total lease costs for the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Operating lease cost	$ 67,552	$ 67,552
Short-term lease cost	3,042	2,046

The following table summarized the supplemental cash flow information for the years ended June 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 92,710	$ 90,614

The following summarizes the weighted-average remaining lease term and weighted-average discount rate as of June 30, 2024 and 2023:

	2024	2023
Weighted-average remaining lease term in years:		
Operating leases	1.14	2.13
Weighted-average discount rate:		
Operating leases	2.85%	2.85%

The future minimum lease payments under noncancellable operating leases with terms greater than one year are listed below as of June 30, 2024:

Years Ending June 30,	Amount
2025	$ 90,900
2026	14,790
Total lease payments	105,690
Less interest	(1,604)
Present value of lease liabilities	$ 104,086

Note 5 - Employee Benefits

Defined Benefit Pension Plan

The Organization participates in the Retirement Plan for Lay Employees of the Roman Catholic Church of the Diocese of Phoenix (Employer Identification Number 86-0223974) (the Plan), a multiemployer defined benefit plan that covers substantially all lay employees and provides annual pension benefits beginning at normal retirement age. The Plan is noncontributory.

The financial risks of participating in a multiemployer plan are different from single-employer plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Organization chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

Contributions to the plan were $93,552 and $85,492 for the years ended June 30, 2024 and 2023. Based on information as of December 31, 2023 and 2022, the year end of the Plan, the Organization’s contributions to the Plan represent less than 5 percent of total contributions received by the Plan.

The Plan is not required to file Form 5500; therefore, certain information is not required to be made publicly available. If the School withdraws its participation in the Plan, the School could, under the terms of the Plan and under certain other conditions, be liable to the Plan for a portion of the underfunded status, if any.

The following information is based on the financial statements of the Plan as of December 31, 2023 and 2022:

	2023	2022
Total Plan assets	$ 238,522,227	$ 204,711,858
Actuarial present value of accumulated plan benefits	277,668,902	262,928,725
Total contributions received by the Plan	13,772,731	13,166,159
Indicated level of funding	85.9%	77.9%

An assumed rate of 6.5 percent as of December 31, 2023 and 2022 was used to determine the actuarial present value of accumulated plan benefits.

Defined Contribution Plan

The Organization participates in a 403(b) plan. Under the terms of the 403(b) plan, the Organization may elect to make discretionary contributions to the Plan. Participants are 100% vested in all contributions made by the Organization on their behalf. The Organization made contributions of $8,306 and $6,098 to the 403(b) plan during the years ended June 30, 2024 and 2023, respectively.

Note 6 - Concentrations

The following table summarizes the Organization's concentrations of expense, excluding scholarships, salaries, and payroll tax expense as of June 30:

	2024	2023
Vendor A	10%	8%

The following table summarizes the Organization's concentrations of corporate contributions as of June 30:

	2024	2023
Contributor A	26%	8%

Note 7 - Endowment

The Organization's endowment (the Endowment) consists of a fund established by donors to provide annual funding for specific activities.

The Board of Directors has interpreted the Arizona Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of June 30, 2024, there were no endowment net assets due to the reclassification of donor intent. As of June 30, 2023, endowment net asset composition by type of fund is as follows:

	2023		
	Without Donor Restriction	With Donor Restrictions	Total
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 251,825	$ 251,825
Accumulated investment gains	-	14,190	14,190
	$ -	$ 266,015	$ 266,015

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments at June 30, 2024 and 2023.

Investment and Spending Policies

Investment and spending policies for the Endowment were adopted that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

An endowment spending-rate formula is used to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 12 quarters at June 30 of each year to determine the spending amount for the upcoming year. During 2024 and 2023, the spending rate maximum was 4.5 percent. In establishing this policy, the Board of Directors considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Changes in Endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	2024		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 266,015	$ 266,015
Reclassification of donor intent	-	(266,015)	(266,015)
Endowment net assets, end of year	$ -	$ -	$ -

	2023		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ -	$ -
Contributions	-	251,825	251,825
Investment return, net	-	14,190	14,190
Endowment net assets, end of year	$ -	$ 266,015	$ 266,015

Note 8 - Net Assets with Donor Restrictions

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

	2024	2023
Subject to Expenditure for Specified Purpose		
Scholarships	$ 416,055	$ 10,000
Changing Lives Division	425,000	325,000
	841,055	335,000
Endowment		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for scholarships	-	14,190
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Scholarships	-	251,825
Total endowment	-	266,015
	$ 841,055	$ 601,015

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Satisfaction of Purpose Restrictions		
Changing Lives Division	$ 325,000	$ -
	$ 325,000	$ -

Note 9 - Reconciliations Required Under State Law

Certain information presented in the financial statements may differ from the State of Arizona Annual Activity Report submitted by the Foundation for the years ended June 30, 2024 and 2023 as the State of Arizona Annual Activity Report is reported on the cash basis of accounting. The following schedule summarizes these differences to reconcile contributions and scholarships paid per the State of Arizona Annual Activity report to the Statements of Activities for the years ended June 30, 2024 and 2023:

	2024	2023
Total contributions reported on the State of Arizona Annual Activity Report	$ 22,238,483	$ 24,238,213
Total contributions reported on the Statement of Activities	$ 22,275,483	$ 24,238,379
Total scholarships paid to students reported on the State of Arizona Annual Activity Report	$ 18,672,357	$ 18,583,134
Total scholarships expensed reported on the Statement of Activities	$ 20,046,135	$ 21,813,274